

**UTMOST WORLDWIDE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

Registered Number: 27151

Registered Address:

Utmost House  
Hirzel Street  
St Peter Port  
Guernsey  
GY1 4PA  
Channel Islands

# **UTMOST WORLDWIDE LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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The Directors present their annual report and financial statements for the year ended 31 December 2023.

#### **PRINCIPAL ACTIVITY**

The principal activity of Utmost Worldwide Limited ("the Company") is the sale of insurance products and the sale, administration and management of investment products.

Utmost Worldwide Limited was incorporated in Guernsey as a limited liability company on 17 August 1993, as Generali Worldwide Insurance Company Limited. The name changed to Utmost Worldwide Limited subsequently due to the acquisition of the Company by the Utmost Group on 28 February 2019. The Company has been operating as a licensed insurer for over 30 years. The Company is composed of two distinct business units, Wealth Solutions and Corporate Solutions.

The Utmost Wealth Solutions unit ("Wealth Solutions") specialises in providing insurance-based unit linked savings and investment products targeted towards the internationally mobile expatriate market. Through its Utmost Corporate Solutions unit ("Corporate Solutions"), the Company provides insurance products and services to employers of all sizes; this includes corporate and personal medical insurance plans (now discontinued), commercial insurance, life and disability cover and retirement and savings products.

From a geographic perspective, the Company has operations in Guernsey (Head Office), Hong Kong, the Republic of Ireland, Singapore, Switzerland and through a subsidiary in the UAE. The operations in the Cayman Islands and the Bahamas have been discontinued as of 31 December 2022 and have been recorded as discontinuing operations during 2022. Please refer to note 25 for more detail.

The Company operates in accordance with the provision of The Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002. The Company is licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, by a Category A permit and The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 as amended, under Article 6 of the Insurance Business (Jersey) Law, 1996, under Insurance Act (Chapter 142) in Singapore, Insurance Ordinance (Cap 41) in Hong Kong, Insurance Law 2010 in Cayman, Insurance Act 2008 in the British Virgin Islands, Insurance Act Chapter 347 in The Bahamas and the Insurance Act in Switzerland. The Company surrendered its licence in the Bahamas on 9 June 2023. The licence in the Cayman Islands was surrendered on 6 February 2024.

#### **DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey laws and International Financial Reporting Standards as issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee ("IFRS accounting standards") to the extent they have been adopted by the United Kingdom ("UK"), of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

# **UTMOST WORLDWIDE LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, by a Category A permit and The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 as amended. They 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.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **RESULTS**

The state of affairs of the Company as at 31 December 2023 is set out on page 6. The results for the year are set out in detail on page 7 and the cash flows are set out on page 10. The comparative periods have been restated due to IFRS 17.

#### **DIVIDENDS**

In 2023, two dividends were paid to Utmost International Group Holdings Limited. On 20 March 2023 the Board resolved to approve a dividend of £25m which was paid on 2 May 2023, and on 14 September 2023 the Board resolved to approve a dividend of £20m which was paid on 19 September 2023.

#### **SIGNIFICANT EVENTS**

##### **Significant events during the period**

During the year the Company completed its adoption of IFRS 17 'Insurance Contracts'. Please refer to note 2.1.1 on the transition balance sheet and the implementation of this new accounting policy.

##### **Significant events after the period**

Refer to note 30 for details on all subsequent events.

# UTMOST WORLDWIDE LIMITED REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

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## DIRECTORS AND COMPANY SECRETARY

The Directors of the Company are:

Andrew Henton (non-executive, appointed 1 June 2023)  
Vic Holmes (non-executive)  
Ian Maidens (non-executive)  
Leon Steyn (executive)  
Mark Thompson (non-executive)  
Paul Thompson (non-executive)  
Charles Bangor-Jones (executive)

Paul Thompson and Ian Maidens, two non-executive Group Directors, each hold a beneficial interest in the share capital of the Company. No other Directors held any beneficial interest in the Company during the year.

The Secretary of the Company is:

Garth Norman

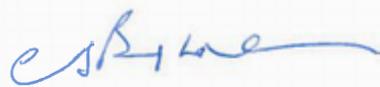
## INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP has expressed its willingness to continue in office. Their reappointment will be considered at a subsequent meeting of the board of directors of the company.

## By order of the Board



Director



Director

Date: 15 March 2024

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# Independent auditor's report to the members of Utmost Worldwide Limited

## Report on the audit of the financial statements

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Utmost Worldwide Limited (the "company") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with UK-adopted international accounting standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008, The Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002.

### What we have audited

The company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Financial Statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 identified above 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, 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.

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### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with UK-adopted international accounting standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Independent auditor's report to the members of Utmost Worldwide Limited (continued)

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## 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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## Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Report on other legal and regulatory requirements

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

  
PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Guernsey, Channel Islands  
19 March 2024

**UTMOST WORLDWIDE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

All amounts are in £'000  
unless otherwise stated

| Assets                                                                  | Note  | 31.12.2023       | 31.12.2022*      | 01.01.2022*      |
|-------------------------------------------------------------------------|-------|------------------|------------------|------------------|
| Deferred acquisition costs                                              | 10    | 134,647          | 165,78           | 184,179          |
| Property, plant and equipment                                           | 11    | 1,644            | 3,252            | 3,421            |
| Reinsurance contract assets                                             | 19/20 | 20,198           | 31,909           | 17,722           |
| Financial assets at fair value held to cover linked liabilities         |       |                  |                  |                  |
| Financial investments                                                   | 12    | 2,879,474        | 2,875,374        | 3,293,495        |
| Policyholder cash and cash equivalents                                  | 12    | 150,833          | 175,940          | 187,197          |
| <b>Total Financial Assets at fair value to cover linked liabilities</b> |       | <b>3,030,307</b> | <b>3,051,314</b> | <b>3,480,692</b> |
| Investments in subsidiaries and associates                              | 14    | 459              | 459              | 459              |
| Other investments                                                       | 13    | 659,462          | 666,164          | 755,215          |
| Other receivables                                                       | 15    | 17,416           | 20,541           | 18,547           |
| Cash and cash equivalents                                               | 16    | 50,025           | 54,105           | 43,632           |
| <b>Total assets</b>                                                     |       | <b>3,914,158</b> | <b>3,992,922</b> | <b>4,503,847</b> |
| <b>Liabilities</b>                                                      |       |                  |                  |                  |
| Investment contract liabilities                                         | 18    | 2,808,774        | 2,854,654        | 3,266,879        |
| Insurance contract liabilities                                          | 19    | 737,904          | 722,323          | 740,316          |
| Deferred tax liabilities                                                | 9     | 2,166            | -                | -                |
| Deferred income liability                                               | 22    | 172,422          | 210,282          | 237,942          |
| Other payables                                                          | 21    | 44,913           | 51,832           | 76,749           |
| <b>Total liabilities</b>                                                |       | <b>3,766,179</b> | <b>3,839,091</b> | <b>4,321,886</b> |
| <b>Capital and reserves</b>                                             |       |                  |                  |                  |
| Called up share capital                                                 | 23    | 100,231          | 100,231          | 100,231          |
| Retained earnings                                                       | 24    | 40,431           | 49,291           | 78,453           |
| Other reserves                                                          | 24    | 7,317            | 4,309            | 3,277            |
| <b>Total equity</b>                                                     |       | <b>147,979</b>   | <b>153,831</b>   | <b>181,961</b>   |
| <b>Total shareholders' equity and liabilities</b>                       |       | <b>3,914,158</b> | <b>3,992,922</b> | <b>4,503,847</b> |

The financial statements were approved and authorised for issue by the Board of Directors on 15 March 2024 and signed on its behalf by

Director 

Director 

\* Please see note 2.1.1 for commentary on the restatement due to the implementation of IFRS 17 and change in accounting policies

The notes on pages 11 to 102 are an integral part of these financial statements.

**UTMOST WORLDWIDE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

All amounts are in £'000  
unless otherwise stated

|                                                                        | Note | 2023                 | 2022*                 |
|------------------------------------------------------------------------|------|----------------------|-----------------------|
| Insurance revenue                                                      | 19   | 47,641               | 44,026                |
| Insurance service expenses                                             | 19   | (13,407)             | (41,070)              |
| Net income / (expense) from reinsurance contracts held                 | 20   | <u>(29,461)</u>      | <u>(5,753)</u>        |
| <b>Insurance service result</b>                                        | 19   | <u><b>4,773</b></u>  | <u><b>(2,797)</b></u> |
| <b>Fees and charges receivable on investment business</b>              | 6    | <b>76,141</b>        | <b>68,236</b>         |
| Investment return                                                      |      | 339,422              | (497,806)             |
| Finance income / (expenses) from insurance contracts issued            |      | (32,927)             | 13,187                |
| Finance income / (expenses) from reinsurance contracts held            |      | 1,309                | (626)                 |
| Change in investment contract liabilities                              | 18   | <u>(299,937)</u>     | <u>491,883</u>        |
| <b>Net financial result</b>                                            | 5    | <u><b>7,867</b></u>  | <u><b>6,638</b></u>   |
| Other income                                                           |      | 5,045                | 199                   |
| Other operating expenses                                               | 7    | <u>(53,663)</u>      | <u>(40,087)</u>       |
| <b>Profit for the year before interest and tax</b>                     |      | <u><b>40,163</b></u> | <u><b>32,189</b></u>  |
| Finance costs                                                          | 8    | <u>(673)</u>         | <u>(317)</u>          |
| <b>Profit for the year before tax</b>                                  |      | <u><b>39,490</b></u> | <u><b>31,872</b></u>  |
| Tax charge                                                             | 9    | <u>(3,350)</u>       | <u>(1,288)</u>        |
| <b>Profit for the year after tax</b>                                   |      | <u><b>36,140</b></u> | <u><b>30,584</b></u>  |
| Profit from discontinued operations                                    | 25   | <u>-</u>             | <u>254</u>            |
| <b>Profit for the year</b>                                             |      | <u><b>36,140</b></u> | <u><b>30,838</b></u>  |
| <b>Other comprehensive income / (expense)</b>                          |      |                      |                       |
| <i>Items that may be reclassified subsequently to profit and loss</i>  |      |                      |                       |
| Net change in fair value of financial assets at fair value through OCI | 13   | 3,989                | (5,584)               |
| <i>Items that will not be reclassified to profit and loss</i>          |      |                      |                       |
| Re-measurement on retirement benefit asset/obligation                  | 17   | (981)                | 6,616                 |
| <b>Total comprehensive income for the year</b>                         |      | <u><b>39,148</b></u> | <u><b>31,870</b></u>  |

\* Please see note 2.1.1 for commentary on the restatement due to the implementation of IFRS 17 and change in accounting policies.

The notes on pages 11 to 102 are an integral part of these financial statements.

**UTMOST WORLDWIDE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

All amounts are in £'000  
 unless otherwise stated

|                                                          | Retained earnings                           |                           |                 | Other reserves            |                              |                                     | Total Equity   |
|----------------------------------------------------------|---------------------------------------------|---------------------------|-----------------|---------------------------|------------------------------|-------------------------------------|----------------|
|                                                          | Called up share capital presented as equity | Non Distributable Reserve | Revenue Reserve | Financial Assets at FVOCI | Defined Benefit Plan Reserve | Foreign Currency Transition reserve |                |
| Balance as at 1 January 2023                             | 100,231                                     | 5,080                     | 44,211          | (8,776)                   | 5,450                        | 7,635                               | 153,831        |
| Profit for the year                                      | -                                           | -                         | 36,140          | -                         | -                            | -                                   | 36,140         |
| Solvency Reserve                                         | -                                           | (607)                     | 607             | -                         | -                            | -                                   | -              |
| Re-measurement Reserve Arising From Defined Benefit Plan | -                                           | -                         | -               | -                         | (981)                        | -                                   | (981)          |
| Amounts that may be reclassified subsequently to profit  | -                                           | -                         | -               | 3,785                     | -                            | -                                   | 3,785          |
| Amounts reclassified to profit and loss                  | -                                           | -                         | -               | 204                       | -                            | -                                   | 204            |
| <b>Total comprehensive income</b>                        | -                                           | (607)                     | 36,747          | 3,989                     | (981)                        | -                                   | 39,148         |
| Dividends paid                                           | -                                           | -                         | (45,000)        | -                         | -                            | -                                   | (45,000)       |
| <b>Total transactions with shareholders</b>              | -                                           | -                         | (45,000)        | -                         | -                            | -                                   | (45,000)       |
| <b>Balance as at 31 December 2023</b>                    | <b>100,231</b>                              | <b>4,473</b>              | <b>35,958</b>   | <b>(4,787)</b>            | <b>4,469</b>                 | <b>7,635</b>                        | <b>147,979</b> |

\* Please see note 2.1.1 for commentary on the restatement due to the implementation of IFRS 17 and change in accounting policies.

The notes on pages 11 to 102 are an integral part of these financial statements.

**UTMOST WORLDWIDE LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

All amounts are in £'000  
unless otherwise stated

|                                                          | Retained earnings                                             |                                       |                             | Other reserves                        |                                          |                                                        | Total Equity<br>£'000 |
|----------------------------------------------------------|---------------------------------------------------------------|---------------------------------------|-----------------------------|---------------------------------------|------------------------------------------|--------------------------------------------------------|-----------------------|
|                                                          | Called up share<br>capital<br>presented as<br>equity<br>£'000 | Non Distributable<br>Reserve<br>£'000 | Revenue<br>Reserve<br>£'000 | Financial Assets<br>at FVOCI<br>£'000 | Defined Benefit<br>Plan Reserve<br>£'000 | Foreign<br>Currency<br>Translation<br>reserve<br>£'000 |                       |
| Balance as at 31 December 2021 as previously reported    | 100,231                                                       | 6,625                                 | 58,446                      | (3,192)                               | (1,166)                                  | 7,635                                                  | 168,579               |
| Impact of initial application of IFRS 17*                | -                                                             | (1,394)                               | 14,776                      | -                                     | -                                        | -                                                      | 13,382                |
| Restated balance as at 1 January 2022                    | 100,231                                                       | 5,231                                 | 73,222                      | (3,192)                               | (1,166)                                  | 7,635                                                  | 181,861               |
| Profit for the year                                      | -                                                             | -                                     | 30,838                      | -                                     | -                                        | -                                                      | 30,838                |
| Solvency Reserve                                         | -                                                             | (151)                                 | 151                         | -                                     | -                                        | -                                                      | -                     |
| Re-measurement Reserve Arising From Defined Benefit Plan | -                                                             | -                                     | -                           | -                                     | 6,616                                    | -                                                      | 6,616                 |
| Amounts that may be reclassified subsequently to profit  | -                                                             | -                                     | -                           | (7,595)                               | -                                        | -                                                      | (7,595)               |
| Amounts reclassified to profit and loss                  | -                                                             | -                                     | -                           | 2,011                                 | -                                        | -                                                      | 2,011                 |
| Total comprehensive income                               | -                                                             | (151)                                 | 30,989                      | (5,584)                               | 6,616                                    | -                                                      | 31,870                |
| Dividends paid                                           | -                                                             | -                                     | (60,000)                    | -                                     | -                                        | -                                                      | (60,000)              |
| Total transactions with shareholders                     | -                                                             | -                                     | (60,000)                    | -                                     | -                                        | -                                                      | (60,000)              |
| Balance as at 31 December 2022                           | 100,231                                                       | 5,080                                 | 44,211                      | (8,776)                               | 5,450                                    | 7,635                                                  | 153,831               |

\* Please see note 2.1.1 for commentary on the restatement due to the implementation of IFRS 17 and change in accounting policies.

The notes on pages 11 to 102 are an integral part of these financial statements.

**UTMOST WORLDWIDE LIMITED**  
**STATEMENT OF CASHFLOWS**  
**AS AT 31 DECEMBER 2023**

All amounts in £'000  
unless otherwise stated

|                                                                           | Note        | 2023             | 2022*           |
|---------------------------------------------------------------------------|-------------|------------------|-----------------|
| <b>Profit before taxation</b>                                             |             | <u>39,490</u>    | <u>31,872</u>   |
| <b>Adjustments for:</b>                                                   |             |                  |                 |
| Depreciation of property, plant and equipment                             | 11          | 1,624            | 1,460           |
| Net interest on defined benefit obligation                                | 17          | (456)            | (53)            |
| Changes in investment contract liabilities                                | 18          | (45,880)         | (412,225)       |
| Changes in insurance and reinsurance contract assets/liabilities          | 19          | 27,292           | (32,200)        |
| Net movement in financial assets                                          | 12 & 13     | (274,852)        | 615,814         |
| Change in other working capital balances                                  |             | (12,104)         | (28,954)        |
| Net foreign exchange movement                                             | 12, 13 & 21 | 102,341          | (227,744)       |
| Tax paid                                                                  | 9           | (1,493)          | (328)           |
| Deferred tax liability                                                    | 9           | 2,166            | -               |
| <b>Net cash used in operating activities</b>                              |             | <u>(161,872)</u> | <u>(52,358)</u> |
| <b>Cash flows from investing activities</b>                               |             |                  |                 |
| Net acquisition property, plant and equipment                             | 11          | (16)             | (1,291)         |
| Net cash generated from investments                                       | 12 & 13     | 199,330          | 121,276         |
| Interest and dividends received                                           | 12 & 13     | 4,502            | 3,819           |
| <b>Net cash flows from investing activities</b>                           |             | <u>203,816</u>   | <u>123,804</u>  |
| <b>Cash flows from financing activities</b>                               |             |                  |                 |
| Leasehold right of use asset payments                                     | 21          | (1,024)          | (974)           |
| Payment of dividend                                                       |             | (45,000)         | (60,000)        |
| <b>Net cash flows used in financing activities</b>                        |             | <u>(46,024)</u>  | <u>(60,974)</u> |
| <b>Net movement in cash and cash equivalents</b>                          |             | <u>(4,080)</u>   | <u>10,472</u>   |
| <b>Cash and cash equivalents at the beginning of the financial period</b> |             | <u>54,105</u>    | <u>43,632</u>   |
| <b>Cash and cash equivalents at the end of the financial period</b>       |             | <u>50,025</u>    | <u>54,105</u>   |

\* Please see note 2.1.1 for commentary on the restatement due to the implementation of IFRS 17 and change in accounting policies.

The notes on pages 11 to 102 are an integral part of these financial statements.

**UTMOST WORLDWIDE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

All amounts in £'000  
unless otherwise stated

**1. General Information**

The principal activity of Utmost Worldwide Limited ("the Company") is the sale of insurance products and the sale, administration and management of investment products. The Company's registered office and principal place of business is Utmost House, Hirzel Street, St Peter Port, Guernsey and the Company has a physical presence in Hong Kong, the Republic of Ireland, Singapore, Switzerland, and through a subsidiary in the United Arab Emirates (UAE). The operations in the Cayman Islands and the Bahamas have been discontinued as of 31 December 2022 and have been recorded as discontinuing operations in 2022. The Company has not prepared consolidated financial statements (see note 2.2).

More details about the Company's principal activities, operations and the laws that govern such activities are set out in the Directors' report on page 1.

The ultimate parent company which maintains a majority controlling interest in the Company is recognised by the directors as OCM Utmost Holdings Limited, a Cayman incorporated entity. OCM Utmost Holdings Limited is an investment vehicle owned by funds which are managed and advised by Oaktree Capital Management, L.P., a subsidiary of the ultimate controlling party Oaktree Capital Company Holdings GP, LLC.

**2. Summary of significant accounting policies**

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

**2.1 Basis of presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee to the extent they have been adopted by the UK ("IFRS Accounting Standards") and with applicable requirements of The Companies (Guernsey) Law, 2008, The Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain assets and liabilities to the extent required or permitted under IFRS Accounting Standards as set out

The preparation of financial statements in conformity with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. All amounts in the notes are shown in thousands of Sterling Pounds, rounded to the nearest thousand, unless otherwise stated.

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**2.1.1 Change in accounting policies**

The IASB issued IFRS 17 "Insurance Contracts" in May 2017 (modified in 2020 and 2021) as a replacement to the previous insurance contracts standard IFRS 4 and applies to periods beginning on or after 1 January 2023. The standard has been applied retrospectively, subject to the transitional options provided for in the standard. The Company's accounting policies in respect of contracts within the scope of IFRS 17 are set out in note 2.14.

On adoption of IFRS 17 the Company has restated the comparative information, under the transitional provisions as set out in note 2.14, as presented in these financial statements.

The Directors have considered the requirements of IFRS 17 and the needs of the users of the Financial Statements in preparing the insurance disclosures. The insurance disclosures are aggregated at a level that reflects the manner in which the Company and Utmost Group is managed, split between the two distinct business units, Wealth Solutions and Corporate Solutions. Contracts issued within the business unit are set out under note 2.14 and the nature and extent of the risks are disclosed under note 4.1

The current disclosure approach has been selected under the Directors view that to segregate information to a level more granular than the current aggregation would disclose a large amount of information that the users of the financial statements would consider insignificant detail. The level of disclosure adopted is considered sufficient for a) regulators and shareholders to assess the effect that contracts within the scope of IFRS 17 have on the Company's financial position, financial performance and cash flows, and b) for policyholders with an interest in understanding the financial statements to assess the solvency, liquidity, and going concern position of the company.

In addition to restatement of the line items affected by the adoption of IFRS17, changes to presentation have been implemented to provide readers of the Financial Statements with a view consistent and comparable to the Group accounts (see note 2.2) which are prepared on a consolidated basis, and sister entities which also contribute to the consolidated view.

The originally presented and restated information for the comparative periods are presented in the tables below. The elimination of balances under IFRS 4 and replacement with IFRS 17 balances leads to a corresponding increase in shareholders' equity which is primarily caused by the release of prudence margins under IFRS 4.

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All amounts in £'000  
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**Statement of comprehensive income 2022**

|                                                    | For the year ended 31<br>December 2022 as<br>previously reported | Reclassification/<br>restatement | For the year ended<br>31 December 2022<br>restated |
|----------------------------------------------------|------------------------------------------------------------------|----------------------------------|----------------------------------------------------|
| Net insurance premium revenue                      | 47,715                                                           | (47,715)                         | -                                                  |
| Insurance revenue                                  | -                                                                | 44,026                           | 44,026                                             |
| Fees and charges receivable                        | 70,870                                                           | (2,634)                          | 68,236                                             |
| Other Income                                       | 3,176                                                            | (2,977)                          | 199                                                |
| Investment return                                  | (30,686)                                                         | (467,120)                        | (497,806)                                          |
| Gross benefits and claims paid                     | (82,934)                                                         | 82,934                           | -                                                  |
| Claims ceded to reinsurers                         | 18,475                                                           | (18,475)                         | -                                                  |
| Insurance service expenses                         | -                                                                | (41,070)                         | (41,070)                                           |
| Gross change in contract                           | 61,742                                                           | (61,742)                         | -                                                  |
| Change in contract liabilities ceded to reinsurers | (4,747)                                                          | 4,747                            | -                                                  |
| Expenses for the acquisition of insurance          | (22,958)                                                         | 22,958                           | -                                                  |
| Administration expenses                            | (23,485)                                                         | 23,485                           | -                                                  |
| Exchange losses - net                              | (1,771)                                                          | 1,771                            | -                                                  |
| Net income / (expense) from reinsurance contracts  | -                                                                | (5,753)                          | (5,753)                                            |
| Finance income / (expenses) from insurance         | -                                                                | 13,187                           | 13,187                                             |
| Finance income / (expenses) from reinsurance       | -                                                                | (626)                            | (626)                                              |
| Movement in investment contract liabilities        | -                                                                | 491,883                          | 491,883                                            |
| Other operating expenses                           | -                                                                | (40,087)                         | (40,087)                                           |
| Interest expense                                   | (317)                                                            | 317                              | -                                                  |
| Finance costs                                      | -                                                                | (317)                            | (317)                                              |
|                                                    | <u>35,080</u>                                                    | <u>(3,208)</u>                   | <u>31,872</u>                                      |

**Restated measurement changes amounts as recognised in the  
statements of financial position**

|                                                  |              |
|--------------------------------------------------|--------------|
| On transition as at 1 January 2022               | 13,382       |
| Less: balance as at year-end on 31 December 2022 | (10,173)     |
| Other movements                                  | (1)          |
| <b>Net movement recognised in the year</b>       | <u>3,208</u> |

**UTMOST WORLDWIDE LIMITED**  
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**Statement of financial position 2022**

|                                                                 | As at 31 Dec 2022<br>(reported under IFRS4) | Effects of adoption of IFRS17 |                     | As 31 Dec 2022 (as<br>restated under IFRS17) |
|-----------------------------------------------------------------|---------------------------------------------|-------------------------------|---------------------|----------------------------------------------|
|                                                                 |                                             | Presentation changes          | Measurement changes |                                              |
| <b>Assets</b>                                                   |                                             |                               | <b>Additional</b>   |                                              |
| Deferred acquisition costs                                      | -                                           | -                             | 165,178             | 165,178                                      |
| Property, plant and equipment                                   | 542                                         | -                             | (542)               | -                                            |
| Right of use assets                                             | 2,709                                       | -                             | (2,709)             | -                                            |
| Property, plant and equipment                                   | -                                           | -                             | 3,252               | 3,252                                        |
| Reinsurance contract assets                                     | -                                           | 19,343                        | -                   | 31,909                                       |
| Amount ceded to reinsurers from insurance provisions            | 63,357                                      | (63,357)                      | -                   | -                                            |
| Financial assets at fair value held to cover linked liabilities | -                                           | -                             | 3,051,314           | 3,051,314                                    |
| Financial assets at fair value through profit & loss            | 3,562,521                                   | -                             | (3,562,521)         | -                                            |
| Financial assets at fair value through OCI                      | 154,958                                     | -                             | (154,958)           | -                                            |
| Investments in Subsidiaries And Associates                      | 459                                         | -                             | -                   | 459                                          |
| Other investments                                               | -                                           | -                             | 666,164             | 666,164                                      |
| Receivables including insurance receivables                     | 22,614                                      | (16,797)                      | (5,817)             | -                                            |
| Post-employment defined benefit asset                           | 9,687                                       | -                             | (9,687)             | -                                            |
| Accrued income and prepayments                                  | 170,214                                     | -                             | (170,214)           | -                                            |
| Other receivables                                               | -                                           | -                             | 20,541              | 20,541                                       |
| Cash and cash equivalents                                       | 54,105                                      | -                             | -                   | 54,105                                       |
| <b>Total assets</b>                                             | <b>4,041,166</b>                            | <b>(60,811)</b>               | <b>12,566</b>       | <b>3,992,922</b>                             |
| <b>Liabilities</b>                                              |                                             |                               |                     |                                              |
| Investment contract liabilities                                 | 3,030,901                                   | (176,247)                     | -                   | 2,854,654                                    |
| Insurance contract liabilities                                  | -                                           | 719,929                       | -                   | 722,323                                      |
| Insurance provisions                                            | 554,218                                     | (554,218)                     | -                   | -                                            |
| Deferred income liability                                       | -                                           | -                             | 210,282             | 210,282                                      |
| Other payables                                                  | -                                           | -                             | 51,832              | 51,832                                       |
| Lease liabilities                                               | 2,023                                       | -                             | (2,023)             | -                                            |
| Payables including insurance payables                           | 84,497                                      | (50,275)                      | (34,222)            | -                                            |
| Accruals and deferred income                                    | 225,869                                     | -                             | (225,869)           | -                                            |
| <b>Total liabilities</b>                                        | <b>3,897,508</b>                            | <b>(60,811)</b>               | <b>2,394</b>        | <b>3,839,091</b>                             |
| <b>Capital and reserves</b>                                     |                                             |                               |                     |                                              |
| Called up share capital                                         | 100,231                                     | -                             | -                   | 100,231                                      |
| Retained earnings                                               | 33,588                                      | -                             | 5,530               | 49,291                                       |
| Other reserves                                                  | 9,839                                       | 10,173                        | (5,530)             | 4,309                                        |
| <b>Total equity</b>                                             | <b>143,658</b>                              | <b>10,173</b>                 | <b>-</b>            | <b>153,831</b>                               |
| <b>Total equity and liabilities</b>                             | <b>4,041,166</b>                            | <b>(60,811)</b>               | <b>12,567</b>       | <b>3,992,922</b>                             |

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**Statement of financial position 2021**

|                                                                 | As at 1 January 2022<br>(reported under IFRS4) | Effects of adoption of IFRS17 |                     | Additional presentation<br>changes | As at 1 Jan 2022 (as<br>restated under IFRS17) |
|-----------------------------------------------------------------|------------------------------------------------|-------------------------------|---------------------|------------------------------------|------------------------------------------------|
|                                                                 |                                                | Presentation changes          | Measurement changes |                                    |                                                |
| <b>Assets</b>                                                   |                                                |                               |                     |                                    |                                                |
| Deferred acquisition costs                                      | -                                              | -                             | -                   | 184,179                            | 184,179                                        |
| Property, plant and equipment                                   | 671                                            | -                             | -                   | (671)                              | -                                              |
| Right of use assets                                             | 2,750                                          | -                             | -                   | (2,750)                            | -                                              |
| Property, plant and equipment                                   | -                                              | -                             | -                   | 3,421                              | 3,421                                          |
| Reinsurance contract assets                                     | -                                              | 13,123                        | 4,579               | -                                  | 17,702                                         |
| Amount ceded to reinsurers from insurance provisions            | 63,444                                         | (63,444)                      | -                   | -                                  | -                                              |
| Financial assets at fair value held to cover linked liabilities | -                                              | -                             | -                   | 3,480,692                          | 3,480,692                                      |
| Financial assets at fair value through profit & loss            | 3,981,746                                      | -                             | -                   | (3,981,746)                        | -                                              |
| Financial assets at fair value through OCI                      | 254,161                                        | -                             | -                   | (254,161)                          | -                                              |
| Investments in Subsidiaries And Associates                      | 459                                            | -                             | -                   | -                                  | 459                                            |
| Other investments                                               | -                                              | (11,785)                      | -                   | 755,215                            | 755,215                                        |
| Receivables including insurance receivables                     | 20,067                                         | -                             | -                   | (8,282)                            | -                                              |
| Post-employment defined benefit asset                           | 3,018                                          | -                             | -                   | (3,018)                            | -                                              |
| Accrued income and prepayments                                  | 190,109                                        | -                             | -                   | (190,109)                          | -                                              |
| Other receivables                                               | -                                              | -                             | -                   | 18,547                             | 18,547                                         |
| Cash and cash equivalents                                       | 43,632                                         | -                             | -                   | -                                  | 43,632                                         |
| <b>Total assets</b>                                             | <b>4,560,057</b>                               | <b>(62,106)</b>               | <b>4,579</b>        | <b>1,317</b>                       | <b>4,503,847</b>                               |
| <b>Liabilities</b>                                              |                                                |                               |                     |                                    |                                                |
| Investment contract liabilities                                 | 3,447,738                                      | (180,859)                     | -                   | -                                  | 3,266,879                                      |
| Insurance contract liabilities                                  | -                                              | 747,822                       | (8,823)             | 1,317                              | 740,316                                        |
| Insurance provisions                                            | 575,907                                        | (575,907)                     | -                   | -                                  | -                                              |
| Deferred income liability                                       | -                                              | -                             | -                   | 237,942                            | 237,942                                        |
| Other payables                                                  | -                                              | -                             | 20                  | 76,729                             | 76,749                                         |
| Lease liabilities                                               | 2,943                                          | -                             | -                   | (2,943)                            | -                                              |
| Payables including insurance payables                           | 105,474                                        | (53,162)                      | -                   | (52,312)                           | -                                              |
| Accruals and deferred income                                    | 259,416                                        | -                             | -                   | (259,416)                          | -                                              |
| <b>Total liabilities</b>                                        | <b>4,391,478</b>                               | <b>(62,106)</b>               | <b>(8,803)</b>      | <b>1,317</b>                       | <b>4,321,886</b>                               |
| <b>Capital and reserves</b>                                     |                                                |                               |                     |                                    |                                                |
| Called up share capital                                         | 100,231                                        | -                             | -                   | -                                  | 100,231                                        |
| Retained earnings                                               | 58,446                                         | -                             | 13,382              | 6,625                              | 78,453                                         |
| Other reserves                                                  | 9,902                                          | -                             | -                   | (6,625)                            | 3,277                                          |
| <b>Total equity</b>                                             | <b>168,579</b>                                 | <b>-</b>                      | <b>13,382</b>       | <b>-</b>                           | <b>181,961</b>                                 |
| <b>Total equity and liabilities</b>                             | <b>4,560,057</b>                               | <b>(62,106)</b>               | <b>4,579</b>        | <b>1,317</b>                       | <b>4,503,847</b>                               |

**UTMOST WORLDWIDE LIMITED**  
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**2.1.1 New and amended standards and interpretations**

The Company applied standards and amendments which have been listed below. The Company has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

It should be noted that although the following new standards and amendments were applied for the first time in 2023, only IFRS 17 materially affects the annual financial statements of the Company.

| Standard/ Interpretation                      | Content                                                                          | Applicable for financial years beginning on/ after |
|-----------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------|
| IFRS 17, 'Insurance Contracts' and amendments | Classification and recognition of insurance contracts                            | 1 January 2023                                     |
| Amendment to IAS 12, 'Income Taxes'           | Deferred tax related to assets and liabilities arising from a single transaction | 1 January 2023                                     |

**Amendments to IFRS 17, 'Insurance Contracts'**

IFRS 17 is effective from 1 January 2023. It provides the first comprehensive guidance on accounting for insurance contracts under IFRS accounting standards, replacing IFRS 4. This has materially affected both the measurement and presentation of insurance contract liabilities, reinsurance contract assets and investment contract liabilities of the Company. This has been further expanded on above.

**Amendment to IAS 12, 'Income Taxes'**

On 17 May 2021 the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' clarifying how companies account for deferred tax on transactions such as leases and decommissioning obligations. This is not applicable to the Company during the current financial year.

**A number of narrow-scope amendments to IAS 1, IAS 8 and disclosure of accounting policies**

- Amendments to IAS 8 'Accounting Estimates', contains an expanded definition of accounting estimates to help entities distinguish between accounting policies and accounting estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2 included an issue of 'Disclosure of Accounting Policies' with amendments to help preparers in deciding which accounting policies to disclose in their financial statements.
- Amendment to IAS 1, 'Presentation of Financial Statements' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

**2.1.2 Standards and interpretations effective subsequent to 2023 but not early adopted**

The Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective, and which are not expected to have a material impact on the Company:

| Standard/ Interpretation                                    | Content                                                                                                                                                             | Applicable for financial years beginning on/ after |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Amendments to IFRS 7 and IAS 7                              | Disclosure requirements added to 'Supplier Finance Arrangements'.                                                                                                   | 1 January 2024                                     |
| Amendment to IFRS 16, "Leases"                              | Clarification of seller-lessee's subsequent measurement of sale and lease-back transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. | 1 January 2024                                     |
| Amendment to IAS 1, 'Presentation of financial statements'. | Classification of liabilities as current or non-current                                                                                                             | 1 January 2024                                     |

**2.1.2 Standards and interpretations effective subsequent to 2023 but not early adopted (continued)**

**A number of narrow-scope amendments to IAS 7, IFRS 7, IFRS 16, IAS 1 and IAS 21.**

- Amendment to IFRS 16 'Leases', related to sale and leaseback transactions which is not applicable for the Company as the Company does not enter into sale and leaseback transactions.
- Amendments to IAS 1 regarding the classification of leases as current and non-current.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments' relating to supplier finance arrangements. This is not applicable to the Company as the Company does not engage in supplier financing arrangements.

**2.2 Consolidation**

These financial statements are prepared as the Company's separate financial statements. As permitted under IFRS 10, the Company has not presented consolidated financial statements because it is, itself, a wholly owned subsidiary of Utmost International Company Holdings Limited ("UIGH"), a subsidiary of Utmost Group Limited (the Group), which presents consolidated financial statements available for public use.

Moreover, the Company's equity securities are not traded in organised financial markets and the Company is not in the process of filing its financial statements with securities commissions or other regulatory organizations for the purpose of issuing any class of instruments in an organised financial market.

The financial statements of Utmost Group Limited have been prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board, in conformity with the requirements of the UK Companies Act 2006 and can be found at <https://utmostCompany.co.uk/financials/annual-accounts/>.

**2.2.1 Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Company has control.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Specifically, the Company controls a subsidiary if, and only if, the Company has:

- power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary);
- exposure, or rights, to variable returns from its involvement with the subsidiary; and
- The ability to use its power over the subsidiary to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and in cases when the Company has less than a majority of the voting or similar rights of a subsidiary, the Company considers all relevant factors and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement with the other vote holders of the subsidiary;
- rights arising from other contractual arrangements; and
- the voting rights and potential voting rights.

The power to govern the financial and operating policies generally accompanies a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company's accounting treatment of investments in subsidiaries is to hold at cost less impairment. Gains and losses on disposal of subsidiaries are recorded in the statement of comprehensive income in the year of disposal.

**2.3 Foreign currency**

**2.3.1 Functional and presentation currency**

Items included in the financial statements are initially measured in the currency of the transaction and subsequently converted to Pounds Sterling, as the Pound Sterling is considered the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in thousands of Pound Sterling (the "presentation currency").

### **2.3.2 Transactions and balances**

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the rates of exchange ruling at the end of the reporting period.

### **2.4 Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated monthly, as follows:

|                          |                                |
|--------------------------|--------------------------------|
| Furniture and fittings - | 3 years;                       |
| Computer equipment -     | 3 years;                       |
| Leasehold improvements - | remaining period of the lease. |

### **2.5 Right-of-Use (ROU) asset/ rental lease liabilities.**

The only leases that the Company has under IFRS 16 are for rented buildings associated with its physical presence in the jurisdictions in which it operates. The Company recognises an additional ROU asset related to the dilapidation of the buildings that it occupies and the requirement to restore it at the end of the lease period, that is depreciated over the remaining period of the lease, as well as recognising a dilapidation provision related to this future expected outflow of economic benefits associated with the cost to restore the building to its former state.

#### **2.5.1 Measurement**

As a lessee the Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any costs to reinstate the underlying asset (if deemed material), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate as determined by the Company using an incremental borrowing rate for that currency.

#### **2.5.2 Subsequent measurement**

The ROU asset is subsequently depreciated using the straight line method over the length of the lease. The lease liability will be subsequently measured by increasing the carrying value to reflect the interest on the lease liability and reduced to reflect the lease payments made. Re-measurement occurs to reflect any reassessment or lease modifications.

#### **2.5.3 Short term leases**

The Company does not recognise ROU assets and lease liabilities for leases with a term of 12 months or less. The lease payments associated with these leases are expensed in a straight line and in accordance with the terms of the lease.

## **2.6 Computer software**

All costs associated with unique software products and with developing or maintaining computer software programmes are recognised as an expense as incurred.

## **2.7 Financial assets**

The Company classifies its investments into the following categories: financial assets at fair value through profit and loss (FA at FVTPL), financial assets at fair value through other comprehensive income (FA at FVOCI), and financial assets measured at amortised cost (FA at AC).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. The different classification criteria are discussed in more detail below.

### **2.7.1 Classification**

#### **2.7.1.1 Business model assessment**

The Business Model is determined at a level that reflects how groups of financial assets are managed together to achieve the business objectives of the entity and does not depend on management's intentions for an individual instrument. This review is not at an instrument-by-instrument classification but at a higher level of aggregation.

The Company has evaluated its business models by portfolios or lines of business.

#### **2.7.1.2 SPPI test**

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the solely payments of principal and interests ("SPPI") test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors.

FA at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

A financial asset is classified as held for trading at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking, or if so designated by management. Derivatives (including embedded derivatives) are also classified as held for trading unless they are designated as hedges and can be demonstrated to be effective as hedging instruments.

### **2.7.2 Financial assets at fair value through profit or loss**

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

### **2.7.2 Financial assets at fair value through profit or loss (continued)**

Financial assets designated as at fair value through profit and loss at inception are those that are held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit and loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the statement of comprehensive income within net income / (expense) from investments in the period in which they arise.

### **2.7.3 Classification of financial assets at fair value through other comprehensive income**

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets; and,
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise debt instruments and had previously been classified as available for sale. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in a response to changes in market conditions. They are not debt instruments which are backing policyholder liabilities at FVTPL which would create an accounting mismatch.

### **2.7.4 Financial assets measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category loans and receivables and receivables arising from insurance contracts and cash and cash equivalents and accrued income. Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term.

### **2.7.5 Recognition and measurement**

Financial assets at amortised cost are recognised initially at fair value plus transaction costs. These are subsequently measured at amortised cost using the effective interest method, less allowance for Expected Credit Loss ("ECL").

The financial assets of the Company measured at amortised cost do not contain a significant financing component, hence, the Company applies a simplified approach in calculating ECL's. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Company has established processes based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. More detail on credit risk is provided in note 4.4.

Regular way purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income.

#### **2.7.5 Recognition and measurement (continued)**

FA at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in investment return. On de-recognition cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss in investment return. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate. Interest income earned on the Company's cash and cash equivalents is presented within other income. All other interest income is recognised within the investment return. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as investment return, when the right to payment has been established.

#### **2.7.6 Determination of fair value**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

The Company uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

Financial assets where the fair value is derived using unobservable Level 3 inputs are principally valued using valuations obtained from external parties which are reviewed internally to ensure appropriateness. The majority of these investments are in suspended funds or funds in liquidation, the valuations of which are derived from the best possible amount of proceeds from realisation of the underlying assets. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The impact on net profit of financial instrument valuations reflecting non-market observable inputs is disclosed in note 4.7.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value and model governance policies and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The fair value of over-the-counter (OTC) derivatives is determined using valuation methods that are commonly accepted in the financial markets, such as the present value technique and option pricing models. The fair value of foreign exchange forwards is generally based on current forward exchange rates.

#### **2.7.6 Determination of fair value (continued)**

In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairment.

The fair values of quoted investments are based on current market prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **2.7.7 Derecognition of financial assets**

The financial assets (or where applicable, a part of a financial asset or part of a Company of financial assets) are derecognised when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

### **2.8 Impairment of assets**

#### **2.8.1 Impairment of other financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

The key elements used in the calculation of ECLs are as follows:

**Probability of default** – This is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

**Loss given default** – This is an estimate of loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

**Exposure at default** – This represents the gross carrying amount of the financial instruments in the event of default, which pertains to its amortised cost.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company's financial assets at FVOCI comprise solely of quoted bonds that are classed as investment grade and therefore are considered to be low credit risk investments. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

**2.8.1 Impairment of other financial assets (continued)**

The Company recognizes lifetime ECLs for financial assets that are measured at amortised cost. The ECLs on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.8.2 Impairment of other non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**2.9 Derivative financial instruments**

Currently the Company holds no own risk derivatives. Policyholders hold a very small number of derivatives at their own risk.

**2.10 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 which are subject to insignificant risk of change in value, and for the purposes of presenting the cash flow statement, net of any bank overdrafts (which are presented as borrowings in the statement of financial position).

**2.11 Equity**

Shares are classified as equity as there is no obligation to transfer cash or other assets.

Revaluation reserves comprise gains and losses due to the financial assets at FVOCI; currency translation adjustments and re-measurements of the post-employment defined benefit plan are separately presented in the statement of changes in equity for better understanding of the components of reserves.

The Revenue reserve represents all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared.

Dividends to the Company's shareholder are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.12 Insurance and investment contracts - classification**

The Company issues investment and insurance contracts. Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

### **2.12 Insurance and investment contracts - classification (continued)**

Some insurance contracts contain a discretionary participation feature ("DPF"). This feature entitles the policyholder to additional discretionary benefits as a supplement to guaranteed benefits. Those contracts that invest in the Deposit Administration (Guaranteed Return) fund are classed as insurance contracts with a DPF, as the Company exercises a degree of discretion on the amount and rate at which eligible surplus is released

Contracts issued by the Company which are unit linked and do not contain any significant insurance risk are all classified as investment contracts. The majority of the Company's business is unit linked and classified as investment contracts.

### **2.13 Liabilities under investment contracts - measurement**

The fair value of financial liabilities is estimated by discounting the future contractual cash flows measured using the value of the unit reserves, based on the current market value of the assets that is available to the Company for similar financial instruments.

The investment contracts written by the Company do not contain any DPF. Unit linked financial liabilities are measured at fair value by reference to the value of the underlying net asset value, of the underlying assets at the statement of financial position date, with the respective assets and liabilities classified as "Financial assets at fair value through profit and loss" and "Financial liabilities at fair value through profit and loss" respectively in the Statement of Financial Position. The decision by the Company to designate its unit linked liabilities at fair value through profit or loss reflects the fact that the liabilities are calculated with reference to the value of the underlying assets.

Premiums received and withdrawals from investment contracts are accounted for directly in the Statement of Financial Position as adjustments to the investment contract liability. Investment income and changes in fair value arising from the investment contract assets are included on a net basis in the Statement of Comprehensive Income. Benefits are deducted from financial liabilities and transferred to amounts due to investment contract holders on the basis of notifications received or, when the benefit falls due for payment, on the earlier of the date when paid or when the contract ceases to be included within those liabilities. The Company earns revenue on investment management, administration and other services provided to holders of investment contracts, as detailed in note 2.18.1 and is recognised in fees and charges receivable on investment business. Revenue is recognised as the services are performed.

The investment contracts may also include embedded derivatives, such as surrender value options, loyalty bonus payments, or the right to cease or reduce premium payments. These derivatives are allowed for in the liability adequacy test in note 2.14.3.

### **2.14 Liabilities under life insurance contracts**

#### **Scope**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features ("DPF"). When identifying contracts in the scope of IFRS 17 the Company has assessed:

- the significance of any insurance risk accepted from the policyholder and for reinsurance contracts the insurance risk ceded to a reinsurer
- whether a number of contracts needs to be treated as a single contract
- whether investment components and goods and services are distinct and have to be separated and accounted for under another standard.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts and follow financial instruments accounting under IFRS 9. The life insurance contracts arise from two main areas of business: Wealth Solutions and Corporate Solutions. These two business areas contain individual unit linked contracts with material insurance benefits, savings contracts with deposit administration funds or with unit-linked funds that have the option to invest in deposit administration funds, Group life and disability insurance, life annuities and non-life insurance.

**UTMOST WORLDWIDE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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All amounts in £'000  
unless otherwise stated

**2.14 Liabilities under life insurance contracts (continued)**

The Group uses different measurement approaches, depending on the type of contract, as follows:

| Segment                             | Contracts issued                                                                                                                              | Product classification                                 | Measurement model               |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------|
| <b>Insurance contracts issued</b>   |                                                                                                                                               |                                                        |                                 |
| <b>Wealth Solutions</b>             | Individual unit-linked contracts with material insurance benefits                                                                             | Insurance contracts with direct participation features | Variable Fee Approach (VFA)     |
| <b>Corporate Solutions</b>          | Savings contracts with deposit administration funds or with unit-linked funds that have the option to invest in deposit administration funds. | Insurance contracts with direct participation features | VFA                             |
|                                     | Group life and disability insurance                                                                                                           | Insurance contracts                                    | General Measurement Model (GMM) |
|                                     | Life Annuities                                                                                                                                | Insurance contracts                                    | GMM                             |
|                                     | Non-Life Insurance                                                                                                                            | Insurance contracts                                    | GMM                             |
| <b>Reinsurance contracts issued</b> |                                                                                                                                               |                                                        |                                 |
| <b>Corporate Solutions</b>          | Group life and disability                                                                                                                     | Reinsurance contracts held                             | GMM                             |
|                                     | Life annuity                                                                                                                                  | Reinsurance contracts held                             | GMM                             |
|                                     | Non-Life Stop Loss agreement                                                                                                                  | Reinsurance contracts held                             | GMM                             |

**Measurement models**

The General Measurement Model ("GMM") is the general accounting approach for the measurement of insurance and reinsurance contracts under IFRS 17. The GMM is formed of the following building blocks each of which are detailed further below:

- Fulfilment cash flows ("FCF") comprising:
  - The Present Value of future cash flows ("PVFCF") and
  - Risk adjustment ("RA")
- Contractual Service Margin ("CSM")

Insurance contracts and investment contracts with direct participation features ("DPF") (a contract with DPF and the transfer of significant insurance risk to the Company are classified as insurance contracts with DPF) are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company's share of the fair value of the underlying items, which is based on policy fees and management charges (withdrawn from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less other cash flows that do not vary based on the returns on underlying items. The measurement approach for insurance and investment contracts (excluding reinsurance contracts) with DPF and insurance contracts with direct participation features is referred to as the Variable Fee Approach, ("VFA"). The VFA modifies the GMM to reflect that a significant portion of the consideration an entity receives for the contracts is a variable fee.

**Level of aggregation**

Insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Firstly, insurance contracts are grouped into portfolios such that all contracts in the group are managed together or share the same risk characteristics. Portfolios of insurance contracts are then further sub-divided into groups of insurance contracts according to the profitability characteristics of the contracts and the financial year in which they were issued.

The Company judges that division of products into portfolios according to product type, currency and reinsurance arrangements meets the requirements of grouping products that are managed together and give rise to similar risks.

***Level of aggregation (continued)***

On initial recognition, the Company divides the contracts by profitability characteristics as follows: Whether the contracts have no significant possibility of becoming onerous, are onerous and all other contracts. Insurance contracts that have a CSM at initial recognition greater than the risk adjustment are judged to have no significant possibility of becoming onerous. Insurance contracts where at initial recognition the total of the fulfilment cash flows, any allocated acquisition cash flows and any cash flows arising from the contract at that date is a net outflow are recognised as onerous. All other contracts are grouped together. Reinsurance contracts are judged to be distinct and are not grouped together.

***Contract boundaries***

The Company uses the concept of contract boundaries to determine the cash flows that should be considered in the measurement of groups of insurance contracts, reinsurance contracts and investment contracts with DPF. This assessment is reviewed for new contracts issued each reporting period. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Company to deliver cash at a present or future date. For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive services from the reinsurer.

***Insurance acquisition cash flows***

The Company includes the following acquisition cash flows within the contract boundary that arise from selling, underwriting and starting a group of insurance contracts or investment contracts with DPF and that are:

- a. costs directly attributable to individual contracts and groups of contracts; and
- b. costs directly attributable to the portfolio of insurance contracts or investment contracts with DPF to which the group belongs, which are allocated on a systematic and rational basis to measure the group of insurance contracts or investment contracts with DPF

***Insurance acquisition cash flows (continued)***

Insurance acquisition cash flows are initially deferred on the balance sheet and then allocated against groups of insurance contracts to which they are directly attributable. Insurance acquisition cash flows are included within the measurement of the CSM and recognised in the income statement over the period in which services are provided to the policyholder. Insurance acquisition cash flow assets are assessed for impairment where there are indicators of impairment.

**2.14.1 Recognition and derecognition**

Groups of insurance contracts and investment contracts with DPF issued are initially recognised from the earliest of the following:

- the beginning of the coverage period; or
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- where a group of contracts is onerous, from when the group becomes onerous.

Insurance contracts and investment contracts with DPF acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of that group ; or
- the initial recognition of any underlying insurance contract.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the earlier of:

- beginning of the coverage period of that group ; or
- the date the entity recognises an onerous group of underlying insurance contracts if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups of insurance contracts and measured under IFRS 17. The start and end periods of each insurance group are selected to coincide with the Company's reporting periods. Composition of the insurance groups are not reassessed in subsequent periods.

***Accounting for contract modification and derecognition***

An insurance contract is derecognised when it is:

- extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparty or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract, as set out in the IFRS17 standard, are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  - i. is not in scope of IFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

When an insurance contract is derecognised from within a group of insurance contracts, the Company adjusts the FCF to eliminate the PVFCF and RA relating to the rights and obligations removed from the group and adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LRC) of the group ), depending on the reason for the derecognition.

### **Measurement**

#### **Fulfilment cash flows**

The FCF are an explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

The estimates of future cash flows:

- a. are based on a probability weighted mean of the full range of possible outcomes;
- b. are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

Where the effect of future variations in experience on future cash flows are symmetric, a single best estimate is assumed to represent the full range of possible outcomes. In a small number of cases, where the effect of future experience variances is not symmetric, then the best estimate is adjusted by probability weighting the effect on cash flows of a range of possible outcomes.

Underlying cash flows, where these arise in multiple currencies, are converted into a single functional currency at the appropriate prevailing foreign exchange rates. In order to discount the FCF the Company uses the bottom-up approach to determine in each applicable currency, a discount rate curve by applying a liquidity adjustment, where appropriate, to a risk-free yield. The risk-free yield curve is from the published yield curve for the relevant currency.

The assumptions used to calculate the FCF on reinsurance contract assets are generally consistent with those used to calculate the FCF of the Insurance Contracts underlying the Reinsurance Contracts Held. Differences in assumptions relate to items that differ between the underlying Insurance Contracts and reinsurance contract assets, for example reinsurer default risk, reinsurance servicing expenses and liquidity risk. The reinsurance contract assets are modified for the risk of non-performance by the reinsurer. The impact is applied by adjusting the FCF discount rates. This adjustment is not made to reinsurance contracts that are liabilities.

An investment component is the amount that an insurance contract or investment contract with DPF requires the Company to repay to a policyholder even if an insured event does not occur. The Company has not separated any investment components from insurance contracts or investment contracts with DPF as the investment components are not considered to be distinct from the underlying contracts. Non-distinct investment components include the unit fund on unit-linked products and with-profit funds for with-profit products. Movements in investment components will not be included in insurance revenue and insurance service expenses under IFRS 17.

#### **Risk Adjustment**

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and is included in fulfilment cash flows. The risk adjustment is determined as the difference between the fulfilment cash flows under a single, insurance portfolio specific, stress scenario and the base scenario. The risk adjustment is calculated without consideration for any reinsurance in place and represents the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils insurance contracts.

The estimated future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimated cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

The Company uses consistent assumptions to measure the estimates of the PVFCF for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts. The risk adjustment for reinsurance is determined in the same way as for insurance business but with the stress scenario being determined from a scenario relevant to the underlying insurance portfolio.

The risk adjustment for reinsurance represents the risk adjustment transferred to the reinsurer and as such will not exceed the risk adjustment on the underlying insurance contract.

**Contractual service margin**

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- a. the initial recognition of the FCF; and
- b. cash flows arising from the contracts in the group at that date.
- c. the derecognition at the date of initial recognition of:
  - (i) any asset for insurance acquisition cash flows; and
  - (ii) any other asset or liability previously recognised for cash flows related to the group of contracts

For a group of insurance contracts or investment contracts with DPF issued where the CSM would be negative, this means the group of insurance contracts or investment contracts with DPF issued is onerous. Groups of onerous contracts are recognised when the group becomes onerous. A loss from onerous insurance contracts or investment contracts with DPF is recognised in the Statement of Comprehensive Income immediately with no CSM recognised on the Statement of Financial Position.

For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired in a portfolio transfer or business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a. the initial recognition of the FCF; and
- b. a proxy for premiums received in the portfolio transfer or business combination.

The premium proxy is either the fair value of assets transferred minus any consideration paid or the fair of liabilities received in insurance portfolio transfers or business combinations respectively. To the extent that amounts cannot be directly attributed to the acquired contracts the premium proxy is allocated to acquired insurance groups using weightings based on risk.

At initial recognition contracts are assessed as to whether they are onerous, profitable or initially profitable but have the potential to become unprofitable and are allocated to different groups depending upon this assessment. The approach taken is to compare at initial recognition for each insurance contract, the CSM with the risk adjustment. If the CSM is greater than the risk adjustment, the insurance contract is classified as profitable. If the CSM is zero the contract is classified as onerous. All other contracts are classified as having the potential to become onerous.

**Subsequent measurement**

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- a. the liability for remaining coverage "LRC", comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date; and
- b. the liability for incurred claims ("LIC"), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- a. the remaining coverage, comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

**Changes in fulfilment cash flows**

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a. changes that relate to current or past service are recognised in profit or loss; and
- b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a., b. and d. are measured using the locked-in discount rates as described in the section on interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereon;
- b. changes in the FCF relating to the LIC; and
- c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts measured under the VFA, where the value of the variable fee is material, the following adjustments relate to future service and thus adjust the CSM:

- a. changes in the Company's share of the fair value of the underlying items; and
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
  - iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
  - iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
  - v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments ii.-v. are measured using the current discount rates.

For insurance contracts measured under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the FCF relating to the LIC; and
  - ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

**Changes to the contractual service margin**

For insurance contracts issued at the end of each annual reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group.
- b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The effect of any currency exchange differences.
- e. The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

**Interest accretion on the CSM**

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates).

**Release of the CSM to profit or loss**

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

For contracts issued, the Company determines the proportion of coverage provided in the period for the purpose of CSM recognition as follows:

- a. Coverage units in the period, divided by
- b. The sum of:
  - i. Coverage units in the period, and
  - ii. End of period coverage units total forecast.
- c. Where all amounts included in this calculation are undiscounted.

The coverage units used by the Company are as follows:

| <b>Business Type</b>  | <b>Coverage Units (proxy for "quantity of benefits").</b> |
|-----------------------|-----------------------------------------------------------|
| Non-linked            | Sum at Risk                                               |
| Life and disability   | Earned premiums                                           |
| Unit linked business  | Higher of Unit reserves and sum assured                   |
| Utilised with-profits | Unit Fund                                                 |
| Annuities             | Annuities paid in period                                  |

**Onerous contracts – loss components**

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on amortising the loss component in line with the amortisation of the CSM (i.e. based on coverage units remaining).

The Company allocates the amortisation of the loss component to insurance revenue with an equivalent offset in insurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

**Amounts recognised in comprehensive income**

*Insurance revenue*

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

Insurance revenue comprises the following:

Amounts relating to the changes in the LRC.

- a. insurance claims and expenses incurred in the period measured as the amounts expected at the beginning of the period, excluding:
  - amounts related to the loss component;
  - repayments of investment components; and
  - amounts of transaction-based taxes collected in a fiduciary capacity.
- b. changes in the risk adjustment for non-financial risk, excluding:
  - changes included in insurance finance income (expenses);
  - changes that relate to future coverage (which adjust the CSM); and
  - amounts allocated to the loss component;
- c. amounts of the CSM recognised in profit or loss for the services provided in the period; and
- d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

**Insurance service expenses**

Insurance service expenses include the following:

- a. incurred claims and benefits excluding investment components;
- b. other incurred directly attributable insurance service expenses;
- c. changes that relate to past service (i.e. changes in the FCF relating to the LRC); and
- d. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).
- e. allocation of non-directly attributable expenses.

Expenses that do not relate to contracts in the scope of IFRS 17 will be presented in other operating expenses under the relevant accounting standard.

**Insurance service result from reinsurance contracts held**

*Net income (expenses) from reinsurance contracts held*

The Company presents the financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses;
- b. incurred claims recovery;
- c. other incurred directly attributable insurance service expenses;
- d. effect of changes in risk of reinsurer non-performance;
- e. changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- f. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

Reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- a. insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- b. changes in the risk adjustment for non-financial risk, excluding:
  - changes included in finance income (expenses) from reinsurance contracts held; and
  - changes that relate to future coverage (which adjust the CSM);
- c. amounts of the CSM recognised in profit or loss for the services received in the period; and
- d. ceded premium experience adjustments relating to past and current service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

**Insurance finance income or expenses**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- a. changes in the fair value of underlying items, excluding the shareholders' share of underlying items;
- b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For the contracts measured under the GMM and the VFA, the Company includes all insurance finance income or expenses for the period in profit or loss.

**Transition**

The transition balance sheet has been prepared using the Fair Value Approach for all in-scope business as it is impracticable to use the Fully Retrospective Approach because it is not possible to determine a risk adjustment at historic reporting dates.

The Company had no basis upon which to determine the risk adjustment since it had no policy from which a reliable margin for taking on non-financial risk associated with the contracts in scope of IFRS 17 could be determined at the transition date and there was no explicit historical view of the compensation required for non-financial risk on acquired insurance contracts. Consideration was taken to deriving an approach that used margins from historical acquisitions however as the majority of the acquired policies have been investment contracts, with significant reinsurance on insurance contracts and investment contracts with DPF, it was not possible to accurately reflect the view of insurance risk at historic reporting dates.

Under the Fair Value Approach, the CSM or loss component at the transition date was calculated as the difference between the fair value of a group of contracts at that date and the FCF at that date. The Company measured the fair value of a group of contracts as the Solvency II best estimate liability of cash flows within the IFRS17 Contract Boundary, calibrated using a market value adjustment to give a fair value calculated as 90% of:

- Solvency II best estimate experience assumptions plus best estimates for assumptions not required under Solvency II, plus
- a 146.19% share of the insurance company's Solvency II Risk Margin. The Solvency II Risk Margin is allocated to groups of insurance contracts ("GICs") (the level of aggregation of contracts at which CSMs are determined) based on the relative contribution of those cohorts to the aggregated results.

**2.14.2 Receivables and payables related to insurance contracts and investment contracts**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in the statement of comprehensive income. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets. These processes are described in note 2.8. No impairments have been recognised to date.

**2.14.3 Liability adequacy test**

At each statement of financial position date, liability adequacy tests are performed to assess whether the investment contract liabilities are adequate. Current best estimates of future cash flows are compared to the carrying value of the liabilities. Any deficiency is charged as an expense to the statement of comprehensive income.

#### **2.14.4 Deferred acquisition costs ("DAC") on investment contracts**

Commissions that vary with and are related to the acquisition of new investment and insurance contracts are treated as DAC to the extent that the commission relates to the future provision of services by the parties to whom payments are made, when the degree of completeness of the service can be reliably measured and the Company is confident of future economic benefit from the introduction acquired. The movement in DAC is expensed and recognised in the acquisition of insurance and investment contracts line in the statement of comprehensive income over the premium payment term (a period determined by policy features chosen by the contract holder introduced in return for the commission payment) for regular premium business. The periods over which it is expensed range from five to thirty years for regular premium business and thirty years for single premium business. Commissions for which liability arises on completion of a significant act without the expectation of the delivery of further services are recognised in expenses when incurred.

The DAC also includes the client incentive premium when provided to certain Vision contract holders at the outset of the policy. This regular premium is an incentive whereby the contract holder benefited from one to three months free premium at policy inception depending on the premium payment term and premium amount. It is amortised in a straight-line method over the premium payment term. Reviews to assess the recoverability of deferred acquisition costs on investment contracts are carried out at each period end date to determine whether there is any indication of impairment. If there is any indication of non-recoverability or impairment, the asset's recoverable amount is estimated. Impairment losses are reversed through the Statement of Comprehensive Income if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised. The Company has used historic exchange rates in accordance with IFRIC 22, within the determination of its DAC to meet IFRS 15.

#### **2.14.5 Deferred Income Liability ("DIL")**

The DIL represents the charges levied under investment contracts where payment for the services contractually due under such contracts is received in advance of the Company's performance of those services. The full amount of these fees is deferred and is amortised in a straight-line method over the premium payment term for the regular premium Vision product and the amortisation period of 30 years for single premium business (Note 22).

The Company has used historic exchange rates in accordance with IFRIC 22, within the determination of its DIL to meet IFRS 15.

#### **2.15 Other expenses**

All other expenses, not arising on contracts in the scope of IFRS 17, are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

#### **2.16 Taxation**

The Company is subject to taxation in Guernsey, at a tax rate of 10%, which is the standard company tax rate for insurance businesses. Tax expense recognised in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

**2.16 Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**2.17 Employee benefits**

**2.17.1 Pension obligations**

The Company operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and where the investment risk associated with the pension benefits ultimately available rests with the employee and not with the Company. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs and accounted for under IAS 19. Refer to note 17 for the detail.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability. Past-service costs are recognised immediately in income.

For defined contribution plans, the Company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**2.17.2 Exposure to risk of the defined benefit fund**

The Company is exposed to the risk that additional contributions will be required in order to fund the defined benefit fund (the "fund") as a result of poor experience. Some of the key factors that could lead to shortfalls are:

- Investment performance – the return achieved on the fund's assets may be lower than expected.
- Interest rate risk – the risk that gilt performance will be affected by movements in interest rates.
- Investment mismatch – the characteristics of the fund's assets and liabilities may differ, meaning their respective valuations do not move together in response to a change in the same valuation input, such as interest and inflation rates.
- Mortality – members could live longer than foreseen. This would mean that benefits are paid for longer than expected, increasing the value of the related liabilities.
- Options for members – members may exercise options resulting in unanticipated extra costs.

The fund has 0% exposure equities (2022: 0%), thereby removing the exposure of the employer to the risk of a general downturn in equity markets, and repositioned its portfolio primarily in gilts, which themselves carry exposure to interest rate risks. In order to assess the sensitivity of the fund's pension liability to these risks, sensitivity analyses have been carried out in note 17. Each sensitivity analysis is based on changing one of the assumptions used in the calculations, with no change in the other assumptions. The same method has been applied as was used to calculate the original pension liability and the results are presented in comparison to that liability. It should be noted that in practice it is unlikely that one assumption will change without a movement in the other assumptions, there may also be some correlation between some of these assumptions. It should also be noted that the value placed on the liabilities does not change on a straight-line basis when one of the assumptions is changed. For example, a 2% change in an assumption will not necessarily produce twice the effect on the liabilities of a 1% change.

**2.17.3 Restriction of assets of the defined benefit fund**

As the fund is currently in surplus it has not been necessary to adjust the statement of financial position items as a result of the requirements of IFRIC 14, The Limit on a Defined Benefit Asset issued by IASB's International Financial Reporting Interpretations Committee.

**2.17.4 Fund amendment of the defined benefit fund**

There have been no past service costs or settlements in the financial year ending 31 December 2023 nor 31 December 2022, since the Pension Scheme is closed to the future accrual of benefits.

**2.17.5 Funding policy of the defined benefit fund**

The Company is the sole employer in the fund. Following the cessation of accrual of benefits with effect from 31 December 2010, regular contributions to the fund are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation.

**2.17.6 Liability to the defined benefit fund**

The Company is responsible for meeting the administration expenses incurred in the operation of the fund. On the withdrawal of the other participating employer from the fund, the Trustees would be responsible for deciding on the terms on which additional funding would be sought from the relevant employer or surplus funds disposed of. The Company has guaranteed that, in the event of winding up the fund, deferred members would receive at least standard transfer values after annuitisation of the pensions in payment and allowance for winding up costs.

**2.18 Revenue recognition**

Revenue comprises the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the Company when those inflows result in an increase in equity, other than increases relating to contributions from equity participants, and is recognition of the fair value of the services provided by the Company. Income other than that arising on recognition of the changes in the value of financial and insurance assets and liabilities is recognised as follows:

**2.18.1 Revenue from contracts with customers**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Besides general insurance activity, the Company provides insurance-based unit linked savings and investment products. Revenue from contracts with customers is recognised when control of goods and services are transferred to the customer at an amount that reflects the consideration to which the Company is entitled in exchange for those goods or services.

Revenue arising from investment management, administration and other related services offered by the Company in relation to investment contracts is recognised in the accounting period in which the contractual performance obligations are satisfied. Fees consist primarily of investment management and policy administration fees arising from services rendered in conjunction with the issue and management of investment contracts where the Company actively manages, or subcontracts management to related and third parties, the consideration received from its customers in order to attempt to generate a return commensurate with the investment profile that the customer selected on origination of the instrument or varied subsequently. Investment management services comprise the activity of choosing, and instigating trades in, financial instruments to be acquired by or sold from the Company's pools of assets notionally backing the investment component of its liabilities under investment contracts.

**2.18.1 Revenue from contracts with customers (continued)**

Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services being the receipt of premiums for the rendering of these services. The amount recognised is the amount that best reflects the consideration, which the Company expects to receive for the above services. In the cases of investment management fees and ongoing policy administration fees, these services comprise an indeterminate number of acts over the life of the individual contracts, whereas the performance obligations are satisfied over time. For practical purposes, the Company recognises these fees on a straight-line basis over the time of the contract. The Company charges its customers for investment management, administration and other related services using the following different approaches:

Set-up fees are charged to policyholders on inception. Such fees are recognised as charged, as the set up activity constitutes a significant act, which is assessed as a completed performance obligation:

Initial or front-end fees that relate to the provision of investment services are deferred and recognised over the expected term of the policy on a straight-line basis.

Regular fees are charged to policyholders periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period, which is deemed equivalent to the period over which the performance obligation is satisfied. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

The Company also derives income from the services it provides in the establishment of investment contracts and the collection and application of premium thereto. The Company defers the full amount of establishment fees received to date for regular premium business and the initial fees received for single premium business. This is subsequently released in a straight-line method over the expected period for which regular premium policy premiums will be collected or the amortisation period of 30 years for single premium business. The balance of this contract liability is shown in Note 18.

**2.18.1.1 Costs to obtain**

Incremental directly attributable costs incurred in acquiring the contract, for example broker commissions, are amortised in a straight line method over the premium payment term. This recognition treatment is consistent with amortising the full amount of the administration fees during the initial period over the premium payment term, which are the revenues derived from the services to the customer to which these costs to acquire relate. Broker commission on single premium business is also amortised in a straight line method over the amortisation period of 30 years. The client incentive premium, which is a cost to the company at inception is expensed at inception and thereafter amortised over the premium payment term.

**2.18.2 Costs to fulfil**

Costs to fulfil are those periodic specific costs relating directly to the contract only, for example renewal commissions. These are expensed as they are incurred which is consistent with the satisfaction of the performance obligations which these costs are utilised to satisfy, and the recognition of the related administration fee generated. This is also consistent with the treatment of the related costs to acquire and administration fee at inception.

### **2.18.2 Interest income**

Interest income for financial assets is recognised using the effective interest method.

### **2.19 Related party relationships and transactions**

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include:

- (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company;
- (b) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and,
- (c) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

### **2.20 Provisions, contingent liabilities and contingent assets**

Provisions, contingent liabilities and contingent assets are recognised and measured in terms of IAS 37. Provisions are recognised when there is a present obligation due to a past event and it is probable that an outflow of cash or other economic resources will be required to settle the obligation. If an outflow is not probable or a reliable estimate of the amounts cannot be made, then it will be treated as a contingent liability.

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Company. An example is litigation against the entity when it is uncertain whether the entity has committed an act of wrongdoing and when it is not probable that settlement will be needed.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in the financial statements unless the realisation of income is virtually certain.

## **3. Critical accounting estimates and judgments in applying accounting policies**

The Company makes assumptions that affect the amounts of assets and liabilities reported within the financial statements.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **3.1 Critical accounting judgements**

#### **a) Functional currency**

As noted in 2.3.1 management considered the Company's functional currency to be Pounds Sterling based on various considerations including the economic environment in which the Company operates.

Given the Company has significant operations in jurisdictions not based in Pounds Sterling, the selection of the functional currency is a critical judgement and accordingly management will continue to assess the functional currency in future periods to ensure it continues to reflect events and conditions relevant to the Company.

An analysis to show the sensitivity of the Company's equity to currency movements is shown in note 4.6.3.

### **3.1 Critical accounting judgements (continued)**

#### **b) Product classification**

The Company's classification between which products are insurance contracts and which are investment contracts is detailed in notes 2.12. This is a critical judgement for the Company given the classification dictates the relevant presentation and measurement that is applied to each type of contract in the financial statements.

#### **c) Evaluation of business model applied in managing financial instruments**

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under IFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

### **3.2 Critical accounting estimates**

#### **a) Insurance contract liabilities & reinsurance contract assets**

Insurance contract liability accounting is discussed in more detail in accounting policies 2.1.1 and 2.14 with further detail of the key assumptions made in determining insurance contract liabilities included in note 20.

Critical amongst these are the assumptions underpinning the classification of a contract as insurance or investment, in accordance with the definitions given in note 2.12, and critical assumptions, as discussed in note 19.2.

Reinsurance contract liability accounting is discussed in more detail in accounting policies 2.14.

#### **b) Fair value of financial assets and liabilities**

The fair values of financial assets and liabilities are measured and accounted for as set out in accounting policies 2.7, 2.8 and 2.9. Where possible, financial assets and liabilities are valued on the basis of listed market prices by reference to quoted market bid prices for assets and offer prices for liabilities (mid for policyholder liabilities), without any deduction for transaction costs. These are categorised as Level 1 financial instruments and do not involve estimates. If prices are not readily determinable, fair values are determined using valuation techniques including the last available quoted price, reduced in line with the company's write-down policy. Financial instruments valued where valuation techniques are based on observable market data at the period end are categorised as Level 2 financial instruments. Financial instruments valued where valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 2 and Level 3 financial instruments therefore involve the use of estimates and notes 2.7 and 4.7 provides further disclosures on fair value hierarchy and assumptions used to determine fair values.

#### **c) Deferred income liability (DIL)**

Deferred income liability (DIL) is front-end fees received from investment contract holders as a pre-payment for asset management and related services and to cover initial broker commission. These amounts are non-refundable and are released to income as the services are rendered.

The methodology applied to calculate the DIL is based on the initial units allocated on regular premium Vision and initial fees received on Single premium business, amortised in a straight-line method over the premium payment term or the amortisation period of 30 years for single premium business.

#### **d) Deferred acquisition costs (DAC)**

Deferred acquisition cost (DAC) is based on initial costs incurred by the Company and relates to investment contract holders. These initial costs comprise of initial commission and client incentive premium. Initial commission is commission payable to the broker at the outset of the policy. The client incentive premium was provided to certain Vision contract holders at the outset of the policy. This regular premium is an incentive whereby the contract holder benefited from one to three months free premium at policy inception depending on the premium payment term and premium amount.

The methodology applied to calculate the DAC is based on the initial commission paid for regular and single premium business and the cost of the client incentive premium on Vision, amortised in a straight-line method over the premium payment term for Vision and 30 years for single premium business.

### **3.2 Critical accounting estimates (continued)**

*e) Determination of appropriate discount rate in measuring lease liabilities*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments are discounted using a reasonable rate deemed by management to be equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

*f) Estimation of allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortised cost and FA at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and the resulting losses). Explanation regarding the allowance for ECL is discussed further in Note 4.4.

*a) Impairment of non-financial assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 20). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses recognized on the Investments in Subsidiaries, Right-of-Use Assets and Property and Equipment accounts are discussed in Notes 9 and 6, respectively.

*h) Valuation of post-employment defined benefit asset*

The determination of the Company's asset and obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognised expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 17.

*i) Income tax positions*

The Company operates as stated in multiple jurisdictions in multiple currencies. For each jurisdiction in which the Company operates there is a different tax regime which requires a different local calculation of the Company's taxable profits. Therefore, management deem it necessary to consider each jurisdiction independently for the purposes of tax. Where necessary the Company chooses to consult with specialist tax advisors to ensure that all calculations of tax are prepared in accordance with local requirements.

The taxable profit is provided to the relevant tax authorities on the basis of the local accounting standards and audited financial statements and adjusted as required in each jurisdiction in which the Company operates.

### 3.2 Critical accounting estimates (continued)

#### *i) Income tax positions (continued)*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount of any deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that there are no deferred tax assets recognised as at 31 December 2023 and 2022 as there is not sufficient taxable income in the respective jurisdictions, which these arose from.

During 2023, the Company recognised a deferred tax liability on future profits expected to emerge from the Swiss Branch. The Swiss Branch actuarial reserves are prepared on a more prudent basis than IFRS reserves and therefore a large profit is expected to emerge as the book runs off and the non-unit reserve (NUR) unwinds. The previous approach to recognising deferred tax liabilities and therefore the taxable value of in-force policies (PVFP) was determined based on the difference between the unit reserve and the Solvency II best estimate of liability (SII BEL). This approach did not take into account the prudent NUR. The current approach recognises the impact of the unwind of the NUR on the profits payable in Switzerland. This deferred tax balance recognised in 2023 represents an IAS 8 change in accounting policy, as management has elected to amend the accounting policy related to future profits expected to emerge from the Swiss Branch. This is a prospective application only.

#### *j) Fair Value Approach to IFRS 17 balance sheet*

The transition balance sheet to IFRS 17 as at 1 January 2022 has been prepared using the Fair Value Approach for all in-scope business as it is impracticable to use the Fully Retrospective Approach because it is not possible to determine a Risk Adjustment at historic reporting dates. This is a key judgment taken by the Company in preparing the transition balance sheet.

In note 18, payables relating to investment contracts include judgements on potential future client compensation, and during the prior year, uncertainty relating to required regulatory provisions which have subsequently been released after regulatory approval.

## 4. Management of insurance and financial risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

### 4.1 Insurance risk

Insurance risk is based on uncertainty, which must exist in at least one of the following ways at the inception of an insurance contract:

- i. whether an insured event will (or will not) occur;
- ii. when it will occur; or
- iii. how much the insurer will need to pay if it occurs (or does not occur)

Across a portfolio of insurance risks, the overall outcome generally becomes more certain, and suitable for statistical analysis. The Company has developed its underwriting strategies and other management techniques to mitigate the Company's exposure to insurance risk. The sensitivity of the financial results to the main insurance risks can be found in note 20.

#### 4.1.1 Insurance risk management

The Company's insurance products are designed to ensure that policies are unambiguous, and hence minimise the risk of the insurance cover having greater scope than that originally intended. Included within the design process are a number of technical, legal and compliance reviews with such risk mitigation as one of the specific aims.

Prior to or at inception, insurance contracts under which the Company accepts significant risk are subjected to an underwriting process. This aims not only to ensure that business is correctly priced, but also to ensure that risk concentrations are identified and exposure limits are not breached. Where necessary, risk is transferred using reinsurance. The Company uses reinsurance for several purposes. In some instances, it is used to decrease the deviation from average claim size for a line of business. This reduces volatility of the result, subject to performance by the reinsurer. In other areas, reinsurance is used to limit the Company's exposure to catastrophe, such as multiple deaths under a group life policy. During the financial period, the Company only purchased cover from reinsurers that met the requirements as set out in the Utmost Worldwide Risk Appetite Statement.

#### **4.1.2 Insurance contracts - General Measurement Model**

##### **4.1.2.1 Life annuities**

The Company has a closed book of annuity business. The main insurance risk in this category is that of longevity. The mortality experience is reviewed annually, and benchmarking is used to maintain provisions in line with up-to-date developments in life expectancy for the types of lives covered. Assets are closely matched to the estimated liabilities to protect the Company against interest rate risk for this class of business. Reinsurance is used to limit the Company's risk exposure in respect of a single annuity contract.

##### **4.1.2.2 Group life and disability insurance**

The Company provides a range of life and disability covers for commercial clients, including a wide variety of multi-national organisations, with the main insurance risks introduced being mortality and morbidity. Policies are usually renewable annually, and are subject to an underwriting process. The Company seeks to determine whether risk concentrations exist, for example by looking at the exposure to lives assured at single buildings or to concentrations within specific industry sectors. There is generally good geographical diversity. The Company monitors the mortality and morbidity experience at least annually to ensure that the provisions and pricing remain appropriate. The Company monitors its asset-liability matching in respect of its provisions for long-term disability payments. Quota share and surplus reinsurance treaties- and catastrophe excess loss reinsurance are used to limit the Company's risk exposure.

##### **4.1.2.3 Non-life insurance**

The Company has a legacy non-life insurance contract which covers a range of non-life coverages for a commercial client. The Company reviews the claims experience to determine appropriate provisions. The Company has a stop loss reinsurance in place to mitigate the potential aggregate loss.

#### **4.1.3 Insurance contracts - Variable Fee Approach**

##### **4.1.3.1 Savings contracts with deposit administration fund options**

The Company offers savings funds to corporate clients and leavers, whose employees may select deposit administration funds or unit linked funds that carry the option to switch into deposit administration funds. There is no significant insurance risk attached to such contracts. However, the Company is also exposed to other risks of a financial nature, in particular those created by capital and interest rate guarantees. These are mitigated by actuarial review of bonus sustainability, limited duration and value of guarantees, the imposition of performance monitoring against investment risk guidelines and the ability to impose market value adjustments to withdrawals should they be judged necessary.

##### **4.1.3.2 Individual unit-linked contracts with material insurance benefits**

Individual unit-linked contracts with additional death benefits at least 10% are classified as insurance contracts under IFRS17 and those with additional death benefits greater than 5% but below 10% are generally classed as insurance contracts but with exceptions. These contracts represent a small minority of total individual unit-linked contracts, and are no longer sold. The main insurance risk for this contract is that of mortality. The mortality experience is reviewed annually and used in the calculation of provisions.

#### **4.2 Financial risk**

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. The most significant risks relate to market risk and currency risk. The Company segregates various asset and liability categories so that they can be matched, with the aim of minimising the interest rate risk whilst maintaining an appropriate credit quality within each segregated portfolio. Such matching focuses on the typical duration of each class of liabilities, and seeks to ensure that the associated assets' characteristics are similar in nature. Equity price risk is naturally hedged in some areas, in particular the exposure to unit linked contract holders as the liability fluctuates in a near-identical fashion. The Company also retains some indirect equity price risk through the investments underlying its defined benefit pension scheme. Other risks, namely currency, liquidity and cash flow interest rate risk are either controlled at an operational level by the day-to-day application of risk management policies and procedures or overseen by the Board Investment Committee. The financial assets, which are most exposed to financial risk, are the investments in subsidiaries, reinsurance contract assets and receivables arising out of direct insurance operations and due from contract holders.

#### **4.2.1 Financial risk management**

The Company maintains its monetary assets other than accrued income in short term instruments and fixed income investments, such as cash, term deposits and bonds. It manages exposure to foreign currency by converting its income to the reporting currency.

The Company manages these positions within an asset liability management (ALM) framework that has been developed to achieve both efficient matching of financial liabilities to investment contract holders and of the investment element of insurance liabilities to insurance contract holders, and to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

Within the ALM framework, the Company periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to the key characteristics, these being duration and currency for non-linked products. For each distinct class of liabilities, a separate portfolio of assets is maintained. Credit risk is also managed at a portfolio level. The Company has not materially changed the processes used to manage its risks from previous periods.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities. The notes below explain how financial risks are managed using the categories utilised in the Company's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk, credit risk and liquidity risk at the portfolio level. Foreign currency is managed on both a portfolio level and a company wide basis. To reflect the Company risk management approach, the required disclosures for interest rate, equity price and liquidity risks are given separately for each portfolio of the ALM Framework. Credit risk disclosures are provided for the whole Company in note 4.4.

##### *Fixed and guaranteed investment contracts*

Investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the Company's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

#### **4.2.2 Unit-linked contracts**

For unit-linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio.

The Company's exposure to market risk (being primarily interest rate, equity price and currency risks) from these contracts is in the risk of volatility in asset management fees due to the impact of interest rate, equity price and currency movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

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**4.3 Capital management**

The Utmost Group Capital Management Policy and the Company's Capital Management Standard set out the framework within which the Company manages its capital position. Capital is managed under the framework requirements to meet the strategic objectives of both the Company and Utmost Group. These objectives include meeting all regulatory solvency requirements on an ongoing basis, while maintaining adequate margins to absorb short term fluctuations arising from changes in market, economic or other factors, and providing returns to shareholders. The Company periodically reviews the capital position and annually updates its medium-term capital management plan.

The regulatory solvency requirements are determined, principally, in accordance with the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, and The Insurance Solvency Rules 2021 as well as with regard to similar requirements relating to the specific activities in other jurisdictions in which the Company is licensed. The Company is permitted under The Insurance Solvency Rules 2021 to adopt one of a number of recognised standard formulae in calculation of its solvency capital requirement. The Company has adopted the UK Solvency II requirements, as set by the Prudential Regulation Authority, in relation to the calculation of its capital requirements, and has received consent from the Guernsey Financial Services Commission, as set out in letters dated 10 December 2015 and 11 October 2021, to apply the UK Solvency II methodology in the determination of its available capital.

The UK Solvency II capital requirement considers market, credit, counterparty, underwriting and operational risks, and application of the standard formula itself is considered generally appropriate as an approach to determining the Company's overall capital requirement.

The Company is required by the Guernsey Financial Services Commission to maintain at all times a solvency ratio of at least 135%, and the Company's Capital Management Standard sets out a commitment to maintain a solvency ratio of at least 150% immediately following the payment of any dividend.

The provisional solvency ratio is summarised below, and is not subject to the audit:

|                                        | <b>2023</b><br><b>Provisional</b><br><b>(unaudited)</b> | <b>2022</b><br><b>(unaudited)</b> |
|----------------------------------------|---------------------------------------------------------|-----------------------------------|
| Eligible own funds (available capital) | 317,130                                                 | 303,331                           |
| Solvency capital requirement           | 165,594                                                 | 159,203                           |
| Solvency II ratio                      | 191.5%                                                  | 190.5%                            |

The Company was compliant throughout the period with all capital requirements in the jurisdictions in which it is licensed.

#### **4.4 Credit risk**

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

##### **Key**

- debt security holdings;
- loans and advances;
- amounts due under insurance contracts;
- reinsurers' share of insurance liabilities;

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to differently rated debt securities. Limits on the levels of credit risk for the financial period were based on guidelines issued by Utmost Group, with modification where appropriate to the circumstances of the Company. The Risk Management function carries out monitoring of adherence to the guidelines. The Board Investment Committee undertakes credit assessment in respect of the credit exposures.

Credit risk relating to financial instruments is monitored by the Company's investment team and the Risk Management function. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default.

The strength of reinsurers is monitored on a quarterly basis. Individual contracts are considered on a case by case where necessary.

The nature of the Company's exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The Company's financial assets exposed to credit risk are set out below along with the credit rating category of the issuer or counterparty.

Credit ratings are applied consistently for various asset classes in line with rules set out in the Company's risk appetite framework

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|                                                             | AAA            | AA             | A              | BBB           | BB       | B        | Non-Rated    | Total          |
|-------------------------------------------------------------|----------------|----------------|----------------|---------------|----------|----------|--------------|----------------|
| <b>2023</b>                                                 |                |                |                |               |          |          |              |                |
| Term deposits                                               | -              | -              | 1,612          | -             | -        | -        | 2,406        | 4,018          |
| <b>Other investments:</b>                                   |                |                |                |               |          |          |              |                |
| Debt securities - OCI                                       | 55,971         | 36,794         | 20,295         | 13,138        | -        | -        | -            | 126,198        |
| Debt securities - at fair value through the profit and loss | 44,193         | 41,528         | 31,080         | 28,805        | -        | -        | -            | 145,606        |
| <b>Underlying items:</b>                                    |                |                |                |               |          |          |              |                |
| Debt securities - at fair value through the profit and loss | 104,497        | 192,763        | 13,409         | -             | -        | -        | 443          | 311,112        |
| Reinsurance contract assets                                 | -              | -              | 20,198         | -             | -        | -        | -            | 20,198         |
| Receivables                                                 | -              | -              | 17,416         | -             | -        | -        | -            | 17,416         |
| Cash at bank                                                | -              | 25,479         | 19,934         | -             | -        | -        | 594          | 46,007         |
| <b>Total</b>                                                | <b>204,661</b> | <b>296,564</b> | <b>123,944</b> | <b>41,943</b> | <b>-</b> | <b>-</b> | <b>3,443</b> | <b>670,555</b> |
| <b>2022</b>                                                 |                |                |                |               |          |          |              |                |
| Term deposits                                               | -              | 2,007          | 1,607          | -             | -        | -        | 2,538        | 6,152          |
| <b>Other investments:</b>                                   |                |                |                |               |          |          |              |                |
| Debt securities - OCI                                       | 84,024         | 44,367         | 19,438         | 7,128         | -        | -        | -            | 154,957        |
| Debt securities - at fair value through the profit and loss | 45,604         | 58,352         | 32,798         | 22,810        | -        | -        | -            | 159,564        |
| <b>Underlying items:</b>                                    |                |                |                |               |          |          |              |                |
| Debt securities - at fair value through the profit and loss | 107,060        | 198,524        | 23,469         | -             | -        | -        | 409          | 329,462        |
| Reinsurance contract assets                                 | -              | -              | 31,909         | -             | -        | -        | -            | 31,909         |
| Receivables                                                 | -              | -              | 20,541         | -             | -        | -        | -            | 20,541         |
| Cash at bank                                                | -              | 26,971         | 16,026         | -             | -        | -        | 4,956        | 47,953         |
| <b>Total</b>                                                | <b>236,688</b> | <b>330,221</b> | <b>145,788</b> | <b>29,938</b> | <b>-</b> | <b>-</b> | <b>7,903</b> | <b>750,538</b> |

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The Company did not use credit derivative or similar instruments to mitigate the maximum exposure to credit risk.

The Company has the contractual right to offset the reinsurance deposits included in the table in note 16 against the receivables due from the reinsurers, which have arisen from reinsurance contracts, included in note 10.

#### **4.5 Liquidity risk**

##### *Maturity analysis of financial liabilities and assets*

The following tables summarises the maturity profile of the financial assets, financial liabilities, insurance contract liabilities and reinsurance contract assets of the Company based on the remaining contractual obligations including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on an estimated timing of net cash outflows from the recognised insurance liabilities and reinsurance contracts. Unit-linked liabilities are repayable or transferable on demand and are included in the up to a year column. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Company maintains a portfolio of highly marketable and diverse assets which can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Cash flows which have no maturity, are shown in the period in which they could first be called by the policyholder or counterparty. This includes all protection policies for which the cash flows have been assumed to be equal to the liability and payable in the first 0 – 5 years. Cash flows payable in years 5 and beyond relate to outstanding long-term disability claims and annuity payments. The valuation of such liabilities excludes any surrender penalties that the Company has the option of imposing in such circumstances.

Notwithstanding the above, any policy can be surrendered at any time, and all financial and insurance liabilities to contract holders are therefore shown with a minimum maturity of 0-1 years. In practice, this is considered extremely unlikely to happen. The Company has the general right to delay any surrender or surrenders to protect the interest of other policyholders and more specifically, may reflect the settlement terms achieved on the disposal of assets in the terms it offers on the settlement of liabilities backed by those assets. The Company's financial assets exposed to credit risk are set out below along with the credit rating category of the issuer or counterparties.

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|                                                            | Cash Flows Due   |                |               |               |               | Total            |
|------------------------------------------------------------|------------------|----------------|---------------|---------------|---------------|------------------|
|                                                            | < 1 Year         | 1-5 Years      | 5-10 Years    | 10-20 Years   | > 20 Years    |                  |
| <b>2023</b>                                                |                  |                |               |               |               |                  |
| Investment in subsidiaries and associates                  | -                | -              | -             | -             | 459           | 459              |
| Other investments                                          | 360,691          | 239,913        | 29,489        | 17,594        | 11,775        | 659,462          |
| Financial assets at fair value to cover linked liabilities | 2,954,066        | 51,108         | 21,044        | 2,018         | 2,071         | 3,030,307        |
| Receivables excluding retirement benefit asset             | 8,254            | -              | -             | -             | -             | 8,254            |
| Cash and cash equivalents                                  | 50,025           | -              | -             | -             | -             | 50,025           |
| <b>Total financial assets</b>                              | <b>3,373,036</b> | <b>291,021</b> | <b>50,533</b> | <b>19,612</b> | <b>14,305</b> | <b>3,748,507</b> |
| Investment contract liabilities                            | 2,808,774        | -              | -             | -             | -             | 2,808,774        |
| Lease liability                                            | 853              | 137            | -             | -             | -             | 990              |
| Payables excluding lease liabilities                       | 43,923           | -              | -             | -             | -             | 43,923           |
| <b>Total financial liabilities</b>                         | <b>2,853,550</b> | <b>137</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>2,853,687</b> |

**Investment contract liabilities are deemed to be repayable on demand**

The maturity analysis for the below insurance balances are to be prepared on a present value cashflow basis.

|                                        | Maturity Analysis |               |               |               |               |               | Total          |
|----------------------------------------|-------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                                        | Within 1 year     | 1 - 2 years   | 2 - 3 years   | 3 - 4 years   | 4 - 5 years   | >5 years      |                |
| Reinsurance contract assets (PVFCF)    | (9,406)           | (2,426)       | (3,312)       | (2,682)       | (2,458)       | (22,321)      | (42,605)       |
| Insurance contract liabilities (PVFCF) | 512,683           | 23,687        | 22,444        | 20,503        | 19,124        | 111,476       | 709,917        |
|                                        | <b>503,277</b>    | <b>21,261</b> | <b>19,132</b> | <b>17,821</b> | <b>16,666</b> | <b>89,155</b> | <b>667,312</b> |

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|                                                            | Cash Flows Due   |                |               |               |               |  | Total            |
|------------------------------------------------------------|------------------|----------------|---------------|---------------|---------------|--|------------------|
|                                                            | < 1 Year         | 1 - 5 Years    | 5 - 10 Years  | 10 - 20 Years | > 20 Years    |  |                  |
| 2022                                                       |                  |                |               |               |               |  |                  |
| Investment in subsidiaries and associates                  | -                | -              | -             | -             | 459           |  | 459              |
| Other investments                                          | 280,570          | 313,357        | 39,100        | 20,277        | 12,860        |  | 666,164          |
| Financial assets at fair value to cover linked liabilities | 2,967,544        | 62,208         | 17,490        | 1,456         | 2,616         |  | 3,051,314        |
| Receivables excluding retirement benefit asset             | 10,854           | -              | -             | -             | -             |  | 10,854           |
| Cash and cash equivalents                                  | 54,105           | -              | -             | -             | -             |  | 54,105           |
| <b>Total financial assets</b>                              | <b>3,313,073</b> | <b>375,565</b> | <b>56,590</b> | <b>21,733</b> | <b>15,935</b> |  | <b>3,782,896</b> |
| Investment contract liabilities                            | 2,854,654        | -              | -             | -             | -             |  | 2,854,654        |
| Lease liability                                            | 985              | 1,038          | -             | -             | -             |  | 2,023            |
| Payables excluding lease liabilities                       | 49,809           | -              | -             | -             | -             |  | 49,809           |
| <b>Total financial liabilities</b>                         | <b>2,905,448</b> | <b>1,038</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>      |  | <b>2,906,486</b> |

The maturity analysis for the below insurance balances are to be prepared on a present value cashflow basis.

|                                        | Maturity Analysis |               |               |               |               |               | Total          |
|----------------------------------------|-------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                                        | Within 1 year     | 1 - 2 years   | 2 - 3 years   | 3 - 4 years   | 4 - 5 years   | > 5 years     |                |
| Reinsurance contract assets (PVFCF)    | (12,464)          | (6,129)       | (3,972)       | (3,614)       | (3,320)       | (30,963)      | (60,462)       |
| Insurance contract liabilities (PVFCF) | 487,778           | 26,972        | 23,529        | 21,456        | 19,989        | 125,977       | 705,701        |
|                                        | <b>475,314</b>    | <b>20,843</b> | <b>19,557</b> | <b>17,842</b> | <b>16,669</b> | <b>95,014</b> | <b>645,239</b> |

#### **4.6 Market risks**

The Company's primary exposure to market risk is the impact of equity price and currency movements on the fair value of the assets held in the linked funds, on which the fees are based, and fixed fee elements of certain unit-linked contracts.

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

##### **4.6.1 Interest-rate risk**

Interest-rate risk is one of the principal risks the Company faces. It is relevant not only to insurance and investment contracts but also to the Company's management of its own assets not specifically or notionally backing particular liabilities.

The major product categories affected by interest-rate risk are annuities, guaranteed-return contracts and insurance with DPF contracts. Annuities, because of their long-term nature, are particularly sensitive to interest-rate risk. Accordingly, the Company imposes tight control over the matching of key criteria to minimise the risk taken. In respect of contracts with DPF, the Company has limited exposure provided that the attributable assets are greater than the liabilities. However, should the position reverse and liabilities be greater than assets then the full shortfall would become the Company's liability. The Company also has contractual rights to impose market value adjustments in order to treat all contract holders fairly.

The Company has entered into a number of investment contracts that guarantee a minimum return, whereby a proportion of any surplus becomes due to the Company, but all of any deficit would be met by the Company. The process for the management of assets backing such liabilities takes due regard for such asymmetries. For short-term insurance contracts, the Company has matched the insurance liabilities with cash and short-term debt.

##### **4.6.2 Price risk**

Whilst there is significant exposure to the equity market from policyholder investments, equity price falls have no immediate impact on the statement of financial position by virtue of the reserving methodology adopted for investment classed business. The Company does not back any of its insurance contracts, other than unit-linked contracts, with equity and has limited equity exposure from shareholder investments. Equity price falls do however result in a fall in fee income, and therefore are detrimental to future profits.

##### **4.6.3 Foreign currency risk**

The Company's ALM framework focuses on matching of currency exposures at a portfolio level.

The Company operates in international markets. Its non-GBP currency exposures are principally limited to USD and EUR. The assets and liabilities related to insurance and investment contracts are matched by currency as part of the Company's asset liability matching strategy. Exposures from operating activities, therefore, are limited to the emerging profit or loss.

No forward foreign exchange rate contracts were entered into during the year

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**4.7 Fair value hierarchy**

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. All assets have been determined as level 1 apart from £9.9m (2022 £13.3m) held by policyholders at their own risk and £0.04m (2022 £0.04m) of assets held by the Company. The analysis can be seen in the tables below.

The following table shows the fair value measurement hierarchy of the Policyholders and Company's assets and liabilities as at 31 December

| 2023                                                             | Fair Value Measurement Using                    |                                               |                                                 | Total            |
|------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|------------------|
|                                                                  | Quoted Prices In<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs<br>(Level 3) |                  |
| <b>Other investments:</b>                                        |                                                 |                                               |                                                 |                  |
| Debt security - at OCI                                           | 126,198                                         | -                                             | -                                               | 126,198          |
| Debt security - at fair value through profit or loss             | 145,606                                         | -                                             | -                                               | 145,606          |
| Ordinary shares and funds - at fair value through profit or loss | 46,983                                          | -                                             | 36                                              | 47,019           |
| <b>Underlying Items :</b>                                        |                                                 |                                               |                                                 |                  |
| Debt securities - at fair value through profit or loss           | 311,112                                         | -                                             | -                                               | 311,112          |
| Ordinary shares and funds - at fair value through profit or loss | 29,527                                          | -                                             | -                                               | 29,527           |
| <b>Total other investments</b>                                   | <b>659,426</b>                                  | <b>-</b>                                      | <b>36</b>                                       | <b>659,462</b>   |
| <b>Total financial assets to cover linked liabilities</b>        | <b>3,020,410</b>                                | <b>-</b>                                      | <b>9,897</b>                                    | <b>3,030,307</b> |
| <b>Total financial assets</b>                                    | <b>3,679,836</b>                                | <b>-</b>                                      | <b>9,933</b>                                    | <b>3,689,769</b> |
| <b>Liabilities</b>                                               |                                                 |                                               |                                                 |                  |
| Investment contract liabilities                                  | -                                               | 2,798,877                                     | 9,897                                           | 2,808,774        |
| <b>Total financial liabilities</b>                               | <b>-</b>                                        | <b>2,798,877</b>                              | <b>9,897</b>                                    | <b>2,808,774</b> |

| 2022                                                             | Fair Value Measurement Using                    |                                               |                                                 | Total            |
|------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|------------------|
|                                                                  | Quoted Prices In<br>Active Markets<br>(Level 1) | Significant<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs<br>(Level 3) |                  |
| <b>Other investments:</b>                                        |                                                 |                                               |                                                 |                  |
| Debt security - at OCI                                           | 154,957                                         | -                                             | -                                               | 154,957          |
| Debt security - at fair value through profit or loss             | 159,564                                         | -                                             | -                                               | 159,564          |
| Ordinary shares and funds - at fair value through profit or loss | 17,920                                          | -                                             | 36                                              | 17,956           |
| <b>Underlying Items :</b>                                        |                                                 |                                               |                                                 |                  |
| Debt securities - at fair value through profit or loss           | 329,462                                         | -                                             | -                                               | 329,462          |
| Ordinary shares and funds - at fair value through profit or loss | 4,225                                           | -                                             | -                                               | 4,225            |
| <b>Total other investments</b>                                   | <b>666,128</b>                                  | <b>-</b>                                      | <b>36</b>                                       | <b>666,164</b>   |
| <b>Total financial assets to cover linked liabilities</b>        | <b>3,038,055</b>                                | <b>-</b>                                      | <b>13,259</b>                                   | <b>3,051,314</b> |
| <b>Total financial assets</b>                                    | <b>3,704,183</b>                                | <b>-</b>                                      | <b>13,295</b>                                   | <b>3,717,478</b> |
| <b>Liabilities</b>                                               |                                                 |                                               |                                                 |                  |
| Investment contract liabilities                                  | -                                               | 2,841,395                                     | 13,259                                          | 2,854,654        |
| <b>Total financial liabilities</b>                               | <b>-</b>                                        | <b>2,841,395</b>                              | <b>13,259</b>                                   | <b>2,854,654</b> |

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**4.7 Fair value hierarchy (continued)**

The following table presents the changes in Level 3 instruments for the year ended 31 December.

| 2023                              | Fair Value at FVTPL |                  | Investment back to policies - policy holder risk | Total        |
|-----------------------------------|---------------------|------------------|--------------------------------------------------|--------------|
|                                   | Debt Securities     | Investment Funds |                                                  |              |
| Opening balance                   | -                   | 36               | 13,259                                           | 13,295       |
| (Sales) / Purchases               | -                   | -                | (11)                                             | (11)         |
| Unrealised gains/ (losses)        | -                   | -                | (2,381)                                          | (2,381)      |
| Transfers from level 3 to level 1 | -                   | -                | (970)                                            | (970)        |
| <b>Closing balance</b>            | <b>-</b>            | <b>36</b>        | <b>9,897</b>                                     | <b>9,933</b> |

During the year, investment back to policies - policyholder risk moved from level 3 to level 1 as market observable data became available for these investments that was previously not available. The transfer is deemed to have occurred during the year ended 31 December 2023.

| 2022                             | Fair Value at FVTPL |                  | Investment back to policies - policy holder risk | Total         |
|----------------------------------|---------------------|------------------|--------------------------------------------------|---------------|
|                                  | Debt Securities     | Investment Funds |                                                  |               |
| Opening balance                  | -                   | 36               | 8,665                                            | 8,701         |
| (Sales) / Purchases              | -                   | -                | (986)                                            | (986)         |
| Unrealised gains / (losses)      | -                   | -                | (330)                                            | (330)         |
| Transfer from level 1 to level 3 | -                   | -                | 5,910                                            | 5,910         |
| <b>Closing balance</b>           | <b>-</b>            | <b>36</b>        | <b>13,259</b>                                    | <b>13,295</b> |

The investment back to policies –policyholder risk, level 3 instruments, as at 31 December, are made up of investments where the asset has been placed into liquidation/ administration/ suspension or any such non-tradable status valued at the last available quoted price, reduced in line with the company's price write down policy. The policy is applied when no new prices are made available and where the updates received do not allow the Company to reasonably establish a revised value.

All movements throughout the year are recognised in unrealised gains and losses.

The own risk Level 3 instruments at 31 December made up of financial assets at fair value through profit or loss: Investment funds comprise:

|                                                                         | Holding | Issuer                     | Name                          | £ 000's |
|-------------------------------------------------------------------------|---------|----------------------------|-------------------------------|---------|
| Financial asset at fair value through profit and loss: Investment funds | 793 502 | Tapestry Investment Co PCC | Red Ptg Pref NPV Post Red Nov | 36      |

Tapestry Investments Co PCC is in the process of liquidation and the value is based on the last available net asset value received from the liquidator less distributions received subsequently.

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**5 Net Financial Result**

**2023**

|                                                                               | Wealth Solutions | Corporate Solutions | Total            |
|-------------------------------------------------------------------------------|------------------|---------------------|------------------|
| <b>Net investment income (expenses) - underlying assets</b>                   |                  |                     |                  |
| Net gains on FVTPL investments                                                | 304,117          | 43,399              | 347,516          |
| Net Foreign currency exchange gains / (losses)                                | (949)            | (17,741)            | (18,690)         |
| <b>Net investment income - underlying assets</b>                              | <b>303,168</b>   | <b>25,658</b>       | <b>328,826</b>   |
| <b>Net investment income (expenses) - other investments</b>                   |                  |                     |                  |
| Interest revenue from financial assets not measured at FVTPL                  | 142              | 2,222               | 2,364            |
| Net gains on FVTPL investments                                                | -                | 10,116              | 10,116           |
| Net gains on investments in debt securities measured at FVOCI                 | 1,004            | 2,781               | 3,785            |
| Net Foreign currency exchange gains / (losses)                                | -                | (1,680)             | (1,680)          |
| <b>Net investment income - other investments</b>                              | <b>1,146</b>     | <b>13,439</b>       | <b>14,585</b>    |
| <b>Net investment income (expenses) - other</b>                               |                  |                     |                  |
| Net change in investment contract liabilities                                 | (299,793)        | (144)               | (299,937)        |
| <b>Net investment income (expenses) - other</b>                               | <b>(299,793)</b> | <b>(144)</b>        | <b>(299,937)</b> |
| <b>Total net investment income</b>                                            | <b>4,521</b>     | <b>38,953</b>       | <b>43,474</b>    |
| <b>Finance income (expenses) from insurance contracts issued</b>              |                  |                     |                  |
| Change in fair value of underlying assets of contracts measured under the VFA | (814)            | (43,016)            | (43,830)         |
| Interest accreted                                                             | -                | (9,608)             | (9,608)          |
| Effect of changes in interest rates and other financial assumptions           | -                | (2,973)             | (2,973)          |
| Foreign exchange differences                                                  | 173              | 23,311              | 23,484           |
| <b>Finance expenses from insurance contracts issued</b>                       | <b>(641)</b>     | <b>(32,286)</b>     | <b>(32,927)</b>  |
| <b>Finance income (expenses) from reinsurance contracts held</b>              |                  |                     |                  |
| Interest accreted                                                             | -                | 2,970               | 2,970            |
| Effect of changes in interest rates and other financial assumptions           | -                | 577                 | 577              |
| Foreign exchange differences                                                  | -                | (2,238)             | (2,238)          |
| <b>Finance income from reinsurance contracts held</b>                         | <b>-</b>         | <b>1,309</b>        | <b>1,309</b>     |
| <b>Net insurance finance expenses</b>                                         | <b>(641)</b>     | <b>(30,977)</b>     | <b>(31,618)</b>  |
| <b>Summary of the amounts recognised in profit or loss</b>                    |                  |                     |                  |
| Net investment income - underlying assets                                     | 303,168          | 25,658              | 328,826          |
| Net investment income - other investments                                     | (40)             | 10,636              | 10,596           |
| Net investment income (expenses) - other                                      | (299,793)        | (144)               | (299,937)        |
| Net insurance finance expenses                                                | (641)            | (30,977)            | (31,618)         |
|                                                                               | <b>2,694</b>     | <b>5,173</b>        | <b>7,867</b>     |
| <b>Summary of the amounts recognised in OCI</b>                               |                  |                     |                  |
| Net investment income - other investments                                     | 1,186            | 2,803               | 3,989            |
| <b>Summary of the amounts recognised</b>                                      |                  |                     |                  |
| Insurance service result                                                      | (92)             | 4,865               | 4,773            |
| Net investment income                                                         | 4,521            | 38,953              | 43,474           |
| Net insurance finance expenses                                                | (641)            | (30,977)            | (31,618)         |
| <b>Net insurance and investment result</b>                                    | <b>3,788</b>     | <b>12,841</b>       | <b>16,629</b>    |

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**5 Net Financial Result (continued)**

2022

|                                                                               | Wealth Solutions | Corporate Solutions | Total            |
|-------------------------------------------------------------------------------|------------------|---------------------|------------------|
| <b>Net investment income (expenses) - underlying assets</b>                   |                  |                     |                  |
| Net gains on FVTPL investments                                                | (485,132)        | (39,816)            | (524,948)        |
| Net Foreign currency exchange gains / (losses)                                | 3,421            | -                   | 3,421            |
| <b>Net investment income - underlying assets</b>                              | <b>(481,711)</b> | <b>(39,816)</b>     | <b>(521,527)</b> |
| <b>Net investment income (expenses) - other investments</b>                   |                  |                     |                  |
| Interest revenue from financial assets not measured at FVTPL                  | 94               | 2,129               | 2,223            |
| Net gains on FVTPL investments                                                | -                | (21,330)            | (21,330)         |
| Net gains on investments in debt securities measured at FVOCI                 | (1,506)          | (6,089)             | (7,595)          |
| Net Foreign currency exchange gains / (losses)                                | -                | 8,452               | 8,452            |
| <b>Net investment income - other investments</b>                              | <b>(1,412)</b>   | <b>(16,838)</b>     | <b>(18,250)</b>  |
| <b>Net investment income (expenses) - other</b>                               |                  |                     |                  |
| Net change in investment contract liabilities                                 | 491,425          | 458                 | 491,883          |
| <b>Net investment income (expenses) - other</b>                               | <b>491,425</b>   | <b>458</b>          | <b>491,883</b>   |
| <b>Total net investment income</b>                                            | <b>8,302</b>     | <b>(56,196)</b>     | <b>(47,894)</b>  |
| <b>Finance income (expenses) from insurance contracts issued</b>              |                  |                     |                  |
| Change in fair value of underlying assets of contracts measured under the VFA | 568              | 40,853              | 41,421           |
| Interest accreted                                                             | -                | (1,680)             | (1,680)          |
| Effect of changes in interest rates and other financial assumptions           | -                | 26,737              | 26,737           |
| Foreign exchange differences                                                  | (406)            | (52,885)            | (53,291)         |
| <b>Finance expenses from insurance contracts issued</b>                       | <b>162</b>       | <b>13,025</b>       | <b>13,187</b>    |
| <b>Finance income (expenses) from reinsurance contracts held</b>              |                  |                     |                  |
| Interest accreted                                                             | -                | 213                 | 213              |
| Effect of changes in interest rates and other financial assumptions           | -                | (7,177)             | (7,177)          |
| Foreign exchange differences                                                  | -                | 6,338               | 6,338            |
| <b>Finance income from reinsurance contracts held</b>                         | <b>-</b>         | <b>(626)</b>        | <b>(626)</b>     |
| <b>Net insurance finance expenses</b>                                         | <b>162</b>       | <b>12,399</b>       | <b>12,561</b>    |
| <b>Summary of the amounts recognised in profit or loss</b>                    |                  |                     |                  |
| Net investment income - underlying assets                                     | (481,711)        | (3,429)             | (485,140)        |
| Net investment income - other investments                                     | (94)             | (12,572)            | (12,666)         |
| Net investment income (expenses) - other                                      | 491,425          | 458                 | 491,883          |
| Net insurance finance expenses                                                | 162              | 12,399              | 12,561           |
|                                                                               | <b>9,782</b>     | <b>(3,144)</b>      | <b>6,638</b>     |
| <b>Summary of the amounts recognised in OCI</b>                               |                  |                     |                  |
| Net investment income - other investments                                     | (1,318)          | (4,266)             | (5,584)          |
| <b>Summary of the amounts recognised</b>                                      |                  |                     |                  |
| Insurance service result                                                      | 11               | (2,808)             | (2,797)          |
| Net investment income                                                         | 8,302            | (19,809)            | (11,507)         |
| Net insurance finance expenses                                                | 162              | 12,399              | 12,561           |
| <b>Net insurance and investment result</b>                                    | <b>8,475</b>     | <b>(10,218)</b>     | <b>(1,743)</b>   |

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**6 Fees and charges receivable on investment business**

|                                                           | <b>2023</b>          | <b>2022</b>          |
|-----------------------------------------------------------|----------------------|----------------------|
| Fee income from investment contracts                      | 27,184               | 27,336               |
| Net movement in deferred front-end fees                   | 37,860               | 27,660               |
| Other fee income - including commission and rebate income | 11,097               | 13,240               |
| <b>Total fee income</b>                                   | <b><u>76,141</u></b> | <b><u>68,236</u></b> |

**7 Insurance service and other operating expenses**

|                                               | <b>2023</b>          | <b>2022</b>          |
|-----------------------------------------------|----------------------|----------------------|
| <b>Claims and benefits</b>                    | 2,336                | 34,007               |
| <b>Staff costs</b>                            |                      |                      |
| Wages and salaries                            | 10,023               | 8,019                |
| Social insurance costs                        | 549                  | 547                  |
| Pension costs - defined contributions         | 724                  | 601                  |
| Other staff costs                             | 57                   | 65                   |
| <b>Total staff costs</b>                      | <b><u>11,353</u></b> | <b><u>9,232</u></b>  |
| Depreciation of property, plant and equipment | 1,623                | 1,460                |
| Services Charge                               | 229                  | 197                  |
| Software Costs                                | 2,841                | 2,605                |
| Audit fees                                    | 1,272                | 999                  |
| Auditor's fee non-audit services              | 30                   | (19)                 |
| Commission expenses                           | 36,657               | 25,600               |
| Other administrative costs                    | 10,729               | 7,076                |
| <b>Total</b>                                  | <b><u>67,070</u></b> | <b><u>81,157</u></b> |
| Insurance service expenses                    | 13,407               | 41,070               |
| Other operating expenses                      | 53,663               | 40,087               |
| <b>Total</b>                                  | <b><u>67,070</u></b> | <b><u>81,157</u></b> |

**8 Finance costs**

|                               | <b>2023</b>       | <b>2022</b>       |
|-------------------------------|-------------------|-------------------|
| Interest expense              | 586               | 170               |
| Lease liability finance cost  | 87                | 147               |
| <b>Total Interest Expense</b> | <b><u>673</u></b> | <b><u>317</u></b> |

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**9 Income Taxes**

| <b>Statement of comprehensive income</b>         | <b>2023</b>  | <b>2022</b>  |
|--------------------------------------------------|--------------|--------------|
| <b>Current tax</b>                               |              |              |
| Current year income tax                          | 1,426        | 1,169        |
| Under provision - prior year                     | 204          | 119          |
| Utilisation of prior year carried forward losses | (446)        | -            |
| Deferred tax recognised                          | 2,166        | -            |
| <b>Income tax expense</b>                        | <b>3,350</b> | <b>1,288</b> |

| <b>Reconciliation of tax charge</b>                                                       | <b>2023</b>   | <b>2022</b>   |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Profit before tax (including discontinued operations)</b>                              | <b>39,490</b> | <b>35,335</b> |
| Guernsey standard tax rate for insurance business                                         | 10%           | 10%           |
| Current tax on profits for the year                                                       | 3,949         | 3,533         |
| Effect of the higher tax rates in the other jurisdictions in which the Company operates   | 1,306         | 1,307         |
| Effect of utilising operating losses in other jurisdictions in which the Company operates | (446)         | -             |
| Effect of activities subject to 0% tax rate                                               | (3,941)       | (3,527)       |
| Recognition of deferred tax liability                                                     | 2,166         | -             |
| Adjustment to tax charge in respect of prior years                                        | 205           | 120           |
| Under provision                                                                           | 111           | (145)         |
| <b>Total current tax (credit) / expense</b>                                               | <b>3,350</b>  | <b>1,288</b>  |

| <b>Tax payable</b>        | <b>2023</b> | <b>2022</b> |
|---------------------------|-------------|-------------|
| <b>At 1 January</b>       | <b>960</b>  | <b>40</b>   |
| Current year              | 651         | 960         |
| Adjustment for prior year | (960)       | (40)        |
| <b>At 31 December</b>     | <b>651</b>  | <b>960</b>  |

Prior year profit before tax is defined by IFRS 17 for the current year and for the prior year it is defined by IFRS 4.

The Company operates in multiple jurisdictions in multiple currencies. For each jurisdiction in which the Company operates there is a different tax regime, which requires a different local calculation of the Company's taxable profits. Therefore, management deem it necessary to consider each jurisdiction independently for the purposes of tax. The Company chooses to use specialist tax advisors to ensure that all calculations of tax are prepared in accordance with local requirements.

The taxable profit is provided to the relevant tax authorities on the basis of local accounting standards and audited financial statements and adjusted as required in each jurisdiction in which the Company operates. The differences in IFRS profits and taxable profits give rise to immaterial differences in the tax noted in each period and as such the Company is not recognising any deferred tax. Furthermore where there are any brought forward tax losses the Company has taken a prudent approach and would only consider recognising a deferred tax asset if the future profits could be considered more probable than not.

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**9 Income Taxes (continued)**

Tax on the Company's profit differs from the theoretical amount that would arise on the taxable profit using the standard rate of Guernsey taxation applicable to the Company as follows:

The applicable tax rate for the year in Guernsey was 10% on local business (2022: 10%). Applicable tax rates in other jurisdictions where the Company suffers taxation were Hong Kong 16.5% (2022: 16.5%), 12.5% in Ireland (2022: 12.5%), an effective rate of 18.82% (2022: 23.1%) in Switzerland and 17% in Singapore (2022: 17%).

No income tax receivable has been recognised in note 15 (2022: £0).

The Singapore Branch has no unutilised tax losses carried forward at year-end (2022: SGD 4,029,683). No other Branches had assessed tax losses carried forward at year-end.

There are no enacted Global Minimum Tax rules applicable in Guernsey, Switzerland, Singapore, Ireland, Hong Kong and the DIFC that relate to the Pillar II international minimum tax regime for the year ended 31 December 2023. The first applicable minimum tax ruling will be applicable as of 1 January 2025 for Guernsey, Singapore and Hong Kong. Global Minimum Tax rules have been enacted in Switzerland and Ireland as of 1 January 2024. Pillar II proposals for the DIFC have not yet been released and an implementation date has not yet been confirmed. The current effective tax rate in Switzerland was 18.82% for the year ended 31 December 2023 and therefore the minimum requirement of 15% has been met. A separate disclosure to this effect has been added to the separate Swiss Branch accounts.

**Deferred tax liability**

During 2023, the Company recognised a deferred tax balance of £2.166 million (2022: £0) on future profits expected to emerge from the Swiss Branch. The Swiss Branch actuarial reserves are prepared on a more prudent basis than IFRS reserves and therefore a large profit is expected to emerge as the book runs off and the non-unit reserve (NUR) unwinds. The previous approach to recognising deferred tax liabilities and therefore the taxable value of in-force policies (PVFP) was determined based on the difference between the unit reserve and the Solvency II best estimate of liability (SII BEL). This approach did not take into account the prudent NUR. The current approach recognises the impact of the unwind of the NUR on the profits payable in Switzerland. The deferred tax liability remains with the Company and not with the Swiss Branch.

Please refer to note 3.2 for the management estimates and judgements applicable.

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**10 Deferred acquisition costs**

|                                                  | <b>2023</b>           | <b>2022</b>           |
|--------------------------------------------------|-----------------------|-----------------------|
| <b>Deferred acquisition costs at 1 January</b>   | 165,178               | 184,179               |
| Acquisition costs capitalised during the year    | 1,232                 | 4,121                 |
| Acquisition costs released during the year       | <u>(31,763)</u>       | <u>(23,122)</u>       |
| <b>Deferred acquisition costs at 31 December</b> | <b><u>134,647</u></b> | <b><u>165,178</u></b> |
| Current portion                                  | 12,184                | 14,384                |
| Non-current portion                              | <u>122,463</u>        | <u>150,794</u>        |
| <b>Total deferred acquisition costs</b>          | <b><u>134,647</u></b> | <b><u>165,178</u></b> |

**11 Property, plant and equipment**

|                                                                                | <b>Right of Use Asset</b> | <b>Leasehold Improvements, computer and office equipment</b> | <b>Total</b>        |
|--------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------|
| <b>Year ended 31 December 2023</b>                                             |                           |                                                              |                     |
| Opening net book amount                                                        | 2,710                     | 542                                                          | 3,252               |
| Additions                                                                      | -                         | 16                                                           | 16                  |
| Depreciation charge                                                            | (1,327)                   | (297)                                                        | (1,624)             |
| Derecognition of cost of ROU assets - discontinued business                    | (340)                     | -                                                            | (340)               |
| Derecognition of accumulated depreciation of ROU asset - discontinued business | 340                       | -                                                            | 340                 |
| <b>Closing net book value</b>                                                  | <b><u>1,383</u></b>       | <b><u>261</u></b>                                            | <b><u>1,644</u></b> |
| <b>As at 31 December 2023</b>                                                  |                           |                                                              |                     |
| Cost                                                                           | 6,944                     | 7,901                                                        | 14,845              |
| Accumulated depreciation                                                       | <u>(5,561)</u>            | <u>(7,640)</u>                                               | <u>(13,201)</u>     |
| <b>Net book amount</b>                                                         | <b><u>1,383</u></b>       | <b><u>261</u></b>                                            | <b><u>1,644</u></b> |
| <b>Year ended 31 December 2022</b>                                             |                           |                                                              |                     |
| Opening net book amount                                                        | 2,750                     | 671                                                          | 3,421               |
| Additions                                                                      | 1,100                     | 191                                                          | 1,291               |
| Depreciation charge                                                            | (1,140)                   | (320)                                                        | (1,460)             |
| <b>Closing net book value</b>                                                  | <b><u>2,710</u></b>       | <b><u>542</u></b>                                            | <b><u>3,252</u></b> |
| <b>As at 31 December 2022</b>                                                  |                           |                                                              |                     |
| Cost                                                                           | 7,284                     | 7,885                                                        | 15,169              |
| Accumulated depreciation                                                       | <u>(4,574)</u>            | <u>(7,343)</u>                                               | <u>(11,917)</u>     |
| <b>Net book amount</b>                                                         | <b><u>2,710</u></b>       | <b><u>542</u></b>                                            | <b><u>3,252</u></b> |

A depreciation expense of £1,623 (2022: £1,460) has been included within other operating expenses (note 7). All tangible assets are non-current assets.

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**12 Financial assets at fair value held to cover linked liabilities at fair value through profit and loss**

|                                                                                                      | <b>2023</b>             | <b>Restated *<br/>2022</b> |
|------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|
| <b>Underlying items</b>                                                                              |                         |                            |
| Fixed income securities                                                                              | 112,765                 | 107,169                    |
| Ordinary shares and funds                                                                            | 2,766,578               | 2,768,131                  |
| Other investments                                                                                    | 131                     | 74                         |
| Cash & cash equivalents                                                                              | 150,833                 | 175,940                    |
| <b>Total underlying items</b>                                                                        | <b><u>3,030,307</u></b> | <b><u>3,051,314</u></b>    |
| <b>As at 1 January</b>                                                                               | <b>3,051,314</b>        | <b>3,480,692</b>           |
| Unrealised net gains/(losses) recognised (excluding net realised gains or losses) in profit and loss | 260,299                 | (569,379)                  |
| Additions                                                                                            | 460,137                 | 510,893                    |
| Disposals (sales and redemptions)                                                                    | (651,167)               | (565,011)                  |
| Foreign exchange movement                                                                            | (90,276)                | 194,119                    |
| <b>As at 31 December</b>                                                                             | <b><u>3,030,307</u></b> | <b><u>3,051,314</u></b>    |

\*See note 2.1.1 for details on the restatement of comparative information

Included in the analysis above are investments of £9,933 (2022: £13,295) which are Level 3 assets in the Fair Value Hierarchy. The nature of these assets means there may be limited liquidity through suspensions, liquidations or by the nature of assets the underlying fund invests into.

In some instances, policyholder risk assets may be subject to a charge in favour of a third party. Under the terms of the charge any liability arising will be settled from the relevant policyholder risk assets.

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**13 Other investments**

|                                                                                                      | <b>2023</b>           | <b>Restated *<br/>2022</b> |
|------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|
| <b>Other investments</b>                                                                             |                       |                            |
| Debt securities - OCI                                                                                | 126,198               | 154,957                    |
| Debt securities - at fair value through profit or loss                                               | 145,606               | 159,564                    |
| Ordinary shares and funds - at fair value through profit and loss                                    | 47,019                | 17,956                     |
| <b>Underlying items</b>                                                                              |                       |                            |
| Debt securities - at fair value through profit or loss                                               | 311,112               | 329,462                    |
| Ordinary shares and funds - at fair value through profit and loss                                    | <u>29,527</u>         | <u>4,225</u>               |
| <b>Total other investments</b>                                                                       | <u><b>659,462</b></u> | <u><b>666,164</b></u>      |
| <b>As at 1 January</b>                                                                               | <b>666,164</b>        | <b>755,215</b>             |
| Unrealised net gains/(losses) recognised (excl. net realised gains or losses) through OCI            | 3,989                 | (5,584)                    |
| Unrealised net gains/(losses) recognised (excluding net realised gains or losses) in profit and loss | 14,553                | (46,435)                   |
| Additions                                                                                            | 411,743               | 284,256                    |
| Disposals (sales and redemptions)                                                                    | (424,545)             | (355,233)                  |
| Foreign exchange movement                                                                            | <u>(12,442)</u>       | <u>33,945</u>              |
| <b>As at 31 December</b>                                                                             | <u><b>659,462</b></u> | <u><b>666,164</b></u>      |

\*See note 2.1.1 for details on the restatement of comparative information

Other investments include shareholder's investments and assets backing business under the GMM and assets backing business under the VFA (excluding unit-linked insurance). Assets backing business under the VFA (excluding unit-linked contracts) are recognised in underlying items.

All financial instruments in note 12 and note 13 were recognised at inception in the same categories in which they are currently measured.

**14 Investments in subsidiaries and associates**

|                         | <b>2023</b>       | <b>2022</b>       |
|-------------------------|-------------------|-------------------|
| As at 1 January - cost  | <u><b>459</b></u> | <u><b>459</b></u> |
| As at 1 December - cost | <u><b>459</b></u> | <u><b>459</b></u> |

No subsidiaries have been impaired during the year or in the prior year.

| <b>Subsidiaries</b>                              | <b>Country of incorporation</b> | <b>% of ordinary shares held</b> |             | <b>Date acquired</b> | <b>Principal place of business</b>                            |
|--------------------------------------------------|---------------------------------|----------------------------------|-------------|----------------------|---------------------------------------------------------------|
|                                                  |                                 | <b>2023</b>                      | <b>2022</b> |                      |                                                               |
| Utmost Portfolio Management Limited (UPM)        | Guernsey                        | 100                              | 100         | 9 August 2007        | Utmost House, Hirzel Street, St Peter Port, Guernsey          |
| Utmost International Middle East Limited (UIME)  | Dubai, UAE                      | 100                              | 100         | 8 April 2019         | Unit OT 14-36, Level 12, Gate Central Park Offices, DIFC, UAE |
| Utmost Worldwide Employee Pension Scheme Limited | Guernsey                        | 100                              | 100         | 5 September 2019     | Utmost House, Hirzel Street, St Peter Port, Guernsey          |
| Dynasty ICC Limited                              | Guernsey                        | 100                              | 100         | 18 November 2021     | Utmost House, Hirzel Street, St Peter Port, Guernsey          |

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| <b>15 Other receivables</b>                     | <b>2023</b>          | <b>Restated *<br/>2022</b> |
|-------------------------------------------------|----------------------|----------------------------|
| Bond interest                                   | 3,874                | 3,258                      |
| Post-employment defined benefit asset (Note 17) | 9,162                | 9,687                      |
| Receivables arising from reinsurance contracts  | -                    | 3,635                      |
| Other prepayments                               | 1,703                | 1,470                      |
| Other accrued income                            | 766                  | 308                        |
| Receivables due from other related parties      | 511                  | 1,171                      |
| Other                                           | 1,400                | 1,012                      |
| <b>Total other receivables</b>                  | <b><u>17,416</u></b> | <b><u>20,541</u></b>       |
| Current (within 12 months)                      | 8,254                | 10,854                     |
| Non-current (after 12 months)                   | 9,162                | 9,687                      |
| <b>Total other receivables</b>                  | <b><u>17,416</u></b> | <b><u>20,541</u></b>       |

\*See note 2.1.1 for details on the restatement of comparative information

| <b>16 Cash and cash equivalents</b> | <b>2023</b>          | <b>2022</b>          |
|-------------------------------------|----------------------|----------------------|
| Deposits with credit institutions   | 4,018                | 6,152                |
| Cash at bank                        | 46,007               | 47,953               |
| <b>Cash and cash equivalents</b>    | <b><u>50,025</u></b> | <b><u>54,105</u></b> |

The year-end effective USD rate on short-term bank deposits was 5.55% (2022: 0.00%). Interest rates offered at year-end are currently 2.5% on USD and 2.5% on GBP. No deposits other than USD are currently being placed.

Income earned from all call and term deposit accounts amounted to £394. (2022: £57). This relates to Company own risk assets.

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**17 Post-employment defined benefit fund**

The Company participates in the Utmost Worldwide Limited Defined Benefit Pension Scheme ("the DB Pension Scheme"), which is a funded defined benefit arrangement. The DB Pension Scheme is closed to the future accrual of benefits with effect from 31 December 2010. All remaining active members were treated as having left pensionable service with effect from that date and their benefits are calculated based on their final pensionable salaries on that date.

The DB Pension Scheme is an approved scheme in Guernsey, under Sections 40(o) and 150, as relevant, of the Income Tax (Guernsey) Law 1975, as amended.

The DB Pension Scheme must comply with the relevant legislation in Guernsey.

The DB Pension Scheme is governed by the directors of a corporate trustee ("the Trustee"). The Trustee is responsible for the fund's investment management and notifies the Company of its investment strategy from time to time. The Trustee is responsible for the exercising of discretionary powers in respect of the fund's benefits, although the decision on whether to allow members to take early retirement resides with the relevant participating employer. The Company has agreed to contribute to the Fund such sums as may be advised by the Trustee acting on advice of the scheme's Actuary, with the proviso that the payment of contributions will be spread over a period of not more than five years from the valuation date.

The amounts recognised in the statement of financial position for pension benefits are determined as follows:

|                                                                    | <b>2023</b>         | <b>2022</b>         |
|--------------------------------------------------------------------|---------------------|---------------------|
| Fair value of plan assets                                          | 20,556              | 20,328              |
| Present value of funded obligations                                | (11,394)            | (10,641)            |
| <b>Net asset recognised in the statement of financial position</b> | <b><u>9,162</u></b> | <b><u>9,687</u></b> |

The amounts recognised in the profit or loss are as follows:

|                                            |                     |                    |
|--------------------------------------------|---------------------|--------------------|
| Net interest on defined benefit obligation | (456)               | (53)               |
|                                            | <b><u>(456)</u></b> | <b><u>(53)</u></b> |

The amounts recognised in the statement of comprehensive income are as follows:

|                                        |                     |                     |
|----------------------------------------|---------------------|---------------------|
| Re-measurement on defined benefit plan | (981)               | 6,616               |
|                                        | <b><u>(981)</u></b> | <b><u>6,616</u></b> |

|                                                          | <b>2023</b>          | <b>2022</b>          |
|----------------------------------------------------------|----------------------|----------------------|
| <b>Change in retirement benefit obligation</b>           |                      |                      |
| Retirement benefit obligation at 1 January               | 10,641               | 20,491               |
| Benefits paid                                            | (170)                | (66)                 |
| Interest on obligation                                   | 497                  | 362                  |
| Experience gains                                         | 200                  | 197                  |
| (Gains) / losses from changes in financial assumptions   | 404                  | (10,390)             |
| (Gains) / losses from changes in demographic assumptions | (178)                | 47                   |
| <b>Retirement benefit obligation at 31 December</b>      | <b><u>11,394</u></b> | <b><u>10,641</u></b> |

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**17 Post-employment defined benefit fund (continued)**

| <b>Change of fair value of plan assets</b>                              | <b>2023</b>   | <b>2022</b>   |
|-------------------------------------------------------------------------|---------------|---------------|
| Opening fair value of plan assets                                       | 20,328        | 23,509        |
| Return on assets (interest)                                             | 953           | 416           |
| Return on assets (excluding interest)                                   | (555)         | (3,531)       |
| Benefits paid                                                           | (170)         | (66)          |
| <b>Closing fair value of plan assets</b>                                | <b>20,556</b> | <b>20,328</b> |
| <b>Plan asset disaggregation by asset class</b>                         | <b>2023</b>   | <b>2022</b>   |
|                                                                         | <b>%</b>      | <b>%</b>      |
| Gilts                                                                   | 80.3          | 51.1          |
| Corporate Bonds                                                         | 14.4          | 14.4          |
| Cash                                                                    | 5.3           | 34.5          |
|                                                                         | <b>100</b>    | <b>100</b>    |
| <b>Plan assumptions</b>                                                 | <b>2023</b>   | <b>2022</b>   |
|                                                                         | <b>%</b>      | <b>%</b>      |
| Discount rate at end of year                                            | 4.5           | 4.7           |
| Discount rate at start of year                                          | 4.7           | 1.8           |
| Inflation                                                               | 3.2           | 3.3           |
| Rate of increase in deferred pensions                                   | 3.1           | 3.2           |
| Rate of increase in pension payments                                    | 3.1           | 3.2           |
| Rate of increase in pensions in payment for former Sun Alliance members | 3.5           | 3.5           |

*Mortality assumptions*

The mortality assumptions are based on standard mortality tables, which allow for future mortality improvements.

The assumptions are that a member aged 63 will live on average until age 88 (2022: 88.5) if they are male and until age 89.7 (2022: 90.1) if female.

For a member currently aged 50 (2022: 50) the assumptions are that if they attain age 63 they will live on average until age 88.9 (2022: 89.4) if they are male and until age 90.8 (2022: 91.2) if female.

*Sensitivity analysis*

The following table illustrates the sensitivity of the Retirement Benefit Obligation at 31 December to changes in the significant actuarial assumptions.

**17 Post-employment defined benefit fund (continued)**

| <b>2023</b>                                    | <b>Impact on Retirement Benefit Obligation</b> |                               |                               |
|------------------------------------------------|------------------------------------------------|-------------------------------|-------------------------------|
|                                                | <b>Change in Assumption</b>                    | <b>Increase in Assumption</b> | <b>Decrease in Assumption</b> |
| Discount Rate                                  | 0.5%                                           | Decrease by 9.2%              | Increase by 10.5%             |
| Inflation                                      | 0.5%                                           | Increase by 8.4%              | Decrease by 8.1%              |
| Pension Increases                              | 0.5%                                           | Increase by 7.0%              | Decrease by 6.4%              |
|                                                |                                                | <b>Change to 105%</b>         | <b>Change to 95%</b>          |
| Scaling factor applied to base mortality table |                                                | Decrease by 1.0%              | Increase by 1.1%              |

| <b>2022</b>                                    | <b>Impact on Retirement Benefit Obligation</b> |                               |                               |
|------------------------------------------------|------------------------------------------------|-------------------------------|-------------------------------|
|                                                | <b>Change in Assumption</b>                    | <b>Increase in Assumption</b> | <b>Decrease in Assumption</b> |
| Discount Rate                                  | 0.5%                                           | Decrease by 9.5%              | Increase by 10.9%             |
| Inflation                                      | 0.5%                                           | Increase by 8.7%              | Decrease by 8.2%              |
| Pension Increases                              | 0.5%                                           | Increase by 7.0%              | Decrease by 6.4%              |
|                                                |                                                | <b>Change to 105%</b>         | <b>Change to 95%</b>          |
| Scaling factor applied to base mortality table |                                                | Decrease by 1.0%              | Increase by 1.0%              |

*Funding policy*

Following the cessation of accrual of benefits with effect from 31 December 2010, regular contributions to the fund are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation. The funding method employed to calculate the value of previously accrued benefits is the Attained Age Method. During the financial period the Trustee agreed the level of contributions payable to the fund by the Company to meet any shortfall arising following an actuarial valuation, with the proviso that the payment of contributions will be spread over a period of not more than five years from the valuation date.

There are no amounts recognised during the year for payments to the defined benefit scheme (2022: £NIL).

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**18 Investment contract liabilities**

The following table summarises the movement in financial liabilities under investment contracts during the year:

|                                                                                | <b>2023</b>      | <b>2022</b>      |
|--------------------------------------------------------------------------------|------------------|------------------|
| Investment contracts where the investment risk is borne by the contract holder | 2,799,521        | 2,845,849        |
| Investment contracts where the investment risk is borne by related party       | 9,253            | 8,805            |
| <b>Total financial liabilities at fair value through profit &amp; loss</b>     | <b>2,808,774</b> | <b>2,854,654</b> |
| <b>As at 1 January</b>                                                         | <b>2,854,654</b> | <b>3,266,879</b> |
| Deposits to investment contracts                                               | 130,659          | 203,794          |
| Withdrawals from investment contracts                                          | (357,839)        | (266,983)        |
| Fees and charges deducted including third parties                              | (33,552)         | (36,470)         |
| Change in technical provisions for investment contract liabilities             | 299,937          | (491,883)        |
| Other movements                                                                | (1,742)          | 4,008            |
| Fx movements                                                                   | (83,343)         | 175,309          |
| <b>As at 31 December</b>                                                       | <b>2,808,774</b> | <b>2,854,654</b> |

Investment contracts where the risk is borne by the related party relates to reinsurance contracts with related parties. Please refer to note 20.

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**19 Insurance contract liabilities**

**19.1 Composition of the balance sheet**

| 2023                           | Utmost Wealth Solutions | Utmost Corporate Solutions | Total          | Current portion | Non-current portion | Total          |
|--------------------------------|-------------------------|----------------------------|----------------|-----------------|---------------------|----------------|
| Insurance contract liabilities | 6,686                   | 731,218                    | 737,904        | 512,683         | 225,221             | 737,904        |
| Reinsurance contract assets    | -                       | (20,198)                   | (20,198)       | (9,406)         | (10,792)            | (20,198)       |
|                                | <b>6,686</b>            | <b>711,020</b>             | <b>717,706</b> | <b>503,277</b>  | <b>214,429</b>      | <b>717,706</b> |

| 2022                           | Utmost Wealth Solutions | Utmost Corporate Solutions | Total          | Current portion | Non-current portion | Total          |
|--------------------------------|-------------------------|----------------------------|----------------|-----------------|---------------------|----------------|
| Insurance contract liabilities | 7,249                   | 715,074                    | 722,323        | 485,799         | 236,524             | 722,323        |
| Reinsurance contract assets    | -                       | (31,909)                   | (31,909)       | (6,578)         | (25,331)            | (31,909)       |
|                                | <b>7,249</b>            | <b>683,165</b>             | <b>690,414</b> | <b>479,221</b>  | <b>211,193</b>      | <b>690,414</b> |

**19.2 Insurance revenue and expenses**

**Insurance revenue and insurance service result**

| 2023                                                                                                                                    | Wealth Solutions | Corporate Solutions | Total           |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|-----------------|
| <b>Insurance revenue</b>                                                                                                                |                  |                     |                 |
| <b>Contracts not measured under the PAA</b>                                                                                             |                  |                     |                 |
| <i>Amounts relating to the changes in the LRC</i>                                                                                       |                  |                     |                 |
| Expected incurred claims and other directly attributable expenses after loss component allocation                                       | 71               | 30,932              | 31,003          |
| Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation                              | 7                | 1,308               | 1,315           |
| CSM recognised in profit or loss for the services provided                                                                              | 22               | 12,617              | 12,639          |
| Insurance acquisition cash flows recovery                                                                                               | -                | 2,684               | 2,684           |
| Insurance revenue from contracts not measured under the PAA                                                                             | <b>100</b>       | <b>47,541</b>       | <b>47,641</b>   |
| <b>Total insurance revenue</b>                                                                                                          | <b>100</b>       | <b>47,541</b>       | <b>47,641</b>   |
| <b>Insurance service expenses</b>                                                                                                       |                  |                     |                 |
| Incurred claims and other directly attributable expenses                                                                                | (50)             | (24,626)            | (24,676)        |
| Changes that relate to past service - adjustments to the LIC                                                                            | -                | 16,523              | 16,523          |
| Losses on onerous contracts and reversal of the losses                                                                                  | (120)            | (2,390)             | (2,510)         |
| Insurance acquisition cash flows amortisation                                                                                           | (7)              | (2,737)             | (2,744)         |
| <b>Total insurance service expenses</b>                                                                                                 | <b>(177)</b>     | <b>(13,230)</b>     | <b>(13,407)</b> |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                            |                  |                     |                 |
| <i>Reinsurance expenses - contracts not measured under the PAA</i>                                                                      |                  |                     |                 |
| Expected claims and other expenses recovery                                                                                             | (15)             | (17,672)            | (17,687)        |
| Changes in the risk adjustment recognised for the risk expired                                                                          | -                | (1,281)             | (1,281)         |
| CSM recognised for the services received                                                                                                | -                | (9,670)             | (9,670)         |
| Reinsurance expenses - contracts not measured under the PAA                                                                             | <b>(15)</b>      | <b>(28,623)</b>     | <b>(28,638)</b> |
| <b>Other incurred directly attributable expenses</b>                                                                                    |                  |                     |                 |
| Effects of changes in the risk of reinsurers non-performance                                                                            | -                | (36)                | (36)            |
| Claims recovered                                                                                                                        | -                | 9,104               | 9,104           |
| Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying reinsurance contracts | -                | 2,171               | 2,171           |
| Changes that relate to past service - adjustments to incurred claims                                                                    | -                | (12,062)            | (12,062)        |
| <b>Total net expenses from reinsurance contracts held</b>                                                                               | <b>(15)</b>      | <b>(29,446)</b>     | <b>(29,461)</b> |
| <b>Total insurance service result</b>                                                                                                   | <b>(92)</b>      | <b>4,865</b>        | <b>4,773</b>    |

19.2 Insurance revenue and expenses (continued)

| 2022                                                                                                                                    | Wealth Solutions | Corporate Solutions | Total           |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|-----------------|
| <b>Insurance revenue</b>                                                                                                                |                  |                     |                 |
| <b>Contracts not measured under the PAA</b>                                                                                             |                  |                     |                 |
| <i>Amounts relating to the changes in the LRC</i>                                                                                       |                  |                     |                 |
| Expected incurred claims and other directly attributable expenses after loss component allocation                                       | 91               | 33,313              | 33,404          |
| Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation                              | 4                | 1,574               | 1,578           |
| CSM recognised in profit or loss for the services provided                                                                              | 19               | 7,503               | 7,522           |
| Insurance acquisition cash flows recovery                                                                                               | -                | 1,522               | 1,522           |
| Insurance revenue from contracts not measured under the PAA                                                                             | <b>114</b>       | <b>43,912</b>       | <b>44,026</b>   |
| <b>Total Insurance revenue</b>                                                                                                          | <b>114</b>       | <b>43,912</b>       | <b>44,026</b>   |
| <b>Insurance service expenses</b>                                                                                                       |                  |                     |                 |
| Incurred claims and other directly attributable expenses                                                                                | (68)             | (29,351)            | (29,419)        |
| Changes that relate to past service - adjustments to the LIC                                                                            | -                | (4,019)             | (4,019)         |
| Losses on onerous contracts and reversal of the losses                                                                                  | (12)             | (6,042)             | (6,054)         |
| Insurance acquisition cash flows amortisation                                                                                           | (8)              | (1,570)             | (1,578)         |
| <b>Total Insurance service expenses</b>                                                                                                 | <b>(88)</b>      | <b>(40,982)</b>     | <b>(41,070)</b> |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                            |                  |                     |                 |
| <i>Reinsurance expenses - contracts not measured under the PAA</i>                                                                      |                  |                     |                 |
| Expected claims and other expenses recovery                                                                                             | -                | (21,322)            | (21,322)        |
| Changes in the risk adjustment recognised for the risk expired                                                                          | -                | (223)               | (223)           |
| CSM recognised for the services received                                                                                                | (15)             | (10,724)            | (10,739)        |
| Reinsurance expenses - contracts not measured under the PAA                                                                             | <b>(15)</b>      | <b>(32,269)</b>     | <b>(32,284)</b> |
| <b>Other incurred directly attributable expenses</b>                                                                                    |                  |                     |                 |
| Effects of changes in the risk of reinsurers non-performance                                                                            | -                | (84)                | (84)            |
| Claims recovered                                                                                                                        | -                | 19,931              | 19,931          |
| Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying reinsurance contracts | -                | 4,653               | 4,653           |
| Changes that relate to past service - adjustments to incurred claims                                                                    | -                | 2,031               | 2,031           |
| <b>Total net expenses from reinsurance contracts held</b>                                                                               | <b>(15)</b>      | <b>(5,738)</b>      | <b>(5,753)</b>  |
| <b>Total Insurance service result</b>                                                                                                   | <b>11</b>        | <b>(2,808)</b>      | <b>(2,797)</b>  |

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**19 Insurance contract liabilities (continued)**

|                                               |              |
|-----------------------------------------------|--------------|
| <b>Wealth Solutions</b>                       | <b>2023</b>  |
| Insurance Contract Liabilities                | 6,953        |
| Premium receivables due from contract holders | (303)        |
| Claims payable due to contract holders        | 36           |
| <b>Total Insurance Contract Liabilities</b>   | <b>6,686</b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

| 2023                                                     | LRC              |                          |                |                |              |
|----------------------------------------------------------|------------------|--------------------------|----------------|----------------|--------------|
|                                                          | Wealth Solutions | Excluding loss component | Loss component | LIC            | Total        |
| Opening insurance contract liabilities                   |                  | 7,006                    | 8              | (1)            | 7,013        |
| <b>Net balance as at 1 January</b>                       |                  | <b>7,006</b>             | <b>8</b>       | <b>(1)</b>     | <b>7,013</b> |
| Insurance revenue                                        |                  | (100)                    | -              | -              | (100)        |
| <b>Insurance service expenses</b>                        |                  |                          |                |                |              |
| Incurred claims and other directly attributable expenses |                  | -                        | (21)           | 71             | 50           |
| Losses on onerous contracts and reversal of those losses |                  | -                        | 120            | -              | 120          |
| Insurance acquisition cash flows amortisation            |                  | 7                        | -              | -              | 7            |
| <b>Insurance service expenses</b>                        |                  | <b>7</b>                 | <b>99</b>      | <b>71</b>      | <b>177</b>   |
| <b>Insurance service result</b>                          |                  | <b>(93)</b>              | <b>99</b>      | <b>71</b>      | <b>77</b>    |
| Finance expenses from insurance contracts issued         |                  | 643                      | (2)            | -              | 641          |
| <b>Total amounts recognised in comprehensive income</b>  |                  | <b>550</b>               | <b>97</b>      | <b>71</b>      | <b>718</b>   |
| Investment components                                    |                  | (988)                    | -              | 988            | -            |
| <b>Cash flows</b>                                        |                  |                          |                |                |              |
| Premiums received                                        |                  | 288                      | -              | -              | 288          |
| Claims and other directly attributable expenses paid     |                  | -                        | -              | (1,059)        | (1,059)      |
| Insurance acquisition cash flows amortisation            |                  | (7)                      | -              | -              | (7)          |
| <b>Total cash flows</b>                                  |                  | <b>281</b>               | <b>-</b>       | <b>(1,059)</b> | <b>(778)</b> |
| <b>Net balance as at 31 December</b>                     |                  | <b>6,849</b>             | <b>105</b>     | <b>(1)</b>     | <b>6,953</b> |
| Closing insurance contract liabilities                   |                  | 6,849                    | 105            | (1)            | 6,953        |
| <b>Net balance as at 31 December</b>                     |                  | <b>6,849</b>             | <b>105</b>     | <b>(1)</b>     | <b>6,953</b> |

The premium receivables balance forms part of the Liability for Remaining Coverage and the Claims payable balance forms part of the Liability for Incurred Claims.

|                                                                           | 2023               | 2023           |
|---------------------------------------------------------------------------|--------------------|----------------|
|                                                                           | Premium receivable | Claims payable |
| <b>Opening Balance as at 1 January</b>                                    | <b>44</b>          | <b>(280)</b>   |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 288                | (1,059)        |
| (Less premiums received) / Plus claims incurred                           | (29)               | 1,303          |
| <b>Closing Balance as at 31 December</b>                                  | <b>303</b>         | <b>(36)</b>    |

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**19 Insurance contract liabilities (continued)**

|                                               |              |
|-----------------------------------------------|--------------|
| <b>Wealth Solutions</b>                       | <b>2022</b>  |
| Insurance Contract Liabilities                | 7,013        |
| Premium receivables due from contract holders | (44)         |
| Claims payable due to contract holders        | 280          |
| <b>Total Insurance Contract Liabilities</b>   | <b>7,249</b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

| 2022                                                     | LRC              |                          |                | Total          |
|----------------------------------------------------------|------------------|--------------------------|----------------|----------------|
|                                                          | Wealth Solutions | Excluding loss component | Loss component |                |
| Opening insurance contract liabilities                   | 8,945            | -                        | -              | 8,945          |
| <b>Net balance as at 1 January</b>                       | <b>8,945</b>     | <b>-</b>                 | <b>-</b>       | <b>8,945</b>   |
| <b>Insurance revenue</b>                                 | <b>(114)</b>     | <b>-</b>                 | <b>-</b>       | <b>(114)</b>   |
| <b>Insurance service expenses</b>                        |                  |                          |                |                |
| Incurred claims and other directly attributable expenses | -                | (4)                      | 72             | 68             |
| Losses on onerous contracts and reversal of those losses | -                | 12                       | -              | 12             |
| Insurance acquisition cash flows amortisation            | 8                | -                        | -              | 8              |
| <b>Insurance service expenses</b>                        | <b>8</b>         | <b>8</b>                 | <b>72</b>      | <b>88</b>      |
| <b>Insurance service result</b>                          | <b>(106)</b>     | <b>8</b>                 | <b>72</b>      | <b>(26)</b>    |
| Finance expenses from insurance contracts issued         | (162)            | -                        | -              | (162)          |
| <b>Total amounts recognised in comprehensive income</b>  | <b>(268)</b>     | <b>8</b>                 | <b>72</b>      | <b>(188)</b>   |
| Investment components                                    | (1,996)          | -                        | 1,996          | -              |
| <b>Cash flows</b>                                        |                  |                          |                |                |
| Premiums received                                        | 332              | -                        | -              | 332            |
| Claims and other directly attributable expenses paid     | -                | -                        | (2,068)        | (2,068)        |
| Insurance acquisition cash flows amortisation            | (8)              | -                        | -              | (8)            |
| <b>Total cash flows</b>                                  | <b>324</b>       | <b>-</b>                 | <b>(2,068)</b> | <b>(1,744)</b> |
| <b>Net balance as at 31 December</b>                     | <b>7,006</b>     | <b>8</b>                 | <b>(1)</b>     | <b>7,013</b>   |
| Closing insurance contract liabilities                   | 7,006            | 8                        | (1)            | 7,013          |
| <b>Net balance as at 31 December</b>                     | <b>7,006</b>     | <b>8</b>                 | <b>(1)</b>     | <b>7,013</b>   |

The premium receivables balance forms part of the Liability for Remaining Coverage and the Claims payable balance forms part of the Liability for Incurred Claims.

|                                                                               | 2022<br>Premium<br>receivable | 2022<br>Claims payable |
|-------------------------------------------------------------------------------|-------------------------------|------------------------|
| <b>Opening Balance as at 1 January</b>                                        | <b>116</b>                    | <b>(379)</b>           |
| Plus premiums billed/ (Less claims incurred and directly attributed expenses) | 332                           | (2,068)                |
| (Less premiums received) / Plus claims paid                                   | (404)                         | 2,146                  |
| Plus foreign exchanges gains / (losses)                                       | -                             | 21                     |
| <b>Closing Balance as at 31 December</b>                                      | <b>44</b>                     | <b>(280)</b>           |

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**19 Insurance contract liabilities (continued)**

**Reconciliation of the measurement components of Insurance contract balances**

2023

| Wealth Solutions                                                                  | Present value of<br>future cash flows | Risk adjustment for<br>non- financial risk | CSM         | Total        |
|-----------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------|-------------|--------------|
| Opening insurance contract liabilities                                            | 6,752                                 | 50                                         | 211         | 7,013        |
| <b>Net balance as at 1 January</b>                                                | <b>6,752</b>                          | <b>50</b>                                  | <b>211</b>  | <b>7,013</b> |
| <b>Changes that relate to current service</b>                                     |                                       |                                            |             |              |
| CSM recognised in profit or loss for the services provided                        | -                                     | -                                          | (22)        | (22)         |
| Change in the risk adjustment for non- financial risk for the risk expired        | -                                     | (7)                                        | -           | (7)          |
| Experience adjustments                                                            | (14)                                  | -                                          | -           | (14)         |
|                                                                                   | <b>(14)</b>                           | <b>(7)</b>                                 | <b>(22)</b> | <b>(43)</b>  |
| <b>Changes that relate to future service</b>                                      |                                       |                                            |             |              |
| Changes in estimates that adjust the CSM                                          | (87)                                  | 9                                          | 78          | -            |
| Changes in estimates that result in onerous contract losses or reversal of losses | 120                                   | -                                          | -           | 120          |
|                                                                                   | <b>33</b>                             | <b>9</b>                                   | <b>78</b>   | <b>120</b>   |
| <b>Insurance service result</b>                                                   | <b>19</b>                             | <b>2</b>                                   | <b>56</b>   | <b>77</b>    |
| Finance (income) expenses from insurance contracts issued                         | 641                                   | 1                                          | (1)         | 641          |
| <b>Total amounts recognised in comprehensive income</b>                           | <b>660</b>                            | <b>3</b>                                   | <b>55</b>   | <b>718</b>   |
| <b>Cash flows</b>                                                                 |                                       |                                            |             |              |
| Premiums received                                                                 | 288                                   | -                                          | -           | 288          |
| Claims and other directly attributable expenses paid                              | (1,059)                               | -                                          | -           | (1,059)      |
| Insurance acquisition cash flows                                                  | (7)                                   | -                                          | -           | (7)          |
| <b>Total cash flows</b>                                                           | <b>(778)</b>                          | <b>-</b>                                   | <b>-</b>    | <b>(778)</b> |
| <b>Net balance as at 31 December</b>                                              | <b>6,634</b>                          | <b>53</b>                                  | <b>266</b>  | <b>6,953</b> |
| Closing insurance contract liabilities                                            | 6,634                                 | 53                                         | 266         | 6,953        |
| <b>Net balance as at 31 December</b>                                              | <b>6,634</b>                          | <b>53</b>                                  | <b>266</b>  | <b>6,953</b> |

The premium receivables and the Claims payable balance form part of the Present Value of Future Cash flows.

|                                                                           | 2023<br>Premium<br>receivable | 2023<br>Claims payable |
|---------------------------------------------------------------------------|-------------------------------|------------------------|
| Opening Balance as at 1 January                                           | 44                            | (280)                  |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 288                           | (1,059)                |
| (Less premiums received) / Plus claims incurred                           | (29)                          | 1,303                  |
| <b>Closing Balance as at 31 December</b>                                  | <b>303</b>                    | <b>(36)</b>            |

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**19 Insurance contract liabilities (continued)**

**Reconciliation of the measurement components of insurance contract balances**

**2022**

| Wealth Solutions                                                                  | Present value of<br>future cash flows | Risk adjustment for<br>non- financial risk | CSM         | Total          |
|-----------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------|-------------|----------------|
| Opening insurance contract liabilities                                            | 8,887                                 | 24                                         | 34          | 8,945          |
| <b>Net balance as at 1 January</b>                                                | <b>8,887</b>                          | <b>24</b>                                  | <b>34</b>   | <b>8,945</b>   |
| <b>Changes that relate to current service</b>                                     |                                       |                                            |             |                |
| CSM recognised in profit or loss for the services provided                        | -                                     | -                                          | (19)        | (19)           |
| Change in the risk adjustment for non- financial risk for the risk expired        | -                                     | (4)                                        | -           | (4)            |
| Experience adjustments                                                            | (15)                                  | -                                          | -           | (15)           |
|                                                                                   | <b>(15)</b>                           | <b>(4)</b>                                 | <b>(19)</b> | <b>(38)</b>    |
| <b>Changes that relate to future service</b>                                      |                                       |                                            |             |                |
| Changes in estimates that adjust the CSM                                          | (220)                                 | 28                                         | 192         | -              |
| Changes in estimates that result in onerous contract losses or reversal of losses | 12                                    | -                                          | -           | 12             |
|                                                                                   | <b>(208)</b>                          | <b>28</b>                                  | <b>192</b>  | <b>12</b>      |
| <b>Insurance service result</b>                                                   | <b>(223)</b>                          | <b>24</b>                                  | <b>173</b>  | <b>(26)</b>    |
| Finance (income) expenses from insurance contracts issued                         | (168)                                 | 2                                          | 4           | (162)          |
| <b>Total amounts recognised in comprehensive income</b>                           | <b>(391)</b>                          | <b>26</b>                                  | <b>177</b>  | <b>(188)</b>   |
| <b>Cash flows</b>                                                                 |                                       |                                            |             |                |
| Premiums received                                                                 | 332                                   | -                                          | -           | 332            |
| Claims and other directly attributable expenses paid                              | (2,068)                               | -                                          | -           | (2,068)        |
| Insurance acquisition cash flows                                                  | (8)                                   | -                                          | -           | (8)            |
| <b>Total cash flows</b>                                                           | <b>(1,744)</b>                        | <b>-</b>                                   | <b>-</b>    | <b>(1,744)</b> |
| <b>Net balance as at 31 December</b>                                              | <b>6,752</b>                          | <b>50</b>                                  | <b>211</b>  | <b>7,013</b>   |
| Closing insurance contract liabilities                                            | 6,752                                 | 50                                         | 211         | 7,013          |
| <b>Net balance as at 31 December</b>                                              | <b>6,752</b>                          | <b>50</b>                                  | <b>211</b>  | <b>7,013</b>   |

The premium receivables and the Claims payable balance form part of the Present Value of Future Cash flows.

|                                                                               | 2022<br>Premium<br>receivable | 2022<br>Claims payable |
|-------------------------------------------------------------------------------|-------------------------------|------------------------|
| <b>Opening Balance as at 1 January</b>                                        | <b>116</b>                    | <b>(379)</b>           |
| Plus premiums billed/ (Less claims incurred and directly attributed expenses) | 332                           | (2,068)                |
| (Less premiums received) / Plus claims paid                                   | (404)                         | 2,146                  |
| Plus foreign exchanges gains / (losses)                                       | -                             | 21                     |
| <b>Closing Balance as at 31 December</b>                                      | <b>44</b>                     | <b>(280)</b>           |

**UTMOST WORLDWIDE LIMITED**  
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**19 Insurance contract liabilities (continued)**

| <b>Corporate Solutions</b>                    | <b>2023</b>    |
|-----------------------------------------------|----------------|
| Insurance Contract Liabilities                | 732,512        |
| Premium receivables due from contract holders | (5,344)        |
| Claims payable due to contract holders        | 2,163          |
| Unallocated premiums from contract holders    | 1,887          |
| <b>Total Insurance Contract Liabilities</b>   | <b>731,218</b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

| 2023<br><br>Corporate Solutions                              | LRC                      |                |                 | Total           |
|--------------------------------------------------------------|--------------------------|----------------|-----------------|-----------------|
|                                                              | Excluding loss component | Loss component | LIC             |                 |
| Opening insurance contract liabilities                       | 582,874                  | 1,172          | 140,513         | 724,559         |
| <b>Net balance as at 1 January</b>                           | <b>582,874</b>           | <b>1,172</b>   | <b>140,513</b>  | <b>724,559</b>  |
| Insurance revenue                                            | (47,541)                 | -              | -               | (47,541)        |
| <b>Insurance service expenses</b>                            |                          |                |                 |                 |
| Incurred claims and other directly attributable expenses     | -                        | (3,001)        | 27,627          | 24,626          |
| Changes that relate to past service - adjustments to the LIC | -                        | -              | (16,523)        | (16,523)        |
| Losses on onerous contracts and reversal of those losses     | -                        | 2,390          | -               | 2,390           |
| Insurance acquisition cash flows amortisation                | 2,684                    | -              | -               | 2,684           |
| <b>Insurance service expenses</b>                            | <b>2,684</b>             | <b>(611)</b>   | <b>11,104</b>   | <b>13,177</b>   |
| <b>Insurance service result</b>                              | <b>(44,857)</b>          | <b>(611)</b>   | <b>11,104</b>   | <b>(34,364)</b> |
| Finance expenses from insurance contracts issued             | 31,220                   | 23             | 1,043           | 32,286          |
| <b>Total amounts recognised in comprehensive income</b>      | <b>(13,637)</b>          | <b>(588)</b>   | <b>12,147</b>   | <b>(2,078)</b>  |
| Investment components                                        | (55,227)                 | -              | 55,227          | -               |
| <b>Cash flows</b>                                            |                          |                |                 |                 |
| Premiums received                                            | 105,257                  | -              | -               | 105,257         |
| Claims and other directly attributable expenses paid         | -                        | -              | (92,564)        | (92,564)        |
| Insurance acquisition cash flows amortisation                | (2,662)                  | -              | -               | (2,662)         |
| <b>Total cash flows</b>                                      | <b>102,595</b>           | <b>-</b>       | <b>(92,564)</b> | <b>10,031</b>   |
| <b>Net balance as at 31 December</b>                         | <b>616,605</b>           | <b>584</b>     | <b>115,323</b>  | <b>732,512</b>  |
| Closing insurance contract liabilities                       | 616,605                  | 584            | 115,323         | 732,512         |
| <b>Net balance as at 31 December</b>                         | <b>616,605</b>           | <b>584</b>     | <b>115,323</b>  | <b>732,512</b>  |

The premium receivables balance forms part of the Liability for Remaining Coverage and the Claims payable balance forms part of the Liability for Incurred Claims.

|                                                                           | 2023<br>Premium<br>receivable | 2023<br>Claims payable | 2023<br>Unallocated<br>premiums |
|---------------------------------------------------------------------------|-------------------------------|------------------------|---------------------------------|
| <b>Opening Balance as at 1 January</b>                                    | 11,548                        | (2,063)                | -                               |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 105,257                       | (92,564)               | -                               |
| (Less premiums received) / Plus claims incurred                           | (111,130)                     | 92,447                 | (1,887)                         |
| Plus foreign exchanges gains / (losses)                                   | (331)                         | 17                     | -                               |
| <b>Closing Balance as at 31 December</b>                                  | <b>5,344</b>                  | <b>(2,163)</b>         | <b>(1,887)</b>                  |

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**19 Insurance contract liabilities (continued)**

| <b>Corporate Solutions</b>                    | <b>2022</b>    |
|-----------------------------------------------|----------------|
| Insurance Contract Liabilities                | 724,559        |
| Premium receivables due from contract holders | (11,548)       |
| Claims payable due to contract holders        | 2,063          |
| <b>Total Insurance Contract Liabilities</b>   | <b>715,074</b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

| <b>Corporate Solutions</b>                                 | <b>LRC</b>                      |                       |                 |                 |
|------------------------------------------------------------|---------------------------------|-----------------------|-----------------|-----------------|
|                                                            | <b>Excluding loss component</b> | <b>Loss component</b> | <b>LIC</b>      | <b>Total</b>    |
| Opening insurance contract liabilities                     | 607,863                         | -                     | 131,134         | 738,997         |
| <b>Net balance as at 1 January</b>                         | <b>607,863</b>                  | <b>-</b>              | <b>131,134</b>  | <b>738,997</b>  |
| <b>Insurance revenue</b>                                   | <b>(43,912)</b>                 | <b>-</b>              | <b>-</b>        | <b>(43,912)</b> |
| <b>Insurance service expenses</b>                          |                                 |                       |                 |                 |
| Incurred claims and other directly attributable expenses   | -                               | (4,973)               | 34,324          | 29,351          |
| Changes that relate to past service adjustments to the LIC | -                               | -                     | 4,019           | 4,019           |
| Losses on onerous contracts and reversal of those losses   | -                               | 6,042                 | -               | 6,042           |
| Insurance acquisition cash flows amortisation              | 1,534                           | -                     | -               | 1,534           |
| <b>Insurance service expenses</b>                          | <b>1,534</b>                    | <b>1,069</b>          | <b>38,343</b>   | <b>40,946</b>   |
| <b>Insurance service result</b>                            | <b>(42,378)</b>                 | <b>1,069</b>          | <b>38,343</b>   | <b>(2,966)</b>  |
| Finance expenses from insurance contracts issued           | (15,544)                        | 103                   | 2,416           | (13,025)        |
| <b>Total amounts recognised in comprehensive income</b>    | <b>(57,922)</b>                 | <b>1,172</b>          | <b>40,759</b>   | <b>(15,991)</b> |
| Investment components                                      | (68,113)                        | -                     | 68,113          | -               |
| <b>Cash flows</b>                                          |                                 |                       |                 |                 |
| Premiums received                                          | 104,140                         | -                     | -               | 104,140         |
| Claims and other directly attributable expenses paid       | -                               | -                     | (99,493)        | (99,493)        |
| Insurance acquisition cash flows amortisation              | (3,094)                         | -                     | -               | (3,094)         |
| <b>Total cash flows</b>                                    | <b>101,046</b>                  | <b>-</b>              | <b>(99,493)</b> | <b>1,553</b>    |
| <b>Net balance as at 31 December</b>                       | <b>582,874</b>                  | <b>1,172</b>          | <b>140,513</b>  | <b>724,559</b>  |
| Closing insurance contract liabilities                     | 582,874                         | 1,172                 | 140,513         | 724,559         |
| <b>Net balance as at 31 December</b>                       | <b>582,874</b>                  | <b>1,172</b>          | <b>140,513</b>  | <b>724,559</b>  |

The premium receivables balance forms part of the Liability for Remaining Coverage and the Claims payable balance forms part of the Liability for Incurred Claims.

|                                                                           | <b>2022</b>               | <b>2022</b>           |
|---------------------------------------------------------------------------|---------------------------|-----------------------|
|                                                                           | <b>Premium receivable</b> | <b>Claims payable</b> |
| <b>Opening Balance as at 1 January</b>                                    | <b>10,347</b>             | <b>(2,335)</b>        |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 104,140                   | (99,493)              |
| (Less premiums received) / Plus claims incurred                           | (105,988)                 | 99,822                |
| Plus foreign exchange gains / (Losses)                                    | 3,049                     | (57)                  |
| <b>Closing Balance as at 31 December</b>                                  | <b>11,548</b>             | <b>(2,063)</b>        |

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**19 Insurance contract liabilities (continued)**

**Reconciliation of the measurement components of insurance contract balances**

2023

| Corporate Solutions                                                               | Present value of future cash flows | Risk adjustment for non- financial risk | CSM             | Total           |
|-----------------------------------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------|-----------------|
| Opening insurance contract liabilities                                            | 698,949                            | 10,935                                  | 14,675          | 724,559         |
| <b>Net balance as at 1 January</b>                                                | <b>698,949</b>                     | <b>10,935</b>                           | <b>14,675</b>   | <b>724,559</b>  |
| <b>Changes that relate to current service</b>                                     |                                    |                                         |                 |                 |
| CSM recognised in profit or loss for the services provided                        | (48)                               | -                                       | (12,569)        | (12,617)        |
| Change in the risk adjustment for non- financial risk for the risk exp red        | -                                  | (1,308)                                 | -               | (1,308)         |
| Experience adjustments                                                            | (6,306)                            | -                                       | -               | (6,306)         |
|                                                                                   | <b>(6,354)</b>                     | <b>(1,308)</b>                          | <b>(12,569)</b> | <b>(20,231)</b> |
| <b>Changes that relate to future service</b>                                      |                                    |                                         |                 |                 |
| Changes in estimates that adjust the CSM                                          | 2,996                              | (102)                                   | (2,894)         | -               |
| Changes in estimates that result in onerous contract losses or reversal of losses | 470                                | -                                       | -               | 470             |
| Contracts initially recognised in the period                                      | (19,047)                           | 1,005                                   | 19,962          | 1,920           |
|                                                                                   | <b>(15,581)</b>                    | <b>903</b>                              | <b>17,068</b>   | <b>2,390</b>    |
| Changes relate to past service - adjustments to the LIC                           | (15,428)                           | (1,095)                                 | -               | (16,523)        |
| <b>Insurance service result</b>                                                   | <b>(37,363)</b>                    | <b>(1,500)</b>                          | <b>4,499</b>    | <b>(34,364)</b> |
| Finance (income) expenses from insurance contracts issued                         | 31,666                             | 145                                     | 475             | 32,286          |
| <b>Total amounts recognised in comprehensive income</b>                           | <b>(5,697)</b>                     | <b>(1,355)</b>                          | <b>4,974</b>    | <b>(2,078)</b>  |
| <b>Cash flows</b>                                                                 |                                    |                                         |                 |                 |
| Premiums received                                                                 | 105,257                            | -                                       | -               | 105,257         |
| Claims and other directly attributable expenses paid                              | (92,564)                           | -                                       | -               | (92,564)        |
| Insurance acquisition cash flows                                                  | (2,662)                            | -                                       | -               | (2,662)         |
| <b>Total cash flows</b>                                                           | <b>10,031</b>                      | <b>-</b>                                | <b>-</b>        | <b>10,031</b>   |
| <b>Net balance as at 31 December</b>                                              | <b>703,283</b>                     | <b>9,580</b>                            | <b>19,649</b>   | <b>732,512</b>  |
| Closing insurance contract liabilities                                            | 703,283                            | 9,580                                   | 19,649          | 732,512         |
| <b>Net balance as at 31 December</b>                                              | <b>703,283</b>                     | <b>9,580</b>                            | <b>19,649</b>   | <b>732,512</b>  |

The premium receivables and the Claims payable balances form part of the Present Value of Future Cash flows

|                                                                           | 2023<br>Premium receivable | 2023<br>Claims payable | 2023<br>Unallocated premiums |
|---------------------------------------------------------------------------|----------------------------|------------------------|------------------------------|
| <b>Opening Balance as at 1 January</b>                                    | 11,548                     | (2,063)                | -                            |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 105,257                    | (92,564)               | -                            |
| (Less premiums received) / Plus claims incurred                           | (111,130)                  | 92,447                 | (1,887)                      |
| Plus foreign exchanges gains / (Losses)                                   | (331)                      | 17                     | -                            |
| <b>Closing Balance as at 31 December</b>                                  | <b>5,344</b>               | <b>(2,163)</b>         | <b>(1,887)</b>               |

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**19 Insurance contract liabilities (continued)**

**Reconciliation of the measurement components of insurance contract balances**

**2022**

| <b>Corporate Solutions</b>                                                        | <b>Present value of future cash flows</b> | <b>Risk adjustment for non- financial risk</b> | <b>CSM</b>     | <b>Total</b>    |
|-----------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|----------------|-----------------|
| Opening insurance contract liabilities                                            | 722,343                                   | 11,281                                         | 5,373          | 738,997         |
| <b>Net balance as at 1 January</b>                                                | <b>722,343</b>                            | <b>11,281</b>                                  | <b>5,373</b>   | <b>738,997</b>  |
| <b>Changes that relate to current service</b>                                     |                                           |                                                |                |                 |
| CSM recognised in profit or loss for the services provided                        | (47)                                      | -                                              | (7,456)        | (7,503)         |
| Change in the risk adjustment for non- financial risk for the risk expired        | -                                         | (1,574)                                        | -              | (1,574)         |
| Experience adjustments                                                            | (3,952)                                   | -                                              | -              | (3,952)         |
|                                                                                   | <b>(3,999)</b>                            | <b>(1,574)</b>                                 | <b>(7,456)</b> | <b>(13,029)</b> |
| <b>Changes that relate to future service</b>                                      |                                           |                                                |                |                 |
| Changes in estimates that adjust the CSM                                          | (770)                                     | (696)                                          | 1,466          | -               |
| Changes in estimates that result in onerous contract losses or reversal of losses | 4,362                                     | -                                              | -              | 4,362           |
| Contracts initially recognised in the period                                      | (13,535)                                  | 963                                            | 14,252         | 1,680           |
|                                                                                   | <b>(9,943)</b>                            | <b>267</b>                                     | <b>15,718</b>  | <b>6,042</b>    |
| Changes relate to past service - adjustments to the LIC                           | 4,095                                     | (75)                                           | -              | 4,020           |
| <b>Insurance service result</b>                                                   | <b>(9,847)</b>                            | <b>(1,382)</b>                                 | <b>8,262</b>   | <b>(2,967)</b>  |
| Finance (income) expenses from insurance contracts issued                         | (15,100)                                  | 1,036                                          | 1,040          | (13,024)        |
| <b>Total amounts recognised in comprehensive income</b>                           | <b>(24,947)</b>                           | <b>(346)</b>                                   | <b>9,302</b>   | <b>(15,991)</b> |
| <b>Cash flows</b>                                                                 |                                           |                                                |                |                 |
| Premiums received                                                                 | 104,140                                   | -                                              | -              | 104,140         |
| Claims and other directly attributable expenses paid                              | (99,493)                                  | -                                              | -              | (99,493)        |
| Insurance acquisition cash flows                                                  | (3,094)                                   | -                                              | -              | (3,094)         |
| <b>Total cash flows</b>                                                           | <b>1,553</b>                              | <b>-</b>                                       | <b>-</b>       | <b>1,553</b>    |
| <b>Net balance as at 31 December</b>                                              | <b>698,949</b>                            | <b>10,935</b>                                  | <b>14,675</b>  | <b>724,559</b>  |
| Closing insurance contract liabilities                                            | 698,949                                   | 10,935                                         | 14,675         | 724,559         |
| <b>Net balance as at 31 December</b>                                              | <b>698,949</b>                            | <b>10,935</b>                                  | <b>14,675</b>  | <b>724,559</b>  |

The premium receivables and the Claims payable balances form part of the Present Value of Future Cash flows.

|                                                                           | <b>2022</b>               | <b>2022</b>           |
|---------------------------------------------------------------------------|---------------------------|-----------------------|
|                                                                           | <b>Premium receivable</b> | <b>Claims payable</b> |
| <b>Opening Balance as at 1 January</b>                                    | <b>10,347</b>             | <b>(2,335)</b>        |
| Plus premiums billed/ (Less claims paid and directly attributed expenses) | 104,140                   | (99,493)              |
| (Less premiums received) / Plus claims incurred                           | (105,988)                 | 99,822                |
| Plus foreign exchanges gains / (losses)                                   | 3,049                     | (57)                  |
| <b>Closing Balance as at 31 December</b>                                  | <b>11,548</b>             | <b>(2,063)</b>        |

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**19 Insurance contract liabilities (continued)**

**Amounts determined on transition to IFRS 17**

| <b>2023</b>                                                    | <b>Utmost Wealth<br/>Solutions</b> | <b>Utmost Corporate<br/>Solutions</b> | <b>Total</b>    |
|----------------------------------------------------------------|------------------------------------|---------------------------------------|-----------------|
| <b>Insurance contracts issued</b>                              |                                    |                                       |                 |
| <b>Insurance revenue</b>                                       |                                    |                                       |                 |
| New contracts issued                                           | -                                  | 35,773                                | 35,773          |
| Contracts measured under the fair value approach at transition | 100                                | 11,768                                | 11,868          |
|                                                                | <b>100</b>                         | <b>47,541</b>                         | <b>47,641</b>   |
| <b>CSM as at 31 December</b>                                   |                                    |                                       |                 |
| New contracts issued                                           | -                                  | 11,914                                | 11,914          |
| Contracts measured under the fair value approach at transition | 266                                | 7,735                                 | 8,001           |
|                                                                | <b>266</b>                         | <b>19,649</b>                         | <b>19,915</b>   |
| <b>Reinsurance contracts held</b>                              |                                    |                                       |                 |
| <b>CSM as at 31 December</b>                                   |                                    |                                       |                 |
| New contracts issued                                           | -                                  | (8,303)                               | (8,303)         |
| Contracts measured under the fair value approach at transition | -                                  | (3,815)                               | (3,815)         |
|                                                                | <b>-</b>                           | <b>(12,118)</b>                       | <b>(12,118)</b> |
| <b>2022</b>                                                    |                                    |                                       |                 |
| <b>Insurance contracts issued</b>                              |                                    |                                       |                 |
| <b>Insurance revenue</b>                                       |                                    |                                       |                 |
| New contracts issued                                           | -                                  | 17,570                                | 17,570          |
| Contracts measured under the fair value approach at transition | 114                                | 26,342                                | 26,456          |
|                                                                | <b>114</b>                         | <b>43,912</b>                         | <b>44,026</b>   |
| <b>CSM as at 31 December</b>                                   |                                    |                                       |                 |
| New contracts issued                                           | -                                  | 7,380                                 | 7,380           |
| Contracts measured under the fair value approach at transition | 211                                | 7,295                                 | 7,506           |
|                                                                | <b>211</b>                         | <b>14,675</b>                         | <b>14,886</b>   |
| <b>Reinsurance contracts held</b>                              |                                    |                                       |                 |
| <b>CSM as at 31 December</b>                                   |                                    |                                       |                 |
| New contracts issued                                           | -                                  | (6,661)                               | (6,661)         |
| Contracts measured under the fair value approach at transition | -                                  | (2,005)                               | (2,005)         |
|                                                                | <b>-</b>                           | <b>(8,666)</b>                        | <b>(8,666)</b>  |

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**19 Insurance contract liabilities (continued)**  
**Expected recognition of contractual service margin**

| 2023                | Insurance contracts issued |                            |               | Reinsurance contracts held |                            |                 |
|---------------------|----------------------------|----------------------------|---------------|----------------------------|----------------------------|-----------------|
|                     | Utmost Wealth Solutions    | Utmost Corporate Solutions | Total         | Utmost Wealth Solutions    | Utmost Corporate Solutions | Total           |
| Year 1              | 20                         | 9,586                      | 9,606         | -                          | (6,054)                    | (6,054)         |
| Year 2              | 18                         | 3,039                      | 3,057         | -                          | (2,699)                    | (2,699)         |
| Year 3              | 16                         | 1,014                      | 1,030         | -                          | (881)                      | (881)           |
| Year 4              | 15                         | 522                        | 537           | -                          | (455)                      | (455)           |
| Year 5              | 14                         | 482                        | 496           | -                          | (455)                      | (455)           |
| Years 6 to 10       | 57                         | 1,876                      | 1,933         | -                          | (1,429)                    | (1,429)         |
| Years 10 and beyond | 126                        | 3,130                      | 3,256         | -                          | (145)                      | (145)           |
| <b>Total</b>        | <b>266</b>                 | <b>19,649</b>              | <b>19,915</b> | <b>-</b>                   | <b>(12,118)</b>            | <b>(12,118)</b> |

| 2022                | Insurance contracts issued |                            |               | Reinsurance contracts held |                            |                |
|---------------------|----------------------------|----------------------------|---------------|----------------------------|----------------------------|----------------|
|                     | Utmost Wealth Solutions    | Utmost Corporate Solutions | Total         | Utmost Wealth Solutions    | Utmost Corporate Solutions | Total          |
| Year 1              | 19                         | 7,433                      | 7,452         | -                          | (5,772)                    | (5,772)        |
| Year 2              | 17                         | 2,145                      | 2,162         | -                          | (1,451)                    | (1,451)        |
| Year 3              | 16                         | 424                        | 440           | -                          | (189)                      | (189)          |
| Year 4              | 14                         | 385                        | 399           | -                          | (177)                      | (177)          |
| Year 5              | 12                         | 359                        | 371           | -                          | (177)                      | (177)          |
| Years 6 to 10       | 49                         | 1,435                      | 1,484         | -                          | (734)                      | (734)          |
| Years 10 and beyond | 84                         | 2,494                      | 2,578         | -                          | (166)                      | (166)          |
| <b>Total</b>        | <b>211</b>                 | <b>14,675</b>              | <b>14,886</b> | <b>-</b>                   | <b>(8,666)</b>             | <b>(8,666)</b> |

**Impact of contracts recognised in the year\***

| 2023                                                                                          | Utmost Corporate Solutions       |                              |              |
|-----------------------------------------------------------------------------------------------|----------------------------------|------------------------------|--------------|
|                                                                                               | Non-onerous contracts originated | Onerous contracts originated | Total        |
| Estimates of the present value of future cash outflows                                        |                                  |                              |              |
| - Insurance acquisition cash flows                                                            | 2,328                            | 282                          | 2,610        |
| - Claims and other directly attributable expenses                                             | 16,555                           | 7,059                        | 23,614       |
| Estimates of the present value of future cash outflows                                        | 18,883                           | 7,341                        | 26,224       |
| Estimates of the present value of future cash inflows                                         | (39,556)                         | (5,715)                      | (45,271)     |
| Risk-adjustment for non-financial risk                                                        | 711                              | 294                          | 1,005        |
| CSM                                                                                           | 19,962                           | -                            | 19,962       |
| <b>Increase in the insurance contract liabilities from contracts recognised in the period</b> | <b>-</b>                         | <b>1,920</b>                 | <b>1,920</b> |

| 2022                                                                                          | Utmost Corporate Solutions       |                              |              |
|-----------------------------------------------------------------------------------------------|----------------------------------|------------------------------|--------------|
|                                                                                               | Non-onerous contracts originated | Onerous contracts originated | Total        |
| Estimates of the present value of future cash outflows                                        |                                  |                              |              |
| - Insurance acquisition cash flows                                                            | 2,865                            | 334                          | 3,199        |
| - Claims and other directly attributable expenses                                             | 18,713                           | 5,422                        | 24,135       |
| Estimates of the present value of future cash outflows                                        | 21,578                           | 5,756                        | 27,334       |
| Estimates of the present value of future cash inflows                                         | (36,563)                         | (4,306)                      | (40,869)     |
| Risk-adjustment for non-financial risk                                                        | 733                              | 230                          | 963          |
| CSM                                                                                           | 14,252                           | -                            | 14,252       |
| <b>Increase in the insurance contract liabilities from contracts recognised in the period</b> | <b>-</b>                         | <b>1,680</b>                 | <b>1,680</b> |

\*Utmost Wealth Solutions has no new insurance or reinsurance contracts

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**19 Insurance contract liabilities (continued)**  
**Impact of contracts recognised in the year\***

| 2023                                                                                           | Utmost Corporate Solutions                |                                          |          |
|------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|----------|
|                                                                                                | Contracts originated<br>not in a net gain | Contracts<br>originated in<br>a net gain | Total    |
| Estimates of the present value of future cash inflows                                          | 12,202                                    | 6,266                                    | 18,468   |
| Estimates of the present value of future cash outflows                                         | (28,508)                                  | (4,797)                                  | (33,305) |
| Risk-adjustment for non-financial risk                                                         | 515                                       | 266                                      | 781      |
| CSM                                                                                            | 15,791                                    | (1,735)                                  | 14,056   |
| <b>Increase in the reinsurance contract assets from contracts<br/>recognised in the period</b> | -                                         | -                                        | -        |

| 2022                                                                                           | Utmost Corporate Solutions                |                                          |          |
|------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|----------|
|                                                                                                | Contracts originated<br>not in a net gain | Contracts<br>originated in<br>a net gain | Total    |
| Estimates of the present value of future cash inflows                                          | 10,900                                    | 3,664                                    | 14,564   |
| Estimates of the present value of future cash outflows                                         | (21,749)                                  | (3,129)                                  | (24,878) |
| Risk-adjustment for non-financial risk                                                         | 484                                       | 160                                      | 644      |
| CSM                                                                                            | 10,365                                    | (695)                                    | 9,670    |
| <b>Increase in the reinsurance contract assets from contracts<br/>recognised in the period</b> | -                                         | -                                        | -        |

\*Utmost Wealth Solutions has no new insurance or reinsurance contracts

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**19 Insurance contract liabilities (continued)**

**Insurance claims development 2023**

| Estimated of ultimate claims costs (gross of reinsurance, undiscounted) | Accident year  |                |                |              |             | 2023 Total     |
|-------------------------------------------------------------------------|----------------|----------------|----------------|--------------|-------------|----------------|
|                                                                         | 2019           | 2020           | 2021           | 2022         | 2023 Total  |                |
| At end of accident year                                                 | 9,146          | 11,050         | 10,801         | 14,967       | 7,488       |                |
| 1 year later                                                            | 7,632          | 8,345          | 15,918         | 7,245        |             |                |
| 2 years later                                                           | 8,871          | 6,499          | 11,646         |              |             |                |
| 3 years later                                                           | 5,801          | 6,041          |                |              |             |                |
| 4 years later                                                           | 4,399          |                |                |              |             |                |
| 5 years later                                                           |                |                |                |              |             |                |
| <b>Cumulative gross claims</b>                                          | <b>(2,191)</b> | <b>(1,488)</b> | <b>(2,429)</b> | <b>(565)</b> | <b>(64)</b> | <b>(6,737)</b> |
| Gross cumulative claims liabilities - accident years from 2019 to 2023  |                |                |                |              |             | 30,082         |
| Gross cumulative claims liabilities - prior accident years              |                |                |                |              |             | 84,016         |
| Effect of discontinuing                                                 |                |                |                |              |             | (5,870)        |
| Effect of the risk adjustment margin for non-financial risk             |                |                |                |              |             | 7,096          |
| <b>Gross LIC for the contracts originated</b>                           |                |                |                |              |             | <b>115,324</b> |

**Reinsurance claims development 2023**

| Estimated of ultimate claims costs (net of reinsurance, undiscounted) | Accident year |              |              |              |             | 2023 Total     |
|-----------------------------------------------------------------------|---------------|--------------|--------------|--------------|-------------|----------------|
|                                                                       | 2019          | 2020         | 2021         | 2022         | 2023 Total  |                |
| At end of accident year                                               | 1,855         | 3,185        | 1,728        | 3,334        | 1,581       |                |
| 1 year later                                                          | 1,096         | 2,900        | 2,875        | 2,756        |             |                |
| 2 years later                                                         | 1,319         | 2,489        | 2,287        |              |             |                |
| 3 years later                                                         | 664           | 2,252        |              |              |             |                |
| 4 years later                                                         | 541           |              |              |              |             |                |
| 5 years later                                                         |               |              |              |              |             |                |
| <b>Cumulative net claims</b>                                          | <b>(324)</b>  | <b>(440)</b> | <b>(450)</b> | <b>(179)</b> | <b>(22)</b> | <b>(1,415)</b> |
| Net cumulative claims liabilities - accident years from 2019 to 2023  |               |              |              |              |             | 8,002          |
| Net cumulative claims liabilities - prior accident years              |               |              |              |              |             | 60,526         |
| Effect of discontinuing                                               |               |              |              |              |             | (2,138)        |
| Effect of the risk adjustment margin for non-financial risk           |               |              |              |              |             | 6,870          |
| <b>Net LIC for the contracts originated</b>                           |               |              |              |              |             | <b>73,260</b>  |

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**Insurance claims development 2022**

| Estimated of ultimate claims costs (gross of reinsurance, undiscounted) | Accident year  |                |                |              | 2022 Total     |
|-------------------------------------------------------------------------|----------------|----------------|----------------|--------------|----------------|
|                                                                         | 2019           | 2020           | 2021           | 2022         |                |
| At end of accident year                                                 | 9,146          | 11,050         | 10,801         |              | 14,967         |
| 1 year later                                                            | 7,632          | 8,345          | 15,918         |              |                |
| 2 years later                                                           | 8,871          | 6,499          |                |              |                |
| 3 years later                                                           | 5,801          |                |                |              |                |
| 4 years later                                                           |                |                |                |              |                |
| 5 years later                                                           |                |                |                |              |                |
| <b>Cumulative gross claims</b>                                          | <b>(2,019)</b> | <b>(1,019)</b> | <b>(1,280)</b> | <b>(121)</b> | <b>(4,439)</b> |
| Gross cumulative claims liabilities - accident years from 2019 to 2023  |                |                |                |              | 38,746         |
| Gross cumulative claims liabilities - prior accident years              |                |                |                |              | 101,168        |
| Effect of discontinuing                                                 |                |                |                |              | (7,580)        |
| Effect of the risk adjustment margin for non-financial risk             |                |                |                |              | 8,179          |
| <b>Gross LIC for the contracts originated</b>                           |                |                |                |              | <b>140,513</b> |

**Reinsurance claims development 2022**

| Estimated of ultimate claims costs (net of reinsurance, undiscounted) | Accident year |              |              |             | 2022 Total    |
|-----------------------------------------------------------------------|---------------|--------------|--------------|-------------|---------------|
|                                                                       | 2019          | 2020         | 2021         | 2022        |               |
| At end of accident year                                               | 1,855         | 3,185        | 1,728        |             | 3,334         |
| 1 year later                                                          | 1,096         | 2,900        | 2,875        |             |               |
| 2 years later                                                         | 1,319         | 2,489        |              |             |               |
| 3 years later                                                         | 664           |              |              |             |               |
| 4 years later                                                         |               |              |              |             |               |
| 5 years later                                                         |               |              |              |             |               |
| <b>Cumulative net claims</b>                                          | <b>(290)</b>  | <b>(301)</b> | <b>(255)</b> | <b>(58)</b> | <b>(904)</b>  |
| Net cumulative claims liabilities - accident years from 2019 to 2023  |               |              |              |             | 8,458         |
| Net cumulative claims liabilities - prior accident years              |               |              |              |             | 70,846        |
| Effect of discontinuing                                               |               |              |              |             | (2,426)       |
| Effect of the risk adjustment margin for non-financial risk           |               |              |              |             | 6,661         |
| <b>Net LIC for the contracts originated</b>                           |               |              |              |             | <b>83,539</b> |

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**19 Insurance contract liabilities (continued)**  
**Insurance revenue and the CSM by transition method**

| 2023                                                        | Wealth Solutions |                                                                |       | Corporate Solutions |                                                                |          | Total         |                                                                |          |
|-------------------------------------------------------------|------------------|----------------------------------------------------------------|-------|---------------------|----------------------------------------------------------------|----------|---------------|----------------------------------------------------------------|----------|
|                                                             | New contracts    | Contracts measured under the fair value approach at transition | Total | New contracts       | Contracts measured under the fair value approach at transition | Total    | New contracts | Contracts measured under the fair value approach at transition | Total    |
| Insurance Revenue                                           | -                | 100                                                            | 100   | 35,771              | 11,770                                                         | 47,541   | 35,771        | 11,870                                                         | 47,641   |
| CSM as at 1 January                                         | -                | 211                                                            | 211   | 7,380               | 7,295                                                          | 14,675   | 7,380         | 7,506                                                          | 14,886   |
| Changes that relate to current service                      | -                | -                                                              | -     | -                   | -                                                              | -        | -             | -                                                              | -        |
| CSM recognised in profit and loss for the services provided | -                | (22)                                                           | (22)  | (10,086)            | (2,483)                                                        | (12,569) | (10,086)      | (2,505)                                                        | (12,591) |
| Change that relate to future service                        | -                | 78                                                             | 78    | (5,864)             | 2,970                                                          | (2,894)  | (5,864)       | 3,048                                                          | (2,816)  |
| Changes in estimates that adjust the CSM                    | -                | -                                                              | -     | 19,962              | -                                                              | 19,962   | 19,962        | -                                                              | 19,962   |
| Contracts initially recognised in the period                | -                | 56                                                             | 56    | 4,012               | 487                                                            | 4,499    | 4,012         | 543                                                            | 4,555    |
| Finance expenses from insurance contracts issued            | -                | (1)                                                            | (1)   | 521                 | (46)                                                           | 475      | 521           | (47)                                                           | 474      |
| Total amounts recognised in comprehensive income            | -                | 55                                                             | 55    | 4,533               | 441                                                            | 4,974    | 4,533         | 496                                                            | 5,030    |
| CSM as at 31 December                                       | -                | 266                                                            | 266   | 11,913              | 7,736                                                          | 19,649   | 11,913        | 8,002                                                          | 27,921   |

| 2022                                                        | Wealth Solutions |                                                                |       | Corporate Solutions |                                                                |         | Total         |                                                                |         |
|-------------------------------------------------------------|------------------|----------------------------------------------------------------|-------|---------------------|----------------------------------------------------------------|---------|---------------|----------------------------------------------------------------|---------|
|                                                             | New contracts    | Contracts measured under the fair value approach at transition | Total | New contracts       | Contracts measured under the fair value approach at transition | Total   | New contracts | Contracts measured under the fair value approach at transition | Total   |
| Insurance Revenue                                           | -                | 114                                                            | 114   | 17,571              | 26,341                                                         | 43,912  | 17,571        | 26,455                                                         | 44,026  |
| CSM as at 1 January                                         | -                | 34                                                             | 34    | -                   | 5,373                                                          | 5,373   | -             | 5,402                                                          | 5,807   |
| Changes that relate to current service                      | -                | -                                                              | -     | -                   | -                                                              | -       | -             | -                                                              | -       |
| CSM recognised in profit and loss for the services provided | -                | (19)                                                           | (19)  | (5,810)             | (1,646)                                                        | (7,456) | (5,810)       | (1,665)                                                        | (7,475) |
| Change that relate to future service                        | -                | 192                                                            | 192   | (1,397)             | 2,863                                                          | 1,466   | (1,397)       | 3,055                                                          | 1,658   |
| Changes in estimates that adjust the CSM                    | -                | -                                                              | -     | 14,252              | -                                                              | 14,252  | 14,252        | -                                                              | 14,252  |
| Contracts initially recognised in the period                | -                | 173                                                            | 173   | 7,045               | 1,217                                                          | 8,262   | 7,045         | 1,390                                                          | 8,435   |
| Finance expenses from insurance contracts issued            | -                | 4                                                              | 4     | 335                 | 705                                                            | 1,040   | 335           | 709                                                            | 1,044   |
| Total amounts recognised in comprehensive income            | -                | 177                                                            | 177   | 7,880               | 1,922                                                          | 9,802   | 7,880         | 2,099                                                          | 9,979   |
| CSM as at 31 December                                       | -                | 211                                                            | 211   | 7,380               | 7,295                                                          | 14,675  | 7,380         | 7,506                                                          | 14,886  |

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<sup>19</sup> Insurance contract liabilities (continued)  
Reinsurance revenue and the CSM by transition method

|                                                             | Wealth Solutions |                                                                |       | Corporate Solutions |                                                                |         | Total         |                                                                |         |
|-------------------------------------------------------------|------------------|----------------------------------------------------------------|-------|---------------------|----------------------------------------------------------------|---------|---------------|----------------------------------------------------------------|---------|
|                                                             | New contracts    | Contracts measured under the fair value approach at transition | Total | New contracts       | Contracts measured under the fair value approach at transition | Total   | New contracts | Contracts measured under the fair value approach at transition | Total   |
| <b>2023</b>                                                 |                  |                                                                |       |                     |                                                                |         |               |                                                                |         |
| CSM as at 1 January                                         | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
| Changes that relate to current service                      | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
| CSM recognised in profit and loss for the services provided | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
| Change that relate to future service                        | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
| Changes in estimates that adjust the CSM                    | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
| Contracts initially recognised in the period                | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
| Finance expenses from insurance contracts issued            | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
| Total amounts recognised in comprehensive income            | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
| <b>CSM as at 31 December</b>                                |                  |                                                                |       |                     |                                                                |         |               |                                                                |         |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     | 1,642               | 1,810                                                          | 3,452   | 1,642         | 1,810                                                          | 3,452   |
|                                                             | -                | -                                                              | -     | 8,503               | 3,815                                                          | 12,318  | 8,503         | 3,815                                                          | 12,318  |
|                                                             | -                | -                                                              | -     | 6,641               | 2,005                                                          | 8,646   | 6,641         | 2,005                                                          | 8,646   |
|                                                             | -                | -                                                              | -     | (9,320)             | (350)                                                          | (9,670) | (9,320)       | (350)                                                          | (9,670) |
|                                                             | -                | -                                                              | -     | (3,523)             | 2,295                                                          | (1,228) | (3,523)       | 2,295                                                          | (1,228) |
|                                                             | -                | -                                                              | -     | 14,056              | -                                                              | 14,056  | 14,056        | -                                                              | 14,056  |
|                                                             | -                | -                                                              | -     | 1,213               | 1,945                                                          | 3,158   | 1,213         | 1,945                                                          | 3,158   |
|                                                             | -                | -                                                              | -     | 429                 | (135)                                                          | 294     | 429           | (135)                                                          | 294     |
|                                                             | -                | -                                                              | -     |                     |                                                                |         |               |                                                                |         |

**UTMÖST WORLDWIDE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

All amounts are in £ 000 unless  
otherwise stated

**20 Reinsurance contract assets**

|                                                 |               |
|-------------------------------------------------|---------------|
| <b>Corporate Solutions</b>                      | <b>2023</b>   |
| Reinsurance contract assets                     | 60,644        |
| Reinsurance premium ceded payable to reinsurers | (14,968)      |
| Claims receivable from reinsurers               | 1,250         |
| Deposits from reinsurers                        | (26,728)      |
| <b>Total reinsurance contract assets</b>        | <b>20,198</b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

**2023**

| <b>Corporate solutions - Reinsurance</b>                                                                                              | <b>Remaining coverage</b> | <b>Incurred claims</b> | <b>Total</b>    |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------|
| Opening reinsurance contract assets                                                                                                   | 18,949                    | 56,974                 | 75,923          |
| <b>Net balance as at 1 January</b>                                                                                                    | <b>18,949</b>             | <b>56,974</b>          | <b>75,923</b>   |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                          |                           |                        |                 |
| Reinsurance expenses                                                                                                                  | (28,623)                  | -                      | (28,623)        |
| Claims recovered                                                                                                                      | -                         | 9,104                  | 9,104           |
| Changes that relate to past service - adjustments to incurred claims                                                                  | -                         | (12,062)               | (12,062)        |
| Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts | 2,171                     | -                      | 2,171           |
| Effect of changes in the risk of reinsurers non-performance                                                                           | (2)                       | (34)                   | (36)            |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                          | <b>(26,454)</b>           | <b>(2,992)</b>         | <b>(29,446)</b> |
| Finance income from reinsurance contracts held                                                                                        | 500                       | 809                    | 1,309           |
| <b>Total amounts recognised in comprehensive income</b>                                                                               | <b>(25,954)</b>           | <b>(2,183)</b>         | <b>(28,137)</b> |
| <b>Cash flows</b>                                                                                                                     |                           |                        |                 |
| Premiums paid net of ceding commissions and other directly attributable expenses paid                                                 | 25,583                    | -                      | 25,583          |
| Recoveries from reinsurance                                                                                                           | -                         | (12,725)               | (12,725)        |
| <b>Total cash flows</b>                                                                                                               | <b>25,583</b>             | <b>(12,725)</b>        | <b>12,858</b>   |
| <b>Net balance as at 31 December</b>                                                                                                  | <b>18,578</b>             | <b>42,066</b>          | <b>60,644</b>   |
| Closing reinsurance contract assets                                                                                                   | 18,578                    | 42,066                 | 60,644          |
| <b>Net balance as at 31 December</b>                                                                                                  | <b>18,578</b>             | <b>42,066</b>          | <b>60,644</b>   |

The premium payable balance forms part of the remaining coverage and the claims receivable forms part of incurred claims. The reinsurance deposit is recognised as an amount lower than the reinsured incurred claims amount so is considered to form part of incurred claims.

|                                                                  | <b>2023</b>                          | <b>2023</b>                           | <b>2023</b>                     |
|------------------------------------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|
|                                                                  | <b>Premiums payable to reinsurer</b> | <b>Claims receivable from insurer</b> | <b>Deposits from reinsurers</b> |
| <b>Opening Balance</b>                                           | <b>(3,490)</b>                       | <b>3,918</b>                          | <b>(44,442)</b>                 |
| Plus premiums net of ceding commissions/ (Less claims recovered) | (25,583)                             | 12,725                                | -                               |
| Plus claims paid / (Less premiums received)                      | 13,954                               | (15,514)                              | 17,094                          |
| Plus FX                                                          | 151                                  | 121                                   | 620                             |
| <b>Closing Balance</b>                                           | <b>(14,968)</b>                      | <b>1,250</b>                          | <b>(26,728)</b>                 |

**20 Reinsurance contract assets (continued)**

| <b>Corporate Solutions</b>                      | <b>2022</b>          |
|-------------------------------------------------|----------------------|
| Reinsurance contract assets                     | 75,923               |
| Reinsurance premium ceded payable to reinsurers | (3,490)              |
| Claims receivable from reinsurers               | 3,918                |
| Deposits from reinsurers                        | <u>(44,442)</u>      |
| <b>Total reinsurance contract assets</b>        | <b><u>31,909</u></b> |

**Reconciliation of the liability for remaining coverage and the liability for incurred claims**

**2022**

| <b>Corporate solutions - Reinsurance</b>                                                                                              | <b>Remaining coverage</b> | <b>Incurred claims</b> | <b>Total</b>          |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------------|
| Opening reinsurance contract assets                                                                                                   | 11,790                    | 56,233                 | 68,023                |
| <b>Net balance as at 1 January</b>                                                                                                    | <b><u>11,790</u></b>      | <b><u>56,233</u></b>   | <b><u>68,023</u></b>  |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                          |                           |                        |                       |
| Reinsurance expenses                                                                                                                  | (32,269)                  | -                      | (32,269)              |
| Other incurred directly attributable expenses                                                                                         | -                         | -                      | -                     |
| Claims recovered                                                                                                                      | -                         | 19,931                 | 19,931                |
| Changes that relate to past service - adjustments to incurred claims                                                                  | -                         | 2,031                  | 2,031                 |
| Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts | 4,653                     | -                      | 4,653                 |
| Effect of changes in the risk of reinsurers non-performance                                                                           | (28)                      | (56)                   | (84)                  |
| <b>Net income (expenses) from reinsurance contracts held</b>                                                                          | <b><u>(27,644)</u></b>    | <b><u>21,906</u></b>   | <b><u>(5,738)</u></b> |
| Finance income from reinsurance contracts held                                                                                        | 2,063                     | (2,689)                | (626)                 |
| <b>Total amounts recognised in comprehensive income</b>                                                                               | <b><u>(25,581)</u></b>    | <b><u>19,217</u></b>   | <b><u>(6,364)</u></b> |

**Cash flows**

|                                                                                       |                      |                        |                      |
|---------------------------------------------------------------------------------------|----------------------|------------------------|----------------------|
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 32,740               | -                      | 32,740               |
| Recoveries from reinsurance                                                           | -                    | (18,476)               | (18,476)             |
| <b>Total cash flows</b>                                                               | <b><u>32,740</u></b> | <b><u>(18,476)</u></b> | <b><u>14,264</u></b> |
| <b>Net balance as at 31 December</b>                                                  | <b><u>18,949</u></b> | <b><u>56,974</u></b>   | <b><u>75,923</u></b> |
| Closing reinsurance contract assets                                                   | 18,949               | 56,974                 | 75,923               |
| <b>Net balance as at 31 December</b>                                                  | <b><u>18,949</u></b> | <b><u>56,974</u></b>   | <b><u>75,923</u></b> |

The premium payable balance forms part of the remaining coverage and the claims receivable forms part of incurred claims. The reinsurance deposit is recognised as an amount lower than the reinsured incurred claims amount so is considered to form part of incurred claims.

|                                                                  | <b>2022</b>                          | <b>2022</b>                           | <b>2022</b>                     |
|------------------------------------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|
|                                                                  | <b>Premiums payable to reinsurer</b> | <b>Claims receivable from insurer</b> | <b>Deposits from reinsurers</b> |
| <b>Opening Balance</b>                                           | <b>(10,174)</b>                      | <b>5</b>                              | <b>(40,153)</b>                 |
| Plus premiums net of ceding commissions/ (Less claims recovered) | (32,740)                             | 18,475                                | -                               |
| Plus claims paid / (Less premiums received)                      | 39,266                               | (14,464)                              | (1,303)                         |
| Plus FX                                                          | 158                                  | (98)                                  | (2,986)                         |
| <b>Closing Balance</b>                                           | <b><u>(3,490)</u></b>                | <b><u>3,918</u></b>                   | <b><u>(44,442)</u></b>          |

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**20 Reinsurance contract assets (continued)**

**Reconciliation of the measurement components of insurance contract balances**

**2023**

| Corporate Solutions - Reinsurance                                                     | Present value of future<br>cash flows | Risk adjustment<br>for non- financial<br>risk | CSM            | Total           |
|---------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|----------------|-----------------|
| Opening reinsurance contract assets                                                   | 60,462                                | 6,795                                         | 8,666          | 75,923          |
| <b>Net balance as at 1 January</b>                                                    | <b>60,462</b>                         | <b>6,795</b>                                  | <b>8,666</b>   | <b>75,923</b>   |
| <b>Changes that relate to current service</b>                                         |                                       |                                               |                |                 |
| CSM recognised in profit or loss for the services received                            | -                                     | -                                             | (9,670)        | (9,670)         |
| Change in the risk adjustment for non- financial risk for the risk expired            | -                                     | (1,281)                                       | -              | (1,281)         |
| Experience adjustments                                                                | (8,568)                               | -                                             | -              | (8,568)         |
|                                                                                       | <b>(8,568)</b>                        | <b>(1,281)</b>                                | <b>(9,670)</b> | <b>(19,519)</b> |
| <b>Changes that relate to future service</b>                                          |                                       |                                               |                |                 |
| Changes in estimates that adjust the CSM                                              | 3,463                                 | (64)                                          | (3,399)        | -               |
| Changes in estimates that result in onerous contract losses or reversal of losses     | -                                     | -                                             | 2,171          | 2,171           |
| Contracts initially recognised in the period                                          | (14,837)                              | 781                                           | 14,056         | -               |
|                                                                                       | <b>(11,374)</b>                       | <b>717</b>                                    | <b>12,828</b>  | <b>2,171</b>    |
| <b>Changes that relate to past service</b>                                            |                                       |                                               |                |                 |
| Changes that relate to past service - adjustments to incurred claims                  | (11,711)                              | (351)                                         | -              | (12,062)        |
| Effect of changes in the risk of reinsurers non- performance                          | (36)                                  | -                                             | -              | (36)            |
| <b>Insurance service result</b>                                                       | <b>(31,689)</b>                       | <b>(915)</b>                                  | <b>3,158</b>   | <b>(29,446)</b> |
| Finance (income) expenses from insurance contracts issued                             | 974                                   | 41                                            | 294            | 1,309           |
| <b>Total amounts recognised in comprehensive income</b>                               | <b>(30,715)</b>                       | <b>(874)</b>                                  | <b>3,452</b>   | <b>(28,137)</b> |
| <b>Cash flows</b>                                                                     |                                       |                                               |                |                 |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 25,583                                | -                                             | -              | 25,583          |
| Recoveries from reinsurance                                                           | (12,725)                              | -                                             | -              | (12,725)        |
| <b>Total cash flows</b>                                                               | <b>12,858</b>                         | <b>-</b>                                      | <b>-</b>       | <b>12,858</b>   |
| <b>Net balance as at 31 December</b>                                                  | <b>42,605</b>                         | <b>5,921</b>                                  | <b>12,118</b>  | <b>60,644</b>   |
| Closing reinsurance contract assets                                                   | 42,605                                | 5,921                                         | 12,118         | 60,644          |
| <b>Net balance as at 31 December</b>                                                  | <b>42,605</b>                         | <b>5,921</b>                                  | <b>12,118</b>  | <b>60,644</b>   |

The premium payables, claims receivable and deposit from reinsurers balances form part of the Present Value of Future Cash flows (PVFCF).

|                                                                  | 2023<br>Premiums<br>payable to<br>reinsurer | 2023<br>Claims<br>receivable from<br>insurer | 2023<br>Deposits from<br>reinsurers |
|------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|-------------------------------------|
| <b>Opening Balance</b>                                           | <b>(3,490)</b>                              | <b>3,918</b>                                 | <b>(44,442)</b>                     |
| Plus premiums net of ceding commissions/ (Less claims recovered) | (25,583)                                    | 12,725                                       | -                                   |
| Plus claims paid / (Less premiums received)                      | 13,954                                      | (15,514)                                     | 17,094                              |
| Plus FX                                                          | 151                                         | 121                                          | 620                                 |
| <b>Closing Balance</b>                                           | <b>(14,968)</b>                             | <b>1,250</b>                                 | <b>(26,728)</b>                     |

**20 Reinsurance contract assets (continued)**

**Reconciliation of the measurement components of insurance contract balances (continued)**

**2022**

| Corporate Solutions - Reinsurance                                                     | Present value of future<br>cash flows | Risk adjustment<br>for non- financial<br>risk | CSM             | Total           |
|---------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|-----------------|-----------------|
| Opening reinsurance contract assets                                                   | 54,336                                | 6,581                                         | 7,106           | 68,023          |
| <b>Net balance as at 1 January</b>                                                    | <b>54,336</b>                         | <b>6,581</b>                                  | <b>7,106</b>    | <b>68,023</b>   |
| <b>Changes that relate to current service</b>                                         |                                       |                                               |                 |                 |
| CSM recognised in profit or loss for the services received                            | -                                     | -                                             | (10,724)        | (10,724)        |
| Change in the risk adjustment for non- financial risk for the risk expired            | -                                     | (223)                                         | -               | (223)           |
| Experience adjustments                                                                | (1,391)                               | -                                             | -               | (1,391)         |
|                                                                                       | <b>(1,391)</b>                        | <b>(223)</b>                                  | <b>(10,724)</b> | <b>(12,338)</b> |
| <b>Changes that relate to future service</b>                                          |                                       |                                               |                 |                 |
| Changes in estimates that adjust the CSM                                              | 4,009                                 | (826)                                         | (3 183)         | -               |
| Changes in estimates that result in onerous contract losses or reversal of losses     | -                                     | -                                             | 4 653           | 4,653           |
| Contracts initially recognised in the period                                          | (10,314)                              | 644                                           | 9 670           | -               |
|                                                                                       | <b>(6,305)</b>                        | <b>(182)</b>                                  | <b>11,140</b>   | <b>4,653</b>    |
| <b>Changes that relate to past service</b>                                            |                                       |                                               |                 |                 |
| Changes that relate to past service - adjustments to incurred claims                  | 2,114                                 | (83)                                          | -               | 2 031           |
| Effect of changes in the risk of reinsurers non- performance                          | (84)                                  | -                                             | -               | (84)            |
| <b>Insurance service result</b>                                                       | <b>(5,666)</b>                        | <b>(488)</b>                                  | <b>416</b>      | <b>(5,738)</b>  |
| Finance (income) expenses from insurance contracts issued                             | (2,472)                               | 702                                           | 1,144           | (626)           |
| <b>Total amounts recognised in comprehensive income</b>                               | <b>(8,138)</b>                        | <b>214</b>                                    | <b>1,560</b>    | <b>(6,364)</b>  |
| <b>Cash flows</b>                                                                     |                                       |                                               |                 |                 |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 32,740                                | -                                             | -               | 32,740          |
| Recoveries from reinsurance                                                           | (18,476)                              | -                                             | -               | (18,476)        |
| <b>Total cash flows</b>                                                               | <b>14,264</b>                         | <b>-</b>                                      | <b>-</b>        | <b>14,264</b>   |
| Net balance as at 31 December                                                         | <b>60,462</b>                         | <b>6,795</b>                                  | <b>8,666</b>    | <b>75,923</b>   |
| Closing reinsurance contract assets                                                   | 60,462                                | 6,795                                         | 8,666           | 75 923          |
| <b>Net balance as at 31 December</b>                                                  | <b>60,462</b>                         | <b>6,795</b>                                  | <b>8,666</b>    | <b>75,923</b>   |

The premium payables, claims receivable and deposit from reinsurers balances form part of the Present Value of Future Cash flows (PVFCF).

|                                                                  | 2022<br>Premiums<br>payable to<br>reinsurer | 2022<br>Claims<br>receivable from<br>insurer | 2022<br>Deposits from<br>reinsurers |
|------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|-------------------------------------|
| <b>Opening Balance</b>                                           | <b>(10,174)</b>                             | <b>5</b>                                     | <b>(40,153)</b>                     |
| Plus premiums net of ceding commissions/ (Less claims recovered) | (32,740)                                    | 18 475                                       | -                                   |
| Plus claims paid / (Less premiums received)                      | 39,266                                      | (14,464)                                     | (1,303)                             |
| Plus FX                                                          | 158                                         | ( 98)                                        | ( 2,986)                            |
| <b>Closing Balance</b>                                           | <b>( 3,490)</b>                             | <b>3,918</b>                                 | <b>( 44,442)</b>                    |

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**Insurance and reinsurance contract liabilities assumptions**

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies :

| <b>Yield Curves 2023</b>      | <b>1</b> | <b>5</b> | <b>10</b> | <b>15</b> | <b>20</b> |
|-------------------------------|----------|----------|-----------|-----------|-----------|
| Annuities GBP                 | 6.08%    | 4.70%    | 4.62%     | 4.74%     | 4.77%     |
| All other insurance contracts |          |          |           |           |           |
| GBP                           | 4.74%    | 3.36%    | 3.28%     | 3.40%     | 3.43%     |
| EUR                           | 3.36%    | 2.32%    | 2.39%     | 2.47%     | 2.41%     |
| USD                           | 4.76%    | 3.50%    | 3.45%     | 3.49%     | 3.46%     |
| <b>Yield Curves 2022</b>      | <b>1</b> | <b>5</b> | <b>10</b> | <b>15</b> | <b>20</b> |
| Annuities GBP                 | 5.95%    | 5.55%    | 5.20%     | 5.11%     | 5.03%     |
| All other insurance contracts |          |          |           |           |           |
| GBP                           | 4.46%    | 4.06%    | 3.71%     | 3.62%     | 3.54%     |
| EUR                           | 3.18%    | 3.13%    | 3.09%     | 3.02%     | 2.77%     |
| USD                           | 5.07%    | 3.95%    | 3.75%     | 3.71%     | 3.63%     |

**Underwriting concentration based on PVFCF of expected cash flows**

|                       | <b>2023</b>    | <b>2022</b>    |
|-----------------------|----------------|----------------|
| Unit linked insurance | 10,209         | 10,117         |
| With-profits          | -              | -              |
| Retirement & Savings  | 543,494        | 508,952        |
| Annuities             | 54,259         | 59,348         |
| Life and disability   | 43,717         | 61,621         |
| Other                 | 58,238         | 65,663         |
| <b>Total</b>          | <b>709,917</b> | <b>705,701</b> |

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**IFRS Sensitivities**

The below IFRS sensitivities reflect both the profit and equity impact of the 8 sensitivities. The impact has been presented on a total basis for the Company. The split between Utmost Wealth Solutions and Utmost Corporate Solutions has not been disclosed as the impact on UWS insurance contracts and UCS investment contracts are not material and the results are considered to be more meaningful in aggregate. Investment contracts have been excluded as the impact on them is zero for each sensitivity.

**Mortality**

| IFRS impact - £'000                         | 2023         |              | 2022         |              |
|---------------------------------------------|--------------|--------------|--------------|--------------|
|                                             | Profit       | Equity       | Profit       | Equity       |
| <b>Mortality sensitivity - 10% increase</b> |              |              |              |              |
| Insurance contracts - gross liabilities     | (29)         | (29)         | (51)         | (51)         |
| Insurance contracts - ceded liability       | (18)         | (18)         | (35)         | (35)         |
| Insurance contracts - asset                 | -            | -            | -            | -            |
| Other financial assets                      | -            | 22           | -            | 21           |
| <b>Total including CSM</b>                  | <b>(47)</b>  | <b>(24)</b>  | <b>(87)</b>  | <b>(65)</b>  |
| <b>Total excluding CSM</b>                  | <b>1,978</b> | <b>2,206</b> | <b>1,885</b> | <b>2,098</b> |

| IFRS impact - £'000                        | 2023          |               | 2022          |               |
|--------------------------------------------|---------------|---------------|---------------|---------------|
|                                            | Profit        | Equity        | Profit        | Equity        |
| <b>Mortality sensitivity - 5% decrease</b> |               |               |               |               |
| Insurance contracts - gross liabilities    | 387           | 387           | 423           | 423           |
| Insurance contracts - ceded liability      | 204           | 204           | 396           | 396           |
| Insurance contracts - asset                | -             | -             | -             | -             |
| Other financial assets                     | -             | (25)          | -             | (25)          |
| <b>Total including CSM</b>                 | <b>591</b>    | <b>346</b>    | <b>819</b>    | <b>809</b>    |
| <b>Total excluding CSM</b>                 | <b>(2,25)</b> | <b>(2,50)</b> | <b>(2,16)</b> | <b>(2,37)</b> |

**Interest rate**

| IFRS impact - £'000                     | 2023         |                | 2022       |                |
|-----------------------------------------|--------------|----------------|------------|----------------|
|                                         | Profit       | Equity         | Profit     | Equity         |
| <b>Interest rate - 1% increase</b>      |              |                |            |                |
| Insurance contracts - gross liabilities | 12,495       | 12,495         | 17,967     | 17,967         |
| Insurance contracts - ceded liability   | (1,015)      | (1,015)        | (4,029)    | (4,029)        |
| Insurance contracts - asset             | (12,264)     | (12,264)       | (13,823)   | (13,823)       |
| Other financial assets                  | -            | 2,678          | -          | 2,278          |
| <b>Total including CSM</b>              | <b>(784)</b> | <b>(3,462)</b> | <b>115</b> | <b>(2,162)</b> |
| <b>Total excluding CSM</b>              | <b>(53)</b>  | <b>(3,21)</b>  | <b>741</b> | <b>(1,53)</b>  |

| IFRS impact - £'000                     | 2023        |              | 2022           |              |
|-----------------------------------------|-------------|--------------|----------------|--------------|
|                                         | Profit      | Equity       | Profit         | Equity       |
| <b>Interest rate - 1% decrease</b>      |             |              |                |              |
| Insurance contracts - gross liabilities | (13,622)    | (13,622)     | (19,851)       | (19,851)     |
| Insurance contracts - ceded liability   | 1,237       | 1,237        | 4,626          | 4,626        |
| Insurance contracts - asset             | 12,264      | 12,264       | 13,823         | 13,823       |
| Other financial assets                  | -           | 2,382        | -              | 1,300        |
| <b>Total including CSM</b>              | <b>(12)</b> | <b>2,261</b> | <b>(1,402)</b> | <b>1,300</b> |
| <b>Total excluding CSM</b>              | <b>(42)</b> | <b>1,956</b> | <b>(1,80)</b>  | <b>181</b>   |

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**GBP exchange rate**

| IFRS impact - £'000                     | 2023         |                 | 2022         |                 |
|-----------------------------------------|--------------|-----------------|--------------|-----------------|
|                                         | Profit       | Equity          | Profit       | Equity          |
| <b>GBP exchange rate - 20% increase</b> |              |                 |              |                 |
| Insurance contracts gross liabilities   | 120,719      | 120,719         | 118,710      | 118,710         |
| Insurance contracts - ceded liability   | ( 9,222)     | ( 9,222)        | ( 11,984)    | ( 11,984)       |
| Insurance contracts - asset             | ( 110,366)   | ( 110,366)      | ( 105,534)   | ( 105,534)      |
| Other financial assets                  | 3,028        | ( 3,331)        | 3,783        | ( 3,746)        |
| <b>Total including CSM</b>              | <b>4,159</b> | <b>( 2,200)</b> | <b>4,975</b> | <b>( 2,554)</b> |
| <b>Total excluding CSM</b>              | <b>3,134</b> | <b>( 3,224)</b> | <b>4,187</b> | <b>( 3,342)</b> |

| IFRS impact - £'000                     | 2023            |              | 2022            |              |
|-----------------------------------------|-----------------|--------------|-----------------|--------------|
|                                         | Profit          | Equity       | Profit          | Equity       |
| <b>GBP exchange rate - 20% decrease</b> |                 |              |                 |              |
| Insurance contracts gross liabilities   | ( 120,784)      | ( 120,784)   | ( 119,198)      | ( 119,198)   |
| Insurance contracts - ceded liability   | 9,198           | 9,198        | 11,973          | 11,973       |
| Insurance contracts - asset             | 110,366         | 110,366      | 105,534         | 105,534      |
| Other financial assets                  | ( 3,028)        | ( 3,331)     | ( 3,783)        | ( 3,746)     |
| <b>Total including CSM</b>              | <b>( 4,248)</b> | <b>2,111</b> | <b>( 5,474)</b> | <b>2,055</b> |
| <b>Total excluding CSM</b>              | <b>( 3,134)</b> | <b>3,225</b> | <b>( 4,188)</b> | <b>3,343</b> |

**Non-life future claims**

| IFRS impact - £'000                          | 2023            |                 | 2022            |                 |
|----------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                              | Profit          | Equity          | Profit          | Equity          |
| <b>Non-life future claims - 10% increase</b> |                 |                 |                 |                 |
| Insurance contracts gross liabilities        | ( 6,116)        | ( 6,116)        | ( 6,911)        | ( 6,911)        |
| Insurance contracts - ceded liability        | ( 52)           | ( 52)           | ( 1,368)        | ( 1,368)        |
| Insurance contracts - asset                  | -               | -               | -               | -               |
| Other financial assets                       | -               | -               | -               | -               |
| <b>Total including CSM</b>                   | <b>( 6,168)</b> | <b>( 6,168)</b> | <b>( 8,279)</b> | <b>( 8,279)</b> |
| <b>Total excluding CSM</b>                   | <b>( 1,048)</b> | <b>( 1,048)</b> | <b>( 1,242)</b> | <b>( 1,242)</b> |

| IFRS impact - £'000                          | 2023         |              | 2022         |              |
|----------------------------------------------|--------------|--------------|--------------|--------------|
|                                              | Profit       | Equity       | Profit       | Equity       |
| <b>Non-life future claims - 10% decrease</b> |              |              |              |              |
| Insurance contracts gross liabilities        | 6,116        | 6,116        | 6,911        | 6,911        |
| Insurance contracts - ceded liability        | 91           | 91           | ( 825)       | ( 825)       |
| Insurance contracts - asset                  | -            | -            | -            | -            |
| Other financial assets                       | -            | -            | -            | -            |
| <b>Total including CSM</b>                   | <b>6,207</b> | <b>6,207</b> | <b>6,086</b> | <b>6,086</b> |
| <b>Total excluding CSM</b>                   | <b>1,131</b> | <b>1,131</b> | <b>1,340</b> | <b>1,340</b> |

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**21 Other payables**

The Company has the legal right to offset the reinsurance deposits included in the above table against the receivables due from reinsurers, which have arisen from reinsurance contracts (note 20). Other payables includes amounts such as sundry payables to policyholders, commercial insurance claims, management accruals and International Equity Fund (IEF) Fees.

|                                                | <b>2023</b>   | <b>2022</b>   |
|------------------------------------------------|---------------|---------------|
| Payables relating to investment contracts      | 29,452        | 19,974        |
| Payables arising out of reinsurance operations | 1,906         | 2,148         |
| Reinsurance deposits                           | -             | 1,049         |
| Amounts payable to intermediaries              | 1,235         | 1,545         |
| Income Tax                                     | 651           | 960           |
| Payable to other related parties               | 30            | 94            |
| Social security and other tax payables         | 38            | 4,662         |
| Investment trade settlements due               | 32            | 1,066         |
| Unearned premiums received                     | 54            | 1,696         |
| Expense accruals                               | 9,320         | 12,988        |
| Other accruals                                 | 210           | 903           |
| Lease liabilities                              | 990           | 2,023         |
| Other payables                                 | 995           | 2,724         |
| <b>Total other payables</b>                    | <b>44,913</b> | <b>51,832</b> |

Investment trade settlements due relate to brokers control and fluctuates between a receivable and a payable on a quarterly basis. The Company has the legal right to offset the reinsurance deposits included in the above table against the receivables due from reinsurers, which have arisen from reinsurance contracts.

The expense accruals include items such as general expenses, staff bonus accrual, negative portfolio bond policies and other policyholder amounts. Included within other accruals there are amounts for accrued commercial insurance premiums and expected credit losses.

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**21 Other payables (continued)**

| <b>Lease liabilities</b> | <b>2023</b> | <b>2022</b>  |
|--------------------------|-------------|--------------|
| Opening amount           | 2,023       | 2,943        |
| Interest charge          | 88          | 147          |
| Lease payment            | (1,112)     | (1,121)      |
| Exchange difference      | (9)         | 54           |
| <b>Closing amount</b>    | <b>990</b>  | <b>2,023</b> |

The service charges relating to these lease contracts are included within insurance service and other operating expenses (note 7) and amounts to £229 (2022: £197).

The lease agreement in Guernsey imposes covenants on the Company that are in the ordinary course of a lease agreement such as restriction of use, compliance with laws and reasonable repair. The lease agreement expires on 2 April 2025, with an option to renew. The lease of the Swiss Branch office has been classified as a short-term lease as it is a rolling lease agreement with a 6-month termination period. The lease of the Hong Kong Branch office expires on 31 January 2024 and has been renewed until 31 January 2027. Please refer to note 4.5 for a maturity analysis of the lease liability.

**22 Deferred income liability**

|                                                            | <b>2023</b>    | <b>2022</b>    |
|------------------------------------------------------------|----------------|----------------|
| Deferred income liability                                  | 172,422        | 210,282        |
|                                                            | <b>172,422</b> | <b>210,282</b> |
| Current portion                                            | 20,579         | 24,318         |
| Non-current portion                                        | 151,843        | 185,964        |
| <b>Total deferred income liability</b>                     | <b>172,422</b> | <b>210,282</b> |
| <b>Deferred income liability at 1 January</b>              | <b>210,282</b> | <b>237,942</b> |
| Fees received and deferred during the year                 | 8,390          | 10,027         |
| Recognised as fee income in profit or loss during the year | (46,250)       | (37,687)       |
| <b>Deferred income liability at 31 December</b>            | <b>172,422</b> | <b>210,282</b> |

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**23 Share capital**

|                               | Number of<br>authorised shares | Number of issued<br>and fully paid up<br>shares | Share Capital<br>£ |
|-------------------------------|--------------------------------|-------------------------------------------------|--------------------|
| As at 31 December 2022        | 150,000,000                    | 100,230,699                                     | 100,230,699        |
| <b>As at 31 December 2023</b> | <b>150,000,000</b>             | <b>100,230,699</b>                              | <b>100,230,699</b> |

All amounts shown represent actual figures and are not rounded or '000s amounts.

These shares all belong to one class of share capital and all issued shares are fully paid at par value of £1. There have been no changes to the numbers of shares outstanding or issues during the period. There are no rights or restrictions attached to this class of shares, and no shares are held by the entity its subsidiaries or associates. No shares have been reserved for issue under options or contracts for sale.

**24 Retained earnings and other reserves**

|                                             | 2023          | * restated<br>2022 |
|---------------------------------------------|---------------|--------------------|
| Hong Kong required solvency margin          | 4,179         | 4,770              |
| BVI minimum solvency margin                 | 294           | 310                |
| <b>Non distributable reserve</b>            | <b>4,473</b>  | <b>5,080</b>       |
| Unrealised gains / (losses) on FA at FVTOCI | (4,787)       | (8,776)            |
| Foreign currency translation reserve        | 7,635         | 7,635              |
| Defined benefit plan reserve                | 4,469         | 5,450              |
| Revenue reserve                             | 35,958        | 44,211             |
| <b>Total reserves</b>                       | <b>47,748</b> | <b>53,600</b>      |

**Hong Kong Required Solvency Margin and BVI Minimum Solvency Margin**

The Company has designated certain retained earnings as non-distributable in the normal course of business, in order to comply with Hong Kong and BVI regulatory solvency requirements.

**Currency Translation Reserve**

The currency translation reserve arose on the redenomination in 1999 of the Company's share capital with additional amounts noted in this reserve to reflect the changes made to the presentation currency on the sale of the Company to Utmost Local in 2019.

**Revenue Reserve**

The revenue reserve forms the balance of the shareholders' equity. It is fully distributable, subject to the constraints imposed by the requirements of the Company (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002.

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**25 Discontinued operations**

On February 2019, the Board stated its intention to cease selling non-life insurance policies. In December 2021, the company billed the final premiums from its Bahamian non-life medical policies and in May 2022, it billed the final premiums from its Cayman non-life medical policies. As the company's obligations to pay claims on these policies ceased 6 months following the last billing of premiums, all obligations relating to the medical business ceased by 31 December 2022. The medical insurance business is the only operation presented as a discontinued operation in 2022. Please refer to notes 28.1 and 28.2 for a further breakdown. There are no balances for 2023.

The post-tax loss on the discontinued operations was determined as follows:

| <b>Results of discontinued operations</b> | <b>2022</b>       |
|-------------------------------------------|-------------------|
| Total income                              | 27                |
| Net insurance benefits and claims         | 310               |
| Expenses                                  | (83)              |
| Profit                                    | <u><u>254</u></u> |

**Statement of cash flows**

The statement of cash flows includes the following amounts relating to discontinued operations:

|                                       | <b>2022</b>       |
|---------------------------------------|-------------------|
| Operating activities                  | 251               |
| Investing activities                  | 3                 |
| Net cash from discontinued operations | <u><u>254</u></u> |

**26 Contingencies, commitments and guarantees**

In the normal course of business, the Company is subject to matters of litigation or arbitration. While there can be no assurances, at this time the directors believe, based on the information currently available to them, that it is not probable that the ultimate outcome of any of these matters will have a material adverse effect on the financial condition of the Company.

In cases where the probability is more likely than not that cash outflows will occur, a provision is made within the financial statements and presented as part of payables (note 21).

The Company is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and it has complied with all the local solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with these regulations.

There are no outstanding commitments as at 31 December 2023 nor 31 December 2022.

**27 Business sector report of Utmost Worldwide Limited for the Utmost Worldwide Limited Hong Kong Branch regulated by the Hong Kong Insurance Authority ("HKIA")**

The following tables reconcile the full statement of financial position, including non-monetary assets and liabilities, to the classes and portfolios used in the Company's ALM framework. It is included in the audited financial statements of the Company in order to provide detail to the Hong Kong Insurance Authority in relation to the various Hong Kong business classes in which the Company operates.

The comparative business sector report for 2022 remains the same as it was submitted to the HKIA in 2022 and per the signed 2022 financial statements, and has not been amended to coincide with the new IFRS 17 presentation. This is to ensure that it coincides with the returns submitted to the HKIA.

The business sector report for 2023 has been aligned with the 2023 HKIA returns submitted to the regulator and will not always correspond to the totals on the balance sheet.

**UTMOST WORLDWIDE LIMITED**  
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**27 Business sector report of Utmost Worldwide Limited for the Utmost Worldwide Limited Hong Kong Branch regulated by the Hong Kong Insurance Authority (HKIA) (continued)**

| 2023 | Hong Kong business class                                                     | Annuities        |               | Contracts with DPF |                  | Unit Unlinked Contracts  |                           | Short Term Insurance Contracts       |                                    | Corporate      |                |
|------|------------------------------------------------------------------------------|------------------|---------------|--------------------|------------------|--------------------------|---------------------------|--------------------------------------|------------------------------------|----------------|----------------|
|      |                                                                              | A                | C & G         | C                  | C & H            | Health & Other Insurance | A & Supplementary General | Other Financial Assets & Liabilities | Other Assets, Liabilities & Equity |                |                |
|      | <b>Assets</b>                                                                |                  |               |                    |                  |                          |                           |                                      |                                    |                |                |
|      | Deferred acquisition costs                                                   | 134,647          | -             | -                  | -                | -                        | -                         | -                                    | -                                  | 134,647        | -              |
|      | Property, plant and equipment                                                | 1,644            | -             | -                  | -                | -                        | -                         | -                                    | -                                  | 1,644          | -              |
|      | Reinsurance contract assets                                                  | 60,644           | 7,256         | -                  | -                | -                        | -                         | 53,388                               | -                                  | -              | -              |
|      | <b>Financial assets at fair value held to cover linked liabilities</b>       |                  |               |                    |                  |                          |                           |                                      |                                    |                |                |
|      | Financial investments                                                        | 2,879,474        | -             | 10,638             | 2,868,836        | -                        | -                         | -                                    | -                                  | -              | -              |
|      | Cash and cash equivalents                                                    | 150,833          | -             | 461                | 150,372          | -                        | -                         | -                                    | -                                  | -              | -              |
|      | <b>Total financial assets at fair value held to cover linked liabilities</b> | <b>3,030,307</b> | <b>-</b>      | <b>11,099</b>      | <b>3,019,208</b> | <b>-</b>                 | <b>-</b>                  | <b>-</b>                             | <b>-</b>                           | <b>-</b>       | <b>-</b>       |
|      | Investment in subsidiaries & associates                                      | 459              | -             | -                  | -                | -                        | -                         | -                                    | -                                  | 459            | -              |
|      | Other investments                                                            | 659,462          | 340,639       | -                  | 39,388           | -                        | -                         | 102,468                              | -                                  | 112,977        | -              |
|      | Other receivables                                                            | 24,313           | 2,116         | -                  | 1,451            | -                        | -                         | 6,266                                | -                                  | 13,064         | -              |
|      | Cash & cash equivalents                                                      | 45,845           | (314)         | 306                | 1,181            | -                        | -                         | 11,632                               | -                                  | 30,792         | -              |
|      | Cash – Hong Kong solvency margin held                                        | 4,179            | 414           | 24                 | 119              | -                        | -                         | 3,389                                | -                                  | -              | -              |
|      | <b>Total assets</b>                                                          | <b>3,961,500</b> | <b>72,762</b> | <b>345,236</b>     | <b>3,061,347</b> | <b>11,429</b>            | <b>3,061,347</b>          | <b>177,143</b>                       | <b>-</b>                           | <b>293,583</b> | <b>-</b>       |
|      | <b>Liabilities</b>                                                           |                  |               |                    |                  |                          |                           |                                      |                                    |                |                |
|      | Investment contract liabilities                                              | 2,808,774        | -             | 1                  | 2,808,773        | -                        | -                         | -                                    | -                                  | -              | -              |
|      | Insurance contract liabilities                                               | 739,465          | 343,446       | 10,528             | 203,333          | -                        | -                         | 110,937                              | -                                  | -              | -              |
|      | Deferred tax liabilities                                                     | 2,166            | -             | -                  | -                | -                        | -                         | -                                    | -                                  | -              | 2,166          |
|      | Reinsurance payables                                                         | 43,602           | 147           | -                  | -                | -                        | -                         | 41,549                               | -                                  | 1,906          | -              |
|      | Payables related to direct insurance contracts                               | 3,434            | 1,434         | 494                | 36               | -                        | -                         | 228                                  | -                                  | 1,242          | -              |
|      | Deferred income liability                                                    | 172,422          | -             | -                  | -                | -                        | -                         | -                                    | -                                  | 172,422        | -              |
|      | Other payables                                                               | 43,658           | (10,367)      | 873                | 24,708           | -                        | -                         | 22,891                               | -                                  | 6,190          | -              |
|      | Shareholder equity                                                           | 147,979          | -             | -                  | -                | -                        | -                         | -                                    | -                                  | -              | 147,979        |
|      | <b>Total liabilities and equity</b>                                          | <b>3,961,500</b> | <b>62,435</b> | <b>343,303</b>     | <b>3,036,850</b> | <b>11,402</b>            | <b>3,036,850</b>          | <b>175,605</b>                       | <b>-</b>                           | <b>181,760</b> | <b>150,145</b> |

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**27 Business sector report of Utmost Worldwide Limited Hong Kong Branch regulated by the Hong Kong Insurance Authority (HKIA) (continued)**

| 2022                                                                               | Annuities        |               | Contracts with DPF |               | Unit Linked Contracts |                | Investment Contracts     |                           | Short Term Insurance Contracts       |              | Corporate    |              | Other Assets, Liabilities & Equity |
|------------------------------------------------------------------------------------|------------------|---------------|--------------------|---------------|-----------------------|----------------|--------------------------|---------------------------|--------------------------------------|--------------|--------------|--------------|------------------------------------|
|                                                                                    | A                |               | C & G              |               | C                     | C & H          | Health & Other Insurance | A & Supplementary General | Other Financial Assets & Liabilities | N/A          | N/A          |              |                                    |
| <b>Hong Kong business class</b>                                                    |                  |               |                    |               |                       |                |                          |                           |                                      |              |              |              |                                    |
| <b>Hong Kong business class</b>                                                    |                  |               |                    |               |                       |                |                          |                           |                                      |              |              |              |                                    |
| Investment in subsidiaries & associates                                            | 459              | -             | -                  | -             | -                     | -              | -                        | -                         | -                                    | -            | -            | 459          | -                                  |
| <b>Financial assets at fair value through OCI:</b>                                 |                  |               |                    |               |                       |                |                          |                           |                                      |              |              |              |                                    |
| Corporate bonds, covered bonds, structured note                                    | 33,220           | -             | -                  | -             | -                     | -              | -                        | -                         | -                                    | -            | -            | 33,220       | -                                  |
| Government bonds                                                                   | 121,738          | -             | -                  | -             | -                     | 40,741         | -                        | -                         | -                                    | -            | -            | 80,997       | -                                  |
| <b>Financial assets at fair value through profit and loss:</b>                     |                  |               |                    |               |                       |                |                          |                           |                                      |              |              |              |                                    |
| Corporate bonds, covered bonds, structured note                                    | 188,883          | 34,129        | 119,799            | -             | -                     | -              | -                        | 34,955                    | -                                    | -            | -            | -            | -                                  |
| Government bonds                                                                   | 300,144          | 34,204        | 209,664            | -             | -                     | -              | -                        | 56,276                    | -                                    | -            | -            | -            | -                                  |
| Investment funds                                                                   | 22,181           | -             | 4,225              | -             | -                     | -              | -                        | 6,308                     | -                                    | -            | -            | 11,648       | -                                  |
| <b>Assets backing liabilities - policyholder risk:</b>                             |                  |               |                    |               |                       |                |                          |                           |                                      |              |              |              |                                    |
| Equity securities                                                                  | 164,828          | -             | -                  | -             | -                     | -              | 164,828                  | -                         | -                                    | -            | -            | -            | -                                  |
| Corporate bonds, covered bonds, structured note                                    | 81,074           | -             | -                  | -             | -                     | -              | 81,074                   | -                         | -                                    | -            | -            | -            | -                                  |
| Government bonds                                                                   | 26,095           | -             | -                  | -             | -                     | -              | 26,095                   | -                         | -                                    | -            | -            | -            | -                                  |
| Investment funds                                                                   | 2,603,302        | -             | -                  | -             | 11,597                | -              | 2,591,705                | -                         | -                                    | -            | -            | -            | -                                  |
| Policyholder cash and cash equivalents                                             | 175,693          | -             | -                  | -             | 171                   | -              | 175,522                  | -                         | -                                    | -            | -            | -            | -                                  |
| Other policyholder financial assets                                                | 247              | -             | -                  | -             | -                     | -              | 247                      | -                         | -                                    | -            | -            | -            | -                                  |
| Derivatives                                                                        | 74               | -             | -                  | -             | -                     | -              | 74                       | -                         | -                                    | -            | -            | -            | -                                  |
| Amount ceded to reinsurers from insurance provisions                               | 63,357           | 359           | -                  | -             | -                     | -              | -                        | 62,998                    | -                                    | -            | -            | -            | -                                  |
| Receivables arising out of direct insurance operations - due from contract holders | 20,432           | -             | -                  | -             | -                     | -              | -                        | 20,388                    | -                                    | -            | -            | 44           | -                                  |
| Other receivables                                                                  | 2,182            | -             | -                  | -             | -                     | -              | -                        | 2                         | -                                    | -            | -            | 2,180        | -                                  |
| Other assets                                                                       | 183,152          | 1,504         | 1,049              | -             | -                     | 92             | -                        | 512                       | -                                    | -            | -            | 176,743      | 3,252                              |
| Cash & cash equivalents                                                            | 49,335           | 413           | 4,822              | 5,254         | -                     | 5,203          | -                        | 16,068                    | -                                    | -            | -            | 17,575       | -                                  |
| Cash - Hong Kong solvency margin held                                              | 4,770            | 438           | 195                | 26            | -                     | 139            | -                        | 3,971                     | -                                    | -            | -            | -            | -                                  |
| <b>Total assets</b>                                                                | <b>4,041,166</b> | <b>71,047</b> | <b>339,754</b>     | <b>17,048</b> | <b>3,085,720</b>      | <b>201,478</b> | <b>322,866</b>           | <b>3,252</b>              | <b>3,252</b>                         | <b>3,252</b> | <b>3,252</b> | <b>3,252</b> | <b>3,252</b>                       |

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**27 Business sector report of Utmost Worldwide Limited for the Utmost Worldwide Limited Hong Kong Branch regulated by the Hong Kong Insurance Authority (HKIA) (continued)**

| 2022                                                       | Annuities        |               | Contracts with DPF |               | Unit Linked Contracts |                           | Short Term Insurance Contracts |                                      |     | Corporate |   | Other Assets, Liabilities & Equity |
|------------------------------------------------------------|------------------|---------------|--------------------|---------------|-----------------------|---------------------------|--------------------------------|--------------------------------------|-----|-----------|---|------------------------------------|
|                                                            | Total            | A             | C & G              | C             | C & H                 | A & Supplementary General | Health & Other Insurance       | Other Financial Assets & Liabilities | N/A | N/A       |   |                                    |
| Hong Kong business class                                   |                  |               |                    |               |                       |                           |                                |                                      |     |           |   |                                    |
| Insurance provisions direct insurance                      | 533,616          | 52,579        | 336,350            | 11,764        | -                     | 131,148                   | -                              | 1,775                                | -   | -         | - | -                                  |
| Insurance provisions accepted insurance                    | 20,602           | 13,503        | -                  | -             | -                     | 7,099                     | -                              | -                                    | -   | -         | - | -                                  |
| Financial liabilities at fair value through profit & loss: |                  |               |                    |               |                       |                           |                                |                                      |     |           |   |                                    |
| Investment contracts - policyholder risk                   | 3,030,901        | -             | -                  | -             | -                     | -                         | 3,030,901                      | -                                    | -   | -         | - | -                                  |
| Trade & other payables                                     | 29,480           | -             | 1,508              | 0             | 22,156                | 4,743                     | 1,073                          | -                                    | -   | -         | - | -                                  |
| Payables - arising out of direct insurance                 | 3,888            | 1,076         | 520                | 280           | -                     | 460                       | 1,552                          | -                                    | -   | -         | - | -                                  |
| Payables - arising out of reinsurance operations           | 51,129           | 534           | -                  | -             | -                     | 48,611                    | 1,984                          | -                                    | -   | -         | - | -                                  |
| Other liabilities                                          | 2,023            | -             | -                  | -             | -                     | 0                         | -                              | -                                    | -   | -         | - | 2,023                              |
| Accruals & deferred income, (debtors) and creditors        | 225,869          | 11,796        | 1,180              | 433           | 882                   | 5,445                     | 231,489                        | -                                    | -   | -         | - | -                                  |
| Shareholder equity                                         | 143,658          | -             | -                  | -             | -                     | -                         | -                              | -                                    | -   | -         | - | 143,658                            |
| Total liabilities and equity                               | <b>4,041,166</b> | <b>55,896</b> | <b>339,558</b>     | <b>12,477</b> | <b>3,052,175</b>      | <b>197,506</b>            | <b>237,873</b>                 | <b>145,681</b>                       |     |           |   |                                    |

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**28.1 Business sector report of The Bahamas direct business regulated by The Insurance Commission of The Bahamas**

This business was discontinued in 2022, therefore there are no 2023 balances.

**Balance Sheet**

|                                                        | <b>2022</b>         |                     |
|--------------------------------------------------------|---------------------|---------------------|
|                                                        | <b>£</b>            | <b>B\$</b>          |
| <b>Assets</b>                                          |                     |                     |
| Receivables                                            |                     |                     |
| Receivables arising out of direct insurance operations | 2,585               | 3,126               |
| Other receivables                                      | 1                   | 2                   |
| Cash and cash equivalent                               | 3,758               | 4,546               |
| Accrued income and prepayments                         | 8                   | 10                  |
|                                                        | <u><b>6,352</b></u> | <u><b>7,684</b></u> |
| <b>Liabilities</b>                                     |                     |                     |
| Revenue reserves                                       | 1,028               | 171                 |
| Payables                                               |                     |                     |
| Other payables                                         | 4,644               | 5,617               |
| Other liabilities                                      | 680                 | 1,895               |
|                                                        | <u><b>6,352</b></u> | <u><b>7,683</b></u> |

**Income Statement**

|                                      | <b>2022</b>         |                   |
|--------------------------------------|---------------------|-------------------|
|                                      | <b>£</b>            | <b>B\$</b>        |
| Gross earned premiums                | 44                  | 53                |
| Earned premium ceded                 | (44)                | (53)              |
| Net earned premiums                  | <u>-</u>            | <u>-</u>          |
| Interest and other investment income | 2                   | 2                 |
| Total income                         | <u>2</u>            | <u>2</u>          |
| Net insurance benefits and claims    | 136                 | 169               |
| Unrealised gains on foreign currency | 890                 | -                 |
| Total expenses                       | <u>1,026</u>        | <u>169</u>        |
| <b>Profit before tax</b>             | <b>1,028</b>        | <b>171</b>        |
| Income taxes                         | -                   | -                 |
| <b>Profit for the year</b>           | <u><b>1,028</b></u> | <u><b>171</b></u> |

All income and net insurance benefit claims relate to the discontinued Medical business.

B\$ - Bahamian Dollars

Table included as part of the requirement for regulatory reporting in The Bahamas.

**UTMOST WORLDWIDE LIMITED**  
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**28.2 Business sector report of the Cayman Islands direct business regulated by the Cayman Island Monetary Authority**

This business was discontinued in 2022, therefore there are no 2023 balances.

**Balance Sheet**

|                                                     | <b>2022</b>         |                     |
|-----------------------------------------------------|---------------------|---------------------|
|                                                     | £                   | \$                  |
| <b>Assets</b>                                       |                     |                     |
| Receivables                                         |                     |                     |
| Receivables arising out of reinsurance operations   | 830                 | 1,004               |
| Cash and cash equivalents                           | <u>6,931</u>        | <u>8,383</u>        |
|                                                     | <u><b>7,761</b></u> | <u><b>9,387</b></u> |
| <b>Liabilities</b>                                  |                     |                     |
| Revenue reserve                                     | 2,400               | 1,101               |
| Payables                                            |                     |                     |
| Payables arising out of direct insurance operations | 1,049               | 1,269               |
| Payables arising out of reinsurance operations      | 162                 | 196                 |
| Other payables                                      | 49                  | 60                  |
| Other liabilities                                   | <u>4,101</u>        | <u>6,761</u>        |
|                                                     | <u><b>7,761</b></u> | <u><b>9,387</b></u> |

\$ - United States Dollars

Table included as part of the requirement for regulatory reporting in the Cayman Islands.

**UTMOST WORLDWIDE LIMITED**  
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All amounts are in £'000 unless  
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**28.2 Business sector report of the Cayman Islands direct business regulated by the Cayman Island Monetary Authority (continued)**

This business was discontinued in 2022 therefore there are no 2023 balances.

**Income Statement**

|                                                                    | <b>2022</b>         |                     |
|--------------------------------------------------------------------|---------------------|---------------------|
|                                                                    | <b>£</b>            | <b>\$</b>           |
| Gross earned premiums                                              | 386                 | 528                 |
| Earned premium ceded                                               | (349)               | (482)               |
| <b>Net earned premiums</b>                                         | <u>37</u>           | <u>46</u>           |
| Interest and other investment income                               | 1                   | -                   |
| Other income                                                       | 24                  | 31                  |
| <b>Total Income</b>                                                | <u>62</u>           | <u>77</u>           |
| Net insurance benefits and claims                                  | 861                 | 1,041               |
| Expenses for the acquisition of insurance and investment contracts | (13)                | (15)                |
| Gains on foreign currency and revaluations                         | 1,490               | (2)                 |
| <b>Total expenses</b>                                              | <u>2,338</u>        | <u>1,024</u>        |
| <b>Profit before tax</b>                                           | <b>2,400</b>        | <b>1,101</b>        |
| Income taxes                                                       | -                   | -                   |
| <b>Profit for the year</b>                                         | <u><b>2,400</b></u> | <u><b>1,101</b></u> |

The split between Protection and discontinued Medical business is as follows:

|                                                  |                   |
|--------------------------------------------------|-------------------|
|                                                  | <b>2022</b>       |
|                                                  | <b>£</b>          |
| Medical Income                                   | 25                |
| Protection Income                                | 37                |
| <b>Total Income</b>                              | <u><b>62</b></u>  |
|                                                  | <b>2022</b>       |
| Medical net insurance benefits and claims        | 172               |
| Protection net insurance benefits and claims     | 689               |
| <b>Total Net insurance benefits and claims</b>   | <u><b>861</b></u> |
|                                                  | <b>2022</b>       |
| Protection Expenses                              | 13                |
| <b>Expenses (excluding revaluation movement)</b> | <u><b>13</b></u>  |

\$ - United States Dollars

Table included as part of the requirement for regulatory reporting in the Cayman Islands

**29 Related-party balances and transactions**

The following transactions were carried out with related parties

**a) Key management personnel compensation**

|                                               | <b>2023</b> | <b>2022</b> |
|-----------------------------------------------|-------------|-------------|
| Salaries & other short term employee benefits | 1,032       | 1,978       |
| Post-employment benefit                       | 106         | 110         |

**b) Balances and transactions with parent company**

|                                                                   | <b>2023</b> | <b>2022</b> |
|-------------------------------------------------------------------|-------------|-------------|
| Receivable from Utmost International Group Holdings Limited (UIG) | 5           | 44          |
| Prepaid expenses to UIG                                           | (170)       | (170)       |
| Accrued expenses UIG                                              | -           | (144)       |
| Dividend paid to UIG                                              | 45,000      | 60,000      |
| Expenses from UIG                                                 | 556         | 694         |

**c) Balances and transactions with subsidiaries**

|                                                              | <b>2023</b> | <b>2022</b> |
|--------------------------------------------------------------|-------------|-------------|
| Receivable UPM                                               | 72          | 103         |
| Receivable Utmost International Middle East Limited ("UIME") | 90          | 243         |
| Payable to UPM                                               | -           | (19)        |
| Accrued expenses UPM                                         | (127)       | (123)       |
| Payable to UIME                                              | (30)        | (76)        |
| Management and service fees UPM                              | 671         | 692         |
| Administrative expenses UIME                                 | 315         | 486         |

Management and service fees above are presented as part of the purchases of other goods and services within insurance service and other operating expenses in note 7.

**29 Related-party balances and transactions (continued)**

**d) Balances and transactions with other related parties**

|                                                           | <b>2023</b> | <b>2022</b> |
|-----------------------------------------------------------|-------------|-------------|
| Receivable from Utmost Services Ireland Limited (USIL)    | -           | 191         |
| Receivable from UtmostPanEurope DAC (UPE)                 | 38          | -           |
| Receivable from Utmost Holdings Isle of Man Limited (IOM) | 292         | 534         |
| Prepaid expenses to IOM                                   | 4           | 4           |
| Receivable from Utmost Life and Pension Limited (ULP)     | -           | 1           |
| Receivable from Utmost Switzerland GmbH                   | 14          | 54          |
| Accrued expenses USIL                                     | (31)        | (142)       |
| Accrued expenses UPE                                      | (81)        | -           |
| Accrued expenses IOM                                      | (99)        | -           |
| Administrative expenses USIL                              | 2,336       | 3,741       |
| Administrative expenses IOM                               | 238         | 166         |

Related party receivables are presented as part of receivables in note 15. Prepaid expenses are presented as part of other prepayments also within note 15. Accrued expenses are presented as part of other payables in note 21. Payables are presented as part of payables to other related parties in note 21. Administrative expenses are shown as part of insurance service and other operating expenses in note 7.

**e) Balances in relation to reinsurance**

|                                    | <b>2023</b> | <b>2022</b> |
|------------------------------------|-------------|-------------|
| Amounts payable to related parties | (11,159)    | (10,789)    |

This balance is comprised of £9.3 million of investment contracts reinsured payable to UPE, and the remainder consists of investments in internal funds whereby UPE's policyholders invest in funds of the Company. Please refer to note 12.

**f) Retirement benefit obligations**

Transactions and balances arising from the Company's retirement benefit obligations are disclosed in note 17.

The Company shares its offices with some of its subsidiaries and other related parties. Some services are purchased by one related party on behalf of all and the costs allocated on an equitable basis. These recharges typically cover areas such as office services, shared personnel costs, rent and rates. Refer to section c) and d) for the detail.

**30 Events after the balance sheet date**

No subsequent events have been identified which have a significant effect on the balance sheet date.

Based on the above, the Directors consider that the Company remains a going concern.