

Company registration number (England and Wales): 01151522

KIRLY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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KIRLY LIMITED

COMPANY INFORMATION

Company Registration Number 01151522

COMPANY PERSONNEL

Directors M W Johnson
 M A Johnson

COMPANY ADDRESSES

Registered office 11 Luard Road
 Cambridge
 CB2 8PJ

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

KIRLY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors

The directors who held office at any time during the year are listed below:

M W Johnson

M A Johnson

Results and dividends

The loss for the year after taxation was £3,849,404 (2021: loss £3,367,237). Ordinary dividends were paid during the year amounting to £1,126,792 (2021: £69,125). A final dividend of £1,126,792 was declared on 28 December 2022, payable on 25 January 2023.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations and in accordance with UK Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information (information needed by the group's and company's auditors in connection with preparing their report) of which the auditors of the group and company are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the group and company are aware of that information.

Approved by the Board on 20 September 2023 and signed on its behalf by:



M W Johnson
Director

KIRLY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors have pleasure in presenting their strategic report for the year ended 31 December 2022.

Fair review of the business

The group's total capital and reserves at the year end were £31,249,696 (2021: £36,227,730).

In 2019 Kirly Limited bought substantially all the share capital of the old NW Brown Group and we renamed it Kirly Group Holdings Limited. KGH had sold its main operating subsidiary to Brown Shipley and the sale proceeds were partly cash but partly deferred. At the current date we have significant uncertainties as to the collectability of the entire proceeds due from Brown Shipley as they have lost a number of clients and also believe that a rather expensive, and in our view unnecessary review of advice given to clients who were and remain happy with the outcome of that advice should be made at our expense. The sale and purchase agreement provided for arbitration in the event we did not agree, and this unfortunately almost wholly went against us. In particular it held the clauses we had deliberately inserted to prevent Brown Shipley making contact with clients to encourage complaints without our say so was held to be ineffective. It also held that the wholesale transfer of the business away from NW Brown Investment Management to Brown Shipley was not of itself a major business change. We have not proceeded to an expert determination of the claims for client losses at this stage as we are awaiting an offer from Brown Shipley which, as we write, is meant to be made in the next few weeks. There is therefore still a material uncertainty as to how much of the payment due can properly be withheld by Brown Shipley. See note 3 paragraph iv for further details.

In the last few years we have noted that the effect of COVID-19 on your company was considerable. In summary our insurance claims were about £500,000, our losses in Freedom slightly more and we wrote off a similar amount on our investment in Life's Kitchen. In 2022 we continued to lose money in Freedom, and the new subsidiary LK Catering and Events (which trades as Life's Kitchen) has also lost money. The travel insurance business has now returned to profitability as we write and a profit or breakeven is possible for 2023. The London insurance market has seen large increases in insurance rates generally and we confidently expect a significantly more profitable future as the higher rates come through to the bottom line. We have 1 more year when we will write down the goodwill created by the acquisition of NW Brown, this amounts to £3,913,423 in 2023 but thereafter disappears. We are confident that our profits in 2023 before this charge will increase.

Our largest insurance operation is Chariot (II) Underwriting. This company shows a loss of £571,035 in 2022 compared to a loss of £485,304 in 2021. In Paddock St Holdings we have continued to be active in our development programme reported on in Alex's report below. The company remains in a good financial position and its profits should increase as we sell more units in the current developments. We remain able and willing to finance development of our properties and expansion of our insurance companies when opportunities arise. The acquisition of various assets from the liquidators of the old Chrysalis VCT was substantially delayed and did not finally complete until well into 2022. Victoria comments further on this acquisition below. We, as most businesses, continue to suffer from Brexit. We have previously described the total loss of our Irish business and the withdrawal from the market of major travel underwriters. We eventually found a new underwriter for the mainstream Freedom business but it took months for the new arrangement to be completely bedded in. The FCA promptly threw out the application of our insurer to continue underwriting under the new post Brexit regime and we cannot be certain we will replace them in a wholly satisfactory manner yet. The abject failure of the government to achieve mutual recognition in Financial Services has now led to a situation where we need to move insurers again, a most unwelcome development which we can cope with rather better than before but will still cost money.

The main risks to our continued profitability remain significant: catastrophe claims or a downturn in the commercial property market. Commercial property prices are currently 10% off their top and as we have at the time of writing 26 unsold apartments in Cambridge any further downturn in residential property in the next few months could prove costly. As some of the reserves and the capital backing our Lloyd's underwriting is invested in equities we remain exposed to stock exchange valuations.

Alex Axiom writes about Paddock St Holdings (PSH) and our other property interests:

Self Occupied Properties

Pembroke House:

The property is currently fully tenanted and at the moment we are unlikely to redevelop for some years. This is because, before we sold the operating company of our investment management business to Brown Shipley, we granted a 10 year lease, and if we commenced the building work to provide apartments in the empty plot it would seriously disrupt the office accommodation. The most likely plan for the building is to turn the existing Victorian school building into flats and build another one or two blocks at the rear and to the side utilising the existing car park. This would be our largest development to date if the 3 possible projects all came to fruition.

KIRLY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Fair review of the business (continued)

Freedom House:

Our fellow subsidiary Freedom Insurance Services operates from this building and is likely to do so for at least the next few years. Under the latest planning rules it seems likely we could not only convert the existing three floors to residential, but also add an extra floor. This would be an exciting development right in the middle of the fast-growing market town of St Neots but as long as we can operate there profitably ourselves we can wait to realise the full potential of the building.

Sales of Developed Properties

18 to 20 Paddock St:

We disposed of this site during the year at a valuation well in excess of its carrying value. During our ownership substantial improvements were undertaken, mainly at our tenant's expense, but the result was that it became significantly more valuable as a specialist servicing centre than it had been as a warehouse and it was for this purpose we sold it. We supply electricity to this site from number 36, see below.

Cherry Trees Apartments:

We completed the Cherry Trees development in 2021 and in the course of 2022, we made 13 sales of apartments. Because the rise in interest rates and significant changes in the rules regarding buy to let both conspired to reduce demand substantially we decided to let a number of the apartments whilst awaiting sale, and accordingly, as we write this report about one third of the development has been let, one half sold and four apartments remain vacant awaiting sale. Sales interest has begun to pick up in the last few weeks, and we remain hopeful that we can dispose of a significant proportion of the remaining empty properties during the course of 2023. If for any reason sales lag, then we will be very tempted to let more, the rental market for such properties appears still to be very firm. We have commenced a marketing campaign to sell all the let properties as a package but to date have not found any interest at all.

Strategic Land Holdings

36 Paddock Street:

Having financed the addition of significant floor area and new external walls in 2022 we took the opportunity of replacing the roof to install electric power generation of a capacity in excess of 100,000 kWh per annum. For the moment this has delayed any plans for disposal of the much improved building as the power generation will potentially become a more important revenue generator than the current use as a place of worship. If the power generation proves as remunerative as it is forecast to be we may well look at doing the same to other buildings.

41 Lower Farm Road:

This is the old warehouse operated by our previous fellow subsidiary, Anglian Archives, and we are currently letting it, but have the possibility of a sale in the reasonably short term. Under our ownership, we have made substantial improvements to the office space, and have installed a thriving gym on the ground floor. The main warehouse is currently leased to the owners of a machinery business next door.

Active Developments

53 Barker Street:

This is the most dilapidated of our properties, and we have previously intended demolition and temporary use as a car park, but such is the demand for temporary accommodation in small industrial units that the premises are now fully occupied, and we are considering whether we might establish this as a separate operating subsidiary to provide managed short-term business units, sometimes known as incubator space. Pursuant to this we have made improvements to the shared facilities and are currently expanding the car parking area. As with 36 Paddock St we are considering development of electricity generating capacity on the site.

KIRLY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Fair review of the business (continued)

Chartwell House:

This development of 11 apartments is now complete and on the market. The development has been done to a very high standard, and everyone is very impressed with the result, but we now need to see this turned into actual sales. The position is right, the product is right, now we just need the purchasers. At the time of writing we have failed to find a single buyer. In the current market an unfortunately large number of purchasers fail to find financing and when they do they do not like the interest rates they have to pay. We have been forced into reviewing our strategy and have decided to try to let every flat in the development and then market the package as one investment proposition.

Joint Ventures with Pigeon

Peterborough (Werrington): We continue to participate at the Group level in several developments and in 2022 PSH helped support the acquisition by Pigeon of a project in Peterborough. The jury is very much out on this currently as the sharp rise in interest rates rather interfered with their plans to obtain medium term financing for the project so this is one where we keep our fingers crossed. The location is great and it has lots of potential but the early indications are that our expected return has been both delayed and made lower because of the rise in interest rates.

We are still delighted with the performance of the Aardla commercial centre in Tartu, Estonia where the predicted healthy returns continue to be achieved. Alasi Tee, where we have similar terms of participation to Aardla has continued to perform as expected. Both of these projects involve us in some gearing and foreign exchange exposure in Euro. Both of these are joint ventures between Kirly Ltd, Varoteks OU and a specialist property management group (Est Kinnisvara) in Estonia. We also continue to co-operate with Pigeon in several different ways.

As heralded in this report over recent years the operations of PSH have matured and increased to an extent where your Board has considered whether it makes sense to separate them entirely from the other operations of the Kirly group. When I became a director of PSH I anticipated being in a position to make proposals about a separate future in the next few months and a year later things have moved on a bit but we are still probably a couple of months off finalising any proposals.

Kate Dyer writes about insurance:

Chariot

We have increased our underwriting this year and conditions remain extremely buoyant. The prospects for the open years are good, and we expect these conditions to continue for a year or two. We will probably continue to underwrite at current or higher levels with a possibility of increasing our participations by about 10% for 2024.

The accounting at Lloyd's is slightly complicated as the nature of insurance is that certainty of the amount of a claim can take years to achieve. The system used is to account each year's business separately and to let claims on policies written during that year develop for 2 subsequent years before trying to estimate profits. In these accounts the results in calendar year 2022 are estimated for all 3 years of account naturally open and this estimate contains some very conservative assumptions about claims on the 2022 year of account.

The forecast underwriting result in Chariot II for the 2021 year of account is for a small loss and for 2022 for a small profit. It seems likely these figures will improve when the years close but substantial underwriting profits will not be earned until the 2023 underwriting year closes. There has been a massive improvement in rates across the board. For exactly the same risks we are now being paid more than 30% more than in 2019 and this has persuaded us to increase our underwriting in Chariot to £7.9m in 2022 and close to £10m for 2023. We remain open to the possibility of purchasing other Lloyd's vehicles going forward but have not been shown attractive opportunities in the year.

KIRLY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Fair review of the business (continued)

The Russian invasion of Ukraine has already cost us quite a lot of money as many aircraft are effectively being held hostage in Russia but both these and recent hurricane losses from Ian should be manageable in the current rating environment. Our syndicates will have participated in underwriting the shipments of grain through the Black Sea; this illustrates the importance of insurance to the world as not a single ship could sail before Lloyd's agreed to cover any losses.

The calendar year result included in these accounts is for a loss of £571,035 but as this includes £432,261 of unrealised investment losses there will be almost certainly be a significant and larger profit shown in next year's accounts.

Freedom

Although the results in 2021 and 2022 of Freedom itself are disappointing conditions are hugely improved. We have been trading profitably from the autumn of 2022 until the end of the summer. We should be in a good position to trade into 2024 with higher rates. Unfortunately as we write we are again suffering from Brexit related problems which have put us back into loss but hope these will be resolved very shortly.

We continue to look for suitable acquisitions in travel insurance and the parent company will provide finance for such expansion. Because of the continued losses from Covid and into 2022 we have made a substantial provision against our investment in Freedom but travel is back, travellers want insurance and we are there to help them get it. Our demographic is mainly either suffering from a medical condition or over 70, or both, and this demographic segment has been slower to go back to normal travel patterns. The operation is working well, we need to increase turnover and continue to look for ways of doing this including establishing new brands and utilising the internet more for existing brands.

Victoria Montgomery writes:

Apertus Ltd depends for most of its income on clients' electricity usage but has a purely industrial and commercial client base. Normal market conditions have resumed and Apertus will be in a strong competitive position. During 2023 the business has refinanced itself so balance sheet damage which was the result of the Covid losses and Ukraine shock (which put many competitors out of business) has been dealt with. It is trading profitably but is not yet fully out of the woods.

Mykindacrowd has lost much of the money it raised last year but has about a year left which may be sufficient to take them through to profitability.

Hampden Underwriting is now seeing a substantial recovery in profits. Our dividend income is up a lot and we have revalued our holding to reflect current conditions. This is still a conservative valuation and represents a gain of £78,182 on our holding.

Life's Kitchen is trading profitably this year, but the business remains marginally viable. There is some doubt over the collectability of the loan to Black Diamond and this has therefore been valued at 50p in the £. Major risks include a loss of contracts, and we are highly dependent on the managing director. We are keeping the value of our investment at cost.

The deal with Chrysalis was 3 years in the making and added several early stage investments to our portfolio. These are:

Green Star, who publish sports related magazines (<https://www.greenstarmedia.net/>)

Profitable but not much by way of assets. Retained in these accounts at cost. They are up to date on loan interest and repayments.

Zappar, an augmented reality specialist (do not ask) (<https://www.zappar.com/>)

Profitable but not much by way of assets. Retained in these accounts at cost.

KIRLY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Fair review of the business (continued)

Driver Require, who supply drivers to deliver for Ocado and others (<https://driverrequire.co.uk/>)

Profitable but not much by way of assets. Retained in these accounts at cost, still solvent! Marcus Johnson is on the Board and reports that current trading is reasonably good and on budget. They are up to date on loan interest and repayments.

Locale, who have a restaurant in London by Waterloo station (<https://www.localerestaurants.com/>)

Heavily hit by WFH but profitable, not much by way of assets. Retained in these accounts at cost.

Cambridge Mechatronics, who are into micro miniaturisation (<https://www.cambridgemechatronics.com/en/>)

As they very shortly after the year end found investors to put in nearly £5m at £10 per share we have taken this as our valuation which is an increase of just under £400,000.

Our total investment was around £4m and was made at approximately 90% of the value in the Chrysalis accounts.

Future Projects

We are always looking at proposals where we can finance new and profitable companies, one major investment area is alternative energy where to date we have never been convinced by any of the external projects shown to us but as you will see in Alex's report solar generation of electricity in Norwich was installed when we replaced the roof on 18/20 Paddock Street. We still periodically consider the economics of adding PV panels to the roof of Barker St, Market Square and at the Aardla centre in Estonia but we want to be more certain of the results in Norwich before committing more capital. Whilst awaiting investment opportunities we continue to make short term loans where we can do so at rates and taking risks which are acceptable to your Board. We retain ownership of 20% of Cambridge Network and 100% of Cambridge Index but to date with no financial benefit. Similarly we continue to invest in the investment management systems previously used by NW Brown ("Maddox") but have failed so far to convince anyone to use them in spite of the inadequacy of most recording and reporting systems used in the investment management industry. Unless we find a market soon we will probably review the future of both of these. Your directors remain confident that the company's prospects are good and that the outlook is for an increase in our turnover and profitability.

Principal risks and uncertainties

The key business risks and uncertainties affecting the group are considered to relate to insurance risk, investment and currency risk, and regulatory risk, as well as specific risks as detailed in the fair review of the business.

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

Key Performance Indicators

The directors monitor the underwriting performance of the group by reference to the following key performance

	2022	2021
Capacity (youngest underwriting year) (£)	7,895,964	7,455,940
Gross premium written as a % of capacity	98.2 %	87.5 %
Combined ratio	103.2 %	108.0 %

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

KIRLY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Key Performance Indicators (continued)

A reconciliation of individual company turnover and profits to the consolidated figures is presented below:

	2022		2021	
	Turnover	Profit/(Loss)	Turnover	Profit/(Loss)
Kirly Limited	103,401	1,019,168	(2,649)	2,520,852
Chariot (II) Underwriting Limited	7,750,618	(571,035)	6,524,553	(485,304)
Maturin-Baird (Underwriting) LLP	-	(6,670)	-	(17,733)
Paddock St Holdings Limited	4,924,257	733,392	1,094,752	349,747
Cherry Trees Apartments Service Company Limited	-	-	139	(11)
Freedom Insurance Services Limited	86,360	(124,244)	10,774	(1,350,003)
OK to Travel Limited	325,202	32,963	19,109	(206,467)
It's So Easy Travel Insurance Limited	81,070	16,951	33,090	(25,182)
Nomina 599 LLP	-	(13,882)	-	14,175
Kirly Group Holdings Ltd	238,807	(1,927,783)	7,501	1,315,729
Kirly Property Services Ltd	178,022	249,104	204,473	4,921
LK Catering and Events Limited	1,173,818	(195,880)	579,663	(83,894)
Chrysalis VCT NXD Limited	-	(2,140)	-	(892)
NXD Support Limited	-	(388)	-	(360)
Consolidation adjustments	(9,975)	(3,058,960)	359,946	(5,402,815)
	<u>14,851,580</u>	<u>(3,849,404)</u>	<u>8,831,351</u>	<u>(3,367,237)</u>

Section 172(1) statement

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

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

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

The directors ensure supplier invoices are paid on time in line with any agreed terms. The directors work very closely with the members of the group and the members agents to discuss all significant decisions, including the selection of which Syndicates to participate. This ensures the directors act fairly between members of the group.

The company is classed as a low energy user and as such no energy and carbon information has been disclosed in the accounts.

Approved by the Board on 20 September 2023 and signed on its behalf by:



M W Johnson
Director

KIRLY LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KIRLY LIMITED

Opinion

We have audited the financial statements of Kirly Limited for the year ended 31 December 2022 on pages 12 to 49. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 3 to these financial statements which describes the material uncertainties regarding deferred consideration to be received by a group company. Our opinion is not modified in this respect.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

KIRLY LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KIRLY LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the directors and management and the application of our knowledge and experience. We discussed with management whether there were any known or suspected instances of fraud and/or non-compliance with relevant laws and regulations. We also obtained an understanding of the company's accounting systems and internal controls.

We audited the risk of management override of controls, by testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Our other audit procedures included, but were not limited to, carrying out detailed substantive testing of a sample of income and expenditure transactions arising in the year and a sample of balance sheet items such as fixed assets, debtors, creditors, etc. We also reviewed the financial statements and checked disclosures to supporting documentation to assess compliance with applicable law and regulation.

Because of the inherent risk of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

KIRLY LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KIRLY LIMITED (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co Audit Services Ltd
Chartered Accountants
Statutory Auditor
Date: 27 September 2023

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

KIRLY LIMITED**CONSOLIDATED INCOME STATEMENT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Gross premiums written	5	7,750,618	6,524,553
Outward reinsurance premiums		(1,326,231)	(1,379,472)
Net premiums written		6,424,387	5,145,081
Change in the provision for unearned premiums			
Gross provision	7	(265,607)	(245,184)
Reinsurers' share	7	(34,860)	1,234
Net change in the provision for unearned premiums		(300,467)	(243,950)
Earned premiums net of reinsurance		6,123,920	4,901,131
Allocated investment return transferred from the non-technical account		(114,878)	2,605
Claims paid			
Gross amount		(3,418,526)	(3,290,133)
Reinsurers' share		885,343	552,146
Net claims paid		(2,533,183)	(2,737,987)
Change in provision for claims			
Gross amount	7	(2,190,680)	(1,602,312)
Reinsurers' share	7	103,875	518,637
Net change in provision for claims		(2,086,805)	(1,083,675)
Claims incurred net of reinsurance		(4,619,988)	(3,821,662)
Net operating expenses	9	(1,702,548)	(1,469,701)
Balance on technical account for general business		(313,494)	(387,627)

All amounts above relate to continuing operations.

KIRLY LIMITED**CONSOLIDATED INCOME STATEMENT - NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 Total £	As restated 2021 Total £
Balance on the general business technical account		(313,494)	(387,627)
Investment income	8	1,213,292	1,262,105
Realised gain on investments	8	235,017	222,471
Realised loss on investments	8	(432,815)	(20,721)
Unrealised gain on investments	8	1,472,746	1,190,969
Unrealised loss on investments	8	(1,216,102)	(438,250)
Investment expenses and charges	8	(3,819)	(2,693)
Allocated investment return transferred to the technical account		114,878	(2,605)
Other income	10	7,152,487	2,306,798
Other charges		(9,668,572)	(6,913,947)
Exceptional item	11	(2,312,800)	-
Loss on ordinary activities before taxation	12	(3,759,182)	(2,783,500)
Tax on loss on ordinary activities	27	(90,222)	(583,737)
Loss for the financial year		(3,849,404)	(3,367,237)
Loss for the year attributable to			
Non-controlling interests		(16,984)	(128,315)
Owners of the parent company		(3,832,420)	(3,238,922)
Loss for the financial year		(3,849,404)	(3,367,237)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022 £	As restated 2021 £
Loss for the financial year from continuing operations	(3,849,404)	(3,367,237)
Other comprehensive income: currency translation differences	(1,847)	909
Loss for the financial year	(3,851,251)	(3,366,328)
Total comprehensive income for the year attributable to:		
Non-controlling interests	(16,984)	(128,315)
Owners of the parent company	(3,834,267)	(3,238,013)
Loss for the financial year	(3,851,251)	(3,366,328)

All amounts above relate to continuing operations.

KIRLY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	Note	Syndicate Assets £	Corporate £	2022 Total £	As restated 2021
					Total £
Intangible fixed assets	16	-	3,913,423	3,913,423	8,312,602
Negative goodwill	16	-	(3,330)	(3,330)	(33,678)
Net intangible fixed assets	16	-	3,910,093	3,910,093	8,278,924
Tangible fixed assets	17	-	838,185	838,185	857,585
Investment properties	18	-	822,000	822,000	-
Fixed asset investments	19	-	8,772	8,772	5,025
Total fixed assets		-	5,579,050	5,579,050	9,141,534
Investments					
Financial investments	20	4,984,938	9,349,982	14,334,920	14,509,868
Deposits with ceding undertakings		10,535	-	10,535	14,849
Total investments		4,995,473	9,349,982	14,345,455	14,524,717
Reinsurers' share of technical provisions					
Provision for unearned premiums	7	490,370	-	490,370	473,738
Claims outstanding	7	1,224,577	-	1,224,577	1,017,380
Other technical provisions		1,605,844	-	1,605,844	1,256,553
Total reinsurers' share of technical provisions		3,320,791	-	3,320,791	2,747,671
Debtors					
Arising out of direct insurance operations					
Policyholders	21	4	-	4	4
Intermediaries	21	1,392,314	-	1,392,314	1,035,144
Arising out of reinsurance operations	21	292,891	-	292,891	254,775
Other debtors due after more than one year	22	3,327,558	3,173,183	6,500,741	2,316,416
Other debtors due within one year	22	2,080,401	9,147,470	11,227,871	13,923,858
Total debtors		7,093,168	12,320,653	19,413,821	17,530,197
Other assets					
Stocks	23	-	8,297,434	8,297,434	11,164,568
Cash at bank	24	679,028	1,362,930	2,041,958	1,899,252
Other		1	-	1	29,642
Total other assets		679,029	9,660,364	10,339,393	13,093,462
Prepayments and accrued income					
Accrued interest		7,856	-	7,856	11,495
Deferred acquisition costs	7	664,799	-	664,799	571,688
Other prepayments and accrued income		38,923	175,515	214,438	1,005,244
Total prepayments and accrued income		711,578	175,515	887,093	1,588,427
Total assets		16,800,039	37,085,564	53,885,603	58,626,008

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KIRLY LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2022**

				2022	As restated 2021
	Note	Syndicate Liabilities £	Corporate £	Total £	Total £
Capital and reserves					
Called-up share capital	25	-	1,408	1,408	1,408
Share premium account		-	2,491,172	2,491,172	2,491,172
Revaluation reserve		-	-	-	731,452
Capital redemption reserve		-	170,119	170,119	170,119
Profit and loss account		(1,001,316)	29,974,007	28,972,691	33,202,298
Shareholder's funds attributable to equity interests		(1,001,316)	32,636,706	31,635,390	36,596,449
Non-controlling interest	40	-	(385,694)	(385,694)	(368,719)
Total equity		(1,001,316)	32,251,012	31,249,696	36,227,730
Technical provisions					
Provision for unearned premiums	7	2,997,497	-	2,997,497	2,537,644
Claims outstanding - gross amount	7	10,836,793	-	10,836,793	7,383,291
Total technical provisions		13,834,290	-	13,834,290	9,920,935
Provisions for other risks and charges					
Other provisions	26	-	221,500	221,500	231,797
Provision for taxation	27	-	514,993	514,993	753,950
Total provisions for other risks and charges		-	736,493	736,493	985,747
Deposits received from reinsurers		22,602	-	22,602	42,946
Creditors due within one year					
Arising out of direct insurance operations		97,639	-	97,639	140,804
Arising out of reinsurance operations		3,372,723	-	3,372,723	2,081,592
Amounts due to credit institutions	33	3,931	-	3,931	-
Other creditors	28	338,558	1,576,181	1,914,739	2,458,979
Total creditors		3,812,851	1,576,181	5,389,032	4,681,375
Creditors due after more than one year	29	-	2,104,962	2,104,962	6,264,907
Accruals and deferred income					
Other accruals and deferred income		131,612	416,916	548,528	502,368
Total liabilities		16,800,039	37,085,564	53,885,603	58,626,008

Approved by the Board on 20 September 2023 and signed on its behalf by:



M W Johnson
Director

Company Registration No. 01151522

KIRLY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 Total £	As restated 2021 Total £
Fixed assets			
Tangible assets	17	1,309	1,167
Fixed asset investments	19	35,021,246	36,232,044
		35,022,555	36,233,211
Current assets			
Debtors falling due after more than one year	22	1,672,572	207,200
Debtors falling due within one year	22	14,723,060	16,832,929
Financial investments	20	3,986,650	3,020,763
Cash at bank and in hand		870,607	632,779
		21,252,889	20,693,671
Creditors: amounts falling due within one year			
Trade creditors	28	(643)	(816)
Amounts due to associated undertakings	28	(38,446,087)	(35,126,157)
Taxes and social security costs	28	(13,816)	(90,549)
Directors' current account	28	(18,507)	-
Other creditors	28	(1,588,112)	(1,283,826)
Accruals and deferred income		(108,922)	(65,229)
		(40,176,087)	(36,566,577)
Net current assets/(liabilities)		(18,923,198)	(15,872,906)
Total assets less current liabilities		16,099,357	20,360,305
Creditors: amounts falling due after more than one year	29	(2,066,791)	(6,220,115)
Net assets		14,032,566	14,140,190
Capital and Reserves			
Called up share capital	25	1,408	1,408
Share premium account		2,491,172	2,491,172
Capital redemption reserve		170,119	170,119
Profit and loss account		11,369,867	11,477,491
Total shareholders funds		14,032,566	14,140,190

No profit and loss account is presented for Kirly Limited, as permitted by section 408 of the Companies Act 2006. The parent company's profit after tax for the financial year was £1,019,168 (2021: £2,520,851).

Approved by the Board on 20 September 2023 and signed on its behalf by:



M W Johnson
Director
Company Registration No. 01151522

KIRLY LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 31 DECEMBER 2022**

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Retained earnings £	Non- Controlling Interest £	As restated Total £
At 1 January 2021		1,408	2,491,172	731,452	170,119	36,509,436	(330,453)	39,573,134
Profit for the financial year		-	-	-	-	(3,238,922)	-	(3,238,922)
Other comprehensive income for the year		-	-	-	-	909	-	909
Dividends paid		-	-	-	-	(69,125)	-	(69,125)
Non-controlling interest	40	-	-	-	-	-	(38,266)	(38,266)
At 31 December 2021		1,408	2,491,172	731,452	170,119	33,202,298	(368,719)	36,227,730
At 1 January 2022		1,408	2,491,172	731,452	170,119	33,202,298	(368,719)	36,227,730
Loss for the financial year		-	-	-	-	(3,832,420)	-	(3,832,420)
Other comprehensive income for the year		-	-	-	-	(1,847)	-	(1,847)
Dividends paid		-	-	-	-	(1,126,792)	-	(1,126,792)
Transfers		-	-	(731,452)	-	731,452	-	-
Non-controlling interest	40	-	-	-	-	-	(16,975)	(16,975)
At 31 December 2022		1,408	2,491,172	-	170,119	28,972,691	(385,694)	31,249,696

KIRLY LIMITED**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2021	1,408	2,491,172	170,119	9,025,765	11,688,464
Profit for the financial year	-	-	-	2,520,851	2,520,851
Dividends paid	-	-	-	(69,125)	(69,125)
Other movements	-	-	-	-	-
At 31 December 2021	1,408	2,491,172	170,119	11,477,491	14,140,190
At 1 January 2022	1,408	2,491,172	170,119	11,477,491	14,140,190
Profit for the financial year	-	-	-	1,019,168	1,019,168
Dividends paid	-	-	-	(1,126,792)	(1,126,792)
Other movements	-	-	-	-	-
At 31 December 2022	1,408	2,491,172	170,119	11,369,867	14,032,566

KIRLY LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	As restated 2021 £
Cash inflow/(outflow) from operating activities	34	2,288,718	(8,510,332)
Interest received		674,060	959,637
Interest paid		(81,764)	(496,057)
UK corporation tax paid		(178,750)	(265,623)
Foreign tax paid		(68)	(124)
Net cash inflow/(outflow) from operating activities		2,702,196	(8,312,499)
Cash inflow from investing activities			
Proceeds from sale of syndicate participation rights		-	14,167
Purchase of other intangible fixed assets		-	(5,000)
Purchase of tangible fixed assets		(21,082)	(24,535)
Purchase of fixed asset investments		(3,747)	(1,402,965)
Purchase of current asset investments		(1,500,755)	-
Proceeds from sale of current asset investments		3,022,730	1,844,502
Cash acquired on investment		-	1,079,949
Dividends received		458,384	5,421,468
Net cash inflow from investing activities		1,955,530	6,927,586
Cash outflow from financing			
Funds lent to the group by the company's shareholders		717,476	190,756
Repayment of borrowings		(4,127,963)	(447,612)
Proceeds from borrowings		-	50,000
Proceeds from bank loans		629	-
Proceeds from issue of shares in subsidiary undertaking		9	124,809
Dividends paid to the company's shareholders		(1,126,792)	(69,125)
Net cash outflow from financing		(4,536,641)	(151,172)
Increase/(Decrease) in cash		121,085	(1,536,085)
Net funds at 1 January		1,241,782	2,777,115
Increase/(Decrease) in cash in the year		121,085	(1,536,085)
Effect of foreign exchange rates		63	752
Net funds at 31 December		1,362,930	1,241,782

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

KIRLY LIMITED

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

1 General Information

The Company is a private company limited by shares that was incorporated in England and Wales and whose registered office and number is given on page one of these financial statements. The principal activity of the Company is that of consultancy and holding investments in group and other undertakings.

2 Accounting policies

2.1 Basis of preparation

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

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.2 Basis of consolidation

The amounts shown in the column to the balance sheet headed 'corporate' consolidate the accounts of Kirly Limited and its subsidiary undertakings. The amounts shown in the column to the balance sheet headed 'total' consolidate the accounts of Kirly Limited and its subsidiary undertakings and a pro rata share of the assets and liabilities of the syndicates on which they participate.

No profit and loss account is presented for Kirly Limited, as permitted by section 408 of the Companies Act 2006.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investment in associates

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect fair value through the profit and loss account. Fair value of investments is calculated by reference first to recent trades and then via NAV or PER values.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for fair value through profit and loss in the individual financial statements.

2.3 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

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

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

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

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

General business**i Premiums**

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

ii Unearned premiums

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

iii Deferred acquisition costs

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

iv Reinsurance premiums

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

KIRLY LIMITED

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

v Claims

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

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

vi Closed years of account

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

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

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

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

vii Run-off years of account

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

viii Investments and allocated investment income

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

ix Financial assets and financial liabilities

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

ix Financial assets and financial liabilities (continued)

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

Recognition

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

Initial measurement

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

Subsequent measurement

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

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

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

Derecognition of financial assets and liabilities

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

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

Fair value measurement

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

Impairment of financial instruments measured at amortised cost or cost

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

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

ix Financial assets and financial liabilities (continued)

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

x Basis of currency translation

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

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

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

xi Debtors/creditors arising from insurance/reinsurance operations

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

xii Distribution of profits and collection of losses

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

2.4 Reinsurance at corporate level

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

2.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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

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

KIRLY LIMITED

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

2.6 Deferred taxation

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

2.7 Intangible assets

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

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

2.8 Current asset investments

Current asset investments held directly by the Group and Company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at fair value.

2.9 Cash and cash equivalents

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

2.10 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Rental income is recognised in respect of the period to which it relates.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

2.11 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land	No depreciation
Fixtures, fittings & equipment	10% straight line
Plant & machinery	25% reducing balance

2.12 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

KIRLY LIMITED

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

2.13 Stocks

Property held for development is stated at the lower of direct cost and net realisable value. Direct costs include acquisition fees and taxes, contractors' costs, associated professional charges and other attributable overheads. Net realisable value is assessed by estimating selling prices and further costs to completion, including sales and marketing expenses.

Raw materials and consumables are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

3 Key accounting judgements and estimation uncertainties

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

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

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

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

Critical Judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

i Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors consider both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year, other than to the company's investments in subsidiaries as noted in the Key Sources of Estimation Uncertainty.

ii Property held for development

Properties held by the group with carrying value £8,287,849 (note 23) have been treated as stock as the directors consider that they can practicably be sold at any time, and that rental income receivable is incidental to the group's primary objective to develop and sell the properties. Similar properties have been sold by the group on this basis in the current and prior years. These properties are therefore held at the lower of cost and net realisable value, rather than at fair value through profit or loss.

The directors have revisited the professional valuations undertaken by Roche at the end of 2021 and in the light of the available evidence consider those valuations realistic in the current market. There is in their view no justification for the expense involved in seeking a new valuation. Any valuation is likely to be highly approximate as illustrated by the sale of 18-20 Paddock St at a price considerably in excess of what was then a very recent valuation. The values used, although subject to large margins of error, are considered fair for the above reasons.

One property with a market value of £822,000 was transferred from stock to investment property during the period.

3 Key accounting judgements and estimation uncertainties (continued)**Key Sources of Estimation Uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

i Purchased syndicate capacity

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

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

ii Recoverability of debtors

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

iii Loan notes

In 2019 Kirly Limited acquired a controlling interest in Kirly Group Holdings Ltd. The total consideration for the purchase included £13,972,652 in loan notes issued. Terms and conditions of the loans are detailed in note 29.

The loan notes include a variable element based on the amount of deferred consideration receivable as per note 3(iv) below. The deferred consideration now estimated to be receivable is approximately 25% of the maximum consideration. The directors consider the most reasonable estimate of the variable element of loan notes payable as at 31 December 2022 to be £411,780, based on 25% of the maximum amount payable.

An adjustment was made of £1,235,341 to reduce the carrying value of the loan notes accordingly. This reduced the company's investment in subsidiary (note 19) and the group's goodwill on acquisition (note 16).

iv Deferred consideration

In 2019 Kirly Group Holdings Ltd disposed of its investment in NW Brown and Co Ltd. Under the terms of the Sale and Purchase Agreement (SPA) the company received initial consideration and additional consideration at a subsequent date. The additional consideration was agreed to be such sum as is equal to 0.75% of the Completion Assets Under Management (AUM) as derived from the AUM Report or the Revised Completion AUM but in any event capped at £10,000,000. The balance is subject to deductions as detailed within the SPA agreement prior to payment.

On the completion date of the sale the directors calculated estimated deferred consideration, based on available information and their knowledge of the industry, to be £4,812,800. This was included in the accounts for the period ended 31 December 2019, discounted to the present value using a rate of 1.75% and unwound over the following two years.

Following receipt of information during the period, the insurers have agreed settlement with the majority of claimants with 8 left to settle, and the directors estimate the deferred consideration now receivable to be £2,600,000. The directors estimate that £100,000 in legal fees will be payable to close off all outstanding matters, and therefore an expected balance receivable of £2,500,000 as at 31 December 2022 is deemed appropriate. Due to the cases left to settle, there is still a potential material uncertainty as the final amounts are unknown, but this is deemed by the directors to be a best estimate at this stage.

An impairment of £2,312,800 has been recognised during the year accordingly (note 11).

v Impairment of investment in subsidiaries

The company carried forward an impairment loss of £230,396 from prior periods in respect of its investment in Freedom Insurance Services Limited (note 19). The directors consider this to be a prudent estimate, and anticipate that the remaining impairments could begin to reverse in the company's accounts as soon as the year ended 31 December 2023.

KIRLY LIMITED

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

4 Risk management

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

Risk background

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

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

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

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

Syndicate risks

i Liquidity risk

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

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

KIRLY LIMITED

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

ii Credit risk

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

	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2022						
Deposits with ceding undertakings	-	-	10,257	-	275	10,532
Reinsurers share of claims outstanding	119,410	790,882	1,777,403	10,813	134,821	2,833,329
Reinsurance debtors	25,667	18,539	57,762	545	10,513	113,026
Insurance debtors	-	-	-	-	1,174,161	1,174,161
Total	145,077	809,421	1,845,422	11,358	1,319,770	4,131,048
2021	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	14,642	-	205	14,847
Reinsurers share of claims outstanding	12,421	521,947	1,480,437	10,114	250,339	2,275,258
Reinsurance debtors	524	22,038	44,986	3,603	15,345	86,496
Insurance debtors	-	-	-	-	880,848	880,848
Total	12,945	543,985	1,540,065	13,717	1,146,737	3,257,449

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

	Less than 3 months £	Between 3 and 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2022						
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(2,908)	(2,908)
Reinsurance debtors	164,676	6,770	4,241	4,234	(55)	179,866
Insurance debtors	115,136	36,081	47,004	21,467	(1,531)	218,157
Total	279,812	42,851	51,245	25,701	(4,494)	395,115
2021	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(1,327)	(1,327)
Reinsurance debtors	111,464	4,910	2,183	7,852	(22)	126,387
Insurance debtors	64,970	21,686	35,957	23,769	(1,968)	144,414
Total	176,434	26,596	38,140	31,621	(3,317)	269,474

iii Interest rate and equity price risk

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

KIRLY LIMITED

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

iv Currency risk

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

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

	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
2022						
Total assets	2,846,764	12,379,945	367,385	793,357	412,588	16,800,039
Total liabilities	(3,352,238)	(13,072,690)	(404,513)	(606,083)	(365,831)	(17,801,355)
Surplus/(deficiency) of assets	(505,474)	(692,745)	(37,128)	187,274	46,757	(1,001,316)
2021						
Total assets	2,163,519	8,459,609	312,368	671,282	377,598	11,984,376
Total liabilities	(2,574,071)	(8,920,706)	(332,512)	(556,736)	(261,719)	(12,645,744)
Surplus/(deficiency) of assets	(410,552)	(461,097)	(20,144)	114,546	115,879	(661,368)

Company and group risks

i Investment, credit, liquidity and currency risks

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

ii Regulatory risks

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

iii Operational risks

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

KIRLY LIMITED

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

5 Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
2022					
Direct					
Accident and health	63,034	59,243	(26,028)	(25,504)	(3,518)
Motor - third party liability	16,428	33,481	(27,837)	(7,530)	2,575
Motor - other classes	883,474	832,162	(608,207)	(253,968)	35,346
Marine, aviation and transport	361,763	320,196	(214,567)	(113,238)	32,255
Fire and other damage to property	1,323,734	1,179,631	(557,817)	(334,730)	(169,371)
Third party liability	1,029,170	932,289	(576,155)	(280,617)	(61,736)
Credit and suretyship	81,493	76,981	(38,266)	(19,929)	(14,302)
Other	11,850	10,403	(7,289)	(5,350)	136
Total direct	3,770,946	3,444,386	(2,056,166)	(1,040,866)	(178,615)
Reinsurance business					
Reinsurance balance	3,979,672	4,040,625	(3,553,040)	(661,682)	(193,258)
Total	7,750,618	7,485,011	(5,609,206)	(1,702,548)	(371,873)
2021					
Direct					
Accident and health	69,261	71,997	(28,890)	(30,958)	(2,780)
Motor - third party liability	45,544	41,292	(29,753)	(8,719)	(1,857)
Motor - other classes	776,214	778,309	(616,844)	(234,977)	89,098
Marine, aviation and transport	265,050	248,584	(125,670)	(88,728)	(17,443)
Fire and other damage to property	970,914	968,174	(506,340)	(277,966)	(179,260)
Third party liability	761,681	718,246	(408,619)	(200,546)	(104,447)
Credit and suretyship	67,518	57,368	(31,062)	(14,946)	(12,213)
Other	9,014	14,623	(7,049)	(6,512)	(104)
Total direct	2,965,196	2,898,593	(1,754,227)	(863,352)	(229,006)
Reinsurance business					
Reinsurance balance	3,559,357	3,380,776	(3,138,218)	(606,349)	(78,449)
Total	6,524,553	6,279,369	(4,892,445)	(1,469,701)	(307,455)

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

KIRLY LIMITED

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

6 Geographical analysis

	2022 £	2021 £
Direct gross premiums written in:		
United Kingdom	3,770,205	2,964,937
Other EU member states	741	259
The rest of the world	-	-
Total	3,770,946	2,965,196

The majority of our business written at Lloyd's emanates from the United States or is worldwide business denominated in US dollars.

7 Technical provisions

Movement in claims outstanding

	Gross £	Reinsurance £	2022 Net £	Gross £	Reinsurance £	2021 Net £
At 1 January	(7,383,291)	1,017,380	(6,365,911)	(6,521,581)	1,005,081	(5,516,500)
Movement in technical account	(2,190,680)	103,875	(2,086,805)	(1,602,312)	518,637	(1,083,675)
Other movements	(1,262,822)	103,322	(1,159,500)	740,602	(506,338)	234,264
At 31 December	(10,836,793)	1,224,577	(9,612,216)	(7,383,291)	1,017,380	(6,365,911)

Movement in unearned premiums

	Gross £	Reinsurance £	2022 Net £	Gross £	Reinsurance £	2021 Net £
At 1 January	(2,537,644)	473,738	(2,063,906)	(2,309,106)	476,626	(1,832,480)
Movement in technical account	(265,607)	(34,860)	(300,467)	(245,184)	1,234	(243,950)
Other movements	(194,246)	51,492	(142,754)	16,646	(4,122)	12,524
At 31 December	(2,997,497)	490,370	(2,507,127)	(2,537,644)	473,738	(2,063,906)

Movement in deferred acquisition costs

	2022 Net £	2021 Net £
At 1 January	571,688	554,418
Movement in deferred acquisition costs	66,108	24,775
Other movements	27,003	(7,505)
At 31 December	664,799	571,688

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

KIRLY LIMITED

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

7 Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity

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

The amounts carried by the group arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

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

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

There have been no changes to these assumptions in 2022.

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

- i A 5% increase/decrease in net earned premium (with claims incurred assumed to change pro-rata with premium) will increase/decrease the group's pre-tax profit/loss by £75,197 (2021: £53,973).
- ii A 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the group's pre-tax profit/loss by £541,840 (2021: £369,165).
- iii A 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the group's pre-tax profit/loss by £480,611 (2021: £318,296).

Claims development - gross		At end of underwriting year £	After 12 months £	After 24 months £	After 36 months £	Profit/loss on RITC received £
Underwriting pure year						
	2022	4,103,208	-	-	-	-
	2021	3,493,709	5,223,372	-	-	-
	2020	2,692,763	4,726,530	4,905,428	-	-

KIRLY LIMITED

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

7 Technical provisions (continued)

Claims development - net	At end of underwriting year £	After 12 months £	After 24 months £	After 36 months £	Profit/loss on RITC received £
Underwriting pure year					
2022	3,484,394	-	-	-	-
2021	2,759,401	4,133,116	-	-	-
2020	2,177,472	3,716,108	3,851,183	-	-

8 Investment return

The following return on investments relate to investments held at fair value through profit or loss:	2022 £	2021 £
Investment income	80,848	56,127
Dividend income	458,384	652,590
Interest on cash at bank	3,482	3,496
Other interest and similar income	670,578	549,892
Investment income	1,213,292	1,262,105
Realised gain on investments	235,017	222,471
Realised loss on investments	(432,815)	(20,721)
Unrealised gain on investments	1,472,746	1,190,969
Unrealised loss on investments	(1,216,102)	(438,250)
Total investment income	1,272,138	2,216,574
Investment expenses and charges	(3,819)	(2,693)
Total investment return	1,268,319	2,213,881

9 Net operating expenses

	2022 £	2021 £
Acquisition costs	1,150,131	995,951
Administrative expenses	529,944	434,866
Loss on exchange	22,473	38,884
Total	1,702,548	1,469,701

10 Other income

	2022 £	2021 £
Rental income	447,430	699,792
Sale of properties	4,668,000	665,000
Travel insurance	492,632	62,973
Catering and events management	1,173,817	579,663
Grants received	-	65,620
Other	370,608	233,750
Total	7,152,487	2,306,798

KIRLY LIMITED

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

11	Exceptional item	2022 £	2021 £
	Other charges		
	Impairment of deferred consideration	2,312,800	-

12 Loss on ordinary activities before taxation

This is stated after charging:	2022 £	2021 £
Auditor's remuneration - audit (note 13)	62,860	60,480
Auditor's remuneration - other (note 13)	25,530	30,376
Exchange (gains)/losses	(266,434)	305,353
Amortisation of intangible assets	3,156,316	4,133,728
Depreciation of tangible fixed assets	40,100	47,886
Operating lease charges (note 31)	245,097	245,000
Other interest payable	81,764	85,971

13 Auditor's remuneration

The remuneration of the auditor or its associates is further analysed as follows:

	2022 £	2021 £
For audit services		
Audit of the financial statements	23,200	22,500
Audit of subsidiaries	39,660	37,980
Total audit	62,860	60,480
For non-audit services		
Taxation compliance services	2,825	3,000
Other taxation services	5,150	5,500
Other non-audit services	17,555	21,876
Total non-audit services	25,530	30,376

14	Directors' remuneration	2022 £	2021 £
	Remuneration for qualifying services	24,000	24,000

The number of directors of the company for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 0).

KIRLY LIMITED

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

15 Employees

Number of employees

The average monthly number of employees (including directors) employed by the group and company during the year was:

	Company		Group	
	2022 Number	2021 Number	2022 Number	2021 Number
Directors of the parent	2	2	2	2
Directors of subsidiaries	-	-	3	3
Administration	4	6	30	16
Total	6	8	35	21

Employment costs

Their aggregate remuneration comprised:

	Company		Group	
	2022 £	2021 £	2022 £	2021 £
Wages and salaries	71,379	75,650	777,766	505,590
Social security costs	(6,079)	4,474	56,620	37,978
Other pension costs	28,997	41,227	65,068	73,752
	94,297	121,351	899,454	617,320

16 Intangible fixed assets

Group	Syndicate participation rights £	Negative goodwill from business combinations	Goodwill from business combinations £	Total £
Cost				
At 1 January 2022	536,798	(97,512)	21,328,383	21,767,669
Other movements	-	-	(1,212,515)	(1,212,515)
At 31 December 2022	536,798	(97,512)	20,115,868	20,555,154
Amortisation				
At 1 January 2022	536,048	(63,834)	13,016,531	13,488,745
Charge for the year	750	(30,348)	3,185,914	3,156,316
At 31 December 2022	536,798	(94,182)	16,202,445	16,645,061
Net book value				
At 31 December 2022	-	(3,330)	3,913,423	3,910,093
At 31 December 2021	750	(33,678)	8,311,852	8,278,924

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021. Amortisation of intangible assets is included in other charges.

Goodwill from business combinations includes goodwill arising on the acquisition of Kirly Group Holdings Ltd with a carrying value of £3,913,423 and a remaining amortisation period of 1 year. Other movements represent adjustments to the purchase cost of this asset arising from a reduction in the expected amount payable on loan notes issued for consideration (note 29).

KIRLY LIMITED

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

17 Tangible fixed assets

Group	Freehold property £	Fixtures, fittings & equipment, and plant & machinery £	As restated Total £
Cost or valuation			
At 1 January 2022	864,587	324,021	1,188,608
Additions	-	21,082	21,082
Disposals	-	(462)	(462)
At 31 December 2022	864,587	344,641	1,209,228
Depreciation and impairment			
At 1 January 2022	149,559	181,464	331,023
Charge for the year	-	40,100	40,100
Disposals	-	(80)	(80)
At 31 December 2022	149,559	221,484	371,043
Net book value			
At 31 December 2022	715,028	123,157	838,185
At 31 December 2021	715,028	142,557	857,585

Company	Fixtures, fittings & equipment £	Total £
Cost		
At 1 January 2022	28,451	28,451
Additions	725	725
At 31 December 2022	29,176	29,176
Depreciation and impairment		
At 1 January 2022	27,284	27,284
Charge for the year	583	583
At 31 December 2022	27,867	27,867
Net book value		
At 31 December 2022	1,309	1,309
At 31 December 2021	1,167	1,167

18 Investment property

Group	£
Fair value	
At 1 January 2022	-
Transfer from stock	750,000
Fair value adjustments	72,000
At 31 December 2022	822,000

KIRLY LIMITED

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

18 Investment property (continued)

The fair value of the investment property has been arrived at on the basis of a valuation carried out in December 2021 by Roche Chartered Surveyors, who are independent of the company and have experience of valuing similar properties. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The directors have revisited the professional valuations undertaken by Roche at the end of 2021 and in the light of the available evidence consider those valuations realistic in the current market. There is in their view no justification for the expense involved in seeking a new valuation. Any valuation is likely to be highly approximate as illustrated by the sale of 18-20 Paddock St at a price considerably in excess of what was then a very recent valuation. The values used although subject to large margins of error are considered fair for the above reasons.

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2022 £	2021 £
Cost	750,000	-
Accumulated depreciation	-	-
Carrying amount	750,000	-

Company

The company held no investment property at 31 December 2022 or 31 December 2021.

19 Fixed asset investments

Group	Investments in associates £	Total £
At 1 January 2022	5,025	5,025
Additions	3,747	3,747
At 31 December 2022	8,772	8,772
Net book value		
At 31 December 2022	8,772	8,772
At 31 December 2021	5,025	5,025

Company

	Investments in subsidiaries £	Investments in associates £	Total £
Carrying amount			
At 1 January 2022	36,227,019	5,025	36,232,044
Additions	-	2,247	2,247
Disposals	(2)	-	(2)
Impairment losses	(528)	-	(528)
Other movements	(1,212,515)	-	(1,212,515)
At 31 December 2022	35,013,974	7,272	35,021,246
Net book value			
At 31 December 2022			35,021,246
At 31 December 2021			36,232,044

Other movements include adjustments to the purchase cost of Kirly Group Holdings Ltd of £1,235,341 from the early repayment of loan notes issued as consideration (note 29).

Impairment losses of £528 were recognised in respect of the company's investments in Chrysalis VCT NXD Limited and NXD Support Limited. Applications to strike these companies off the register were made on 3 October 2022.

KIRLY LIMITED

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

19 Fixed asset investments (continued)

Investments in subsidiaries

At 31 December 2022 the group and the company had interests in the following subsidiaries:

Subsidiary	Type of shares held	Proportion held (%)		Registered office	Nature of business
		Direct	Indirect		
Chariot (II) Underwriting Limited	Ordinary	100%		(A)	Corporate member of Lloyd's
Maturin-Baird (Underwriting) LLP		100%		(B)	Corporate member of Lloyd's
Paddock St Holdings Limited	Ordinary	100%		(C)	Property development
Cherry Trees Apartments Service Company Ltd	Ordinary		100%	(C)	Property management
Chartwell House Service Company Ltd	Guarantee	100%		(J)	Dormant
Freedom Insurance Services Limited	Ordinary	76%	12%	(D)	Holiday insurance sales
OK to Travel Limited	Ordinary		88%	(D)	Holiday insurance sales
It's So Easy Travel Insurance Limited	Ordinary		88%	(D)	Holiday insurance sales
Freetime Travel Limited	Ordinary		88%	(D)	Dormant
OK to Travel Cruise Insurance Solutions Limited	Ordinary		88%	(D)	Dormant
Travel Positive Limited	Ordinary		88%	(D)	Dormant
Nomina 599 LLP		100%		(B)	Corporate member of Lloyd's
Kirly Group Holdings Ltd	Ordinary	100%		(C)	Investment company
Kirly Property Services Ltd	Ordinary		100%	(C)	Property management
Kirly EB Ltd	Ordinary		100%	(C)	Dormant
DAN Holdings Limited	Ordinary		100%	(C)	Dormant
Kirly FS Ltd	Ordinary		100%	(C)	Dormant
Cambridge Index Ltd	Ordinary		100%	(C)	Dormant
Kirly Trustees Ltd	Ordinary		100%	(C)	Dormant
LK Catering and Events Limited	Ordinary	100%		(C)	Event catering
Chrysalis VCT NXD Limited	Ordinary	100%		(E)	Personal service company
NXD Support Limited	Ordinary	100%		(E)	Personal service company

Dormant subsidiaries as listed above are exempt from preparing individual accounts by virtue of s394A of Companies Act 2006, and exempt from filing with the registrar individual accounts by virtue of s448A of Companies Act 2006. Dormant subsidiaries are exempt from audit under s480 of Companies Act 2006. LK Catering and Events Limited is exempt from audit under s479A of the Companies Act 2006. Strike off applications for Chrysalis VCT NXD Limited and NXD Support Limited were submitted on 3 October 2022 and these companies were dissolved on 17 January 2023.

Investments in associates

At 31 December 2022 the group and the company had interests in the following associates:

Associate	Type of shares held	Proportion held (%)		Registered Office	Nature of business
		Direct	Indirect		
The Apertus Group Limited	Ordinary	20%		(F)	Utilities
Cambridge Network Limited	Ordinary		20%	(G)	Analysis
The Learning Collaboration Ltd	Ordinary		20%	(G)	Membership organisation
Locale Enterprises Limited	Ordinary	24.6%		(H)	Restaurants
Pigeon (Werrington) Ltd	B Ordinary		42.3%	(I)	Property development

Cambridge Network Limited and The Learning Collaboration Ltd have not been included in the group accounts on grounds of immateriality.

Registered office addresses (all UK):

- (A) 7-9 The Avenue, Eastbourne, East Sussex, BN21 3YA
- (B) 5th Floor 40 Gracechurch Street, London, EC3V 0BT
- (C) 11 Luard Road, Cambridge, CB2 8PJ
- (D) 58 Market Square, St. Neots, PE19 2AA
- (E) Oakridge House, 8 Clifton Road, Chesham Bois, Amersham, Buckinghamshire, HP6 5PU
- (F) Seven Grange Lane, Pitsford, Northampton, Northamptonshire, NN6 9AP
- (G) Hauser Forum, 3 Charles Babbage Road, Cambridge, United Kingdom, CB3 0GT
- (H) 3b Belvedere Road, London, SE1 7GP
- (I) Salisbury House, Station Road, Cambridge, Cambridgeshire, United Kingdom, CB1 2LA
- (J) Flint Buildings, 1 Bedding Lane, Norwich, Norfolk, United Kingdom, NR3 1RG

KIRLY LIMITED

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

20 Financial investments

Group

At market value

		£	Syndicate £	Corporate £	Total £
2022					
Shares and other variable yield securities	- level 1	184,530			
	- level 2	385,752			
	- level 3	90,422	660,704	9,307,167	9,967,871
Debt securities and other fixed income securities	- level 1	1,045,094			
	- level 2	3,094,441			
	- level 3	1	4,139,536	42,815	4,182,351
Participation in investment pools	- level 1	940			
	- level 2	49,828			
	- level 3	742	51,510	-	51,510
Loans guaranteed by mortgage	- level 1	-			
	- level 2	-			
	- level 3	-	-	-	-
Other loans	- level 1	54,613			
	- level 2	78,575			
	- level 3	-	133,188	-	133,188
Total			4,984,938	9,349,982	14,334,920
2021					
Shares and other variable yield securities	- level 1	118,701			
	- level 2	336,485			
	- level 3	79,042	534,228	10,788,263	11,322,491
Debt securities and other fixed income securities	- level 1	934,427			
	- level 2	2,040,623			
	- level 3	5,566	2,980,616	82,916	3,063,532
Participation in investment pools	- level 1	1,082			
	- level 2	43,818			
	- level 3	644	45,544	-	45,544
Loans guaranteed by mortgage	- level 1	277			
	- level 2	-			
	- level 3	208	485	-	485
Other loans	- level 1	28,482			
	- level 2	16			
	- level 3	49,318	77,816	-	77,816
Total			3,638,689	10,871,179	14,509,868

The corporate investments held include £1,196,200 (2021: £1,786,444) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 37.

The group held listed investments included above with market values totalling £6,812,654 (2021: £10,179,679).

KIRLY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE YEAR ENDED 31 DECEMBER 2022**20 Financial investments (continued)****Group (continued)**

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

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

Level 2: prices based on recent transactions in identical assets

Level 3: prices determined using a valuation technique

None of the above investments are valued at amortised cost.

<i>At cost</i>	Syndicate	Corporate	2022	2021
	£	£	Total	Total
			£	£
Shares and other variable yield securities	664,916	7,076,052	7,740,968	9,550,686
Debt securities and other fixed income securities	4,293,967	36,124	4,330,091	3,090,864
Participation in investment pools	51,418	-	51,418	44,811
Loans guaranteed by mortgage	-	-	-	3,474
Other	129,995	10,583	140,578	75,317
Total	5,140,296	7,122,759	12,263,055	12,765,152

Company

<i>At cost</i>	2022	2021
	Total	Total
	£	£
At 1 January	3,096,344	3,641,523
Additions	1,500,755	69,291
Disposals	(731,764)	(614,470)
Reclassifications	(249,975)	-
Total	3,615,360	3,096,344

<i>At market value</i>	2022	2021
	Total	Total
	£	£
At 1 January	3,020,763	3,564,318
Additions	1,500,755	69,291
Disposals	(722,163)	(773,922)
Reclassifications	(249,975)	-
Fair value adjustments	437,270	161,076
At 31 December	3,986,650	3,020,763

The company held listed current asset investments included above with market values totalling £1,461,709 (2021: £2,413,983).

KIRLY LIMITED

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

21 Group debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2022 Total £	2021 Total £
The following amounts are due after one year:				
Direct insurance operations	15,852	-	15,852	11,637
Reinsurance operations	42,012	-	42,012	38,119
Total	57,864	-	57,864	49,756

22 Other debtors

	Company		Group			As restated 2021 Total £
	2022 Total £	2021 Total £	Syndicate £	Corporate £	2022 Total £	
Amounts owed by group undertakings	8,941,850	8,681,837	-	-	-	-
Amounts owed by undertakings in which the company has a participating interest	775,838	210,000	-	2,274,338	2,274,338	210,000
Other debtors	6,677,944	7,278,292	5,407,959	10,046,315	15,454,274	16,030,274
Total	16,395,632	16,170,129	5,407,959	12,320,653	17,728,612	16,240,274

Group corporate other debtors includes £3,173,183 (2021: £209,336) due to the group after more than one year.

Group syndicate other debtors includes £3,327,558 (2021: £2,107,080) due to the group after more than one year.

Company other debtors includes £1,672,572 (2021: £207,200) due to the company after more than one year.

23 Stocks

Group	2022 £	2021 £
Property held for development	8,287,849	11,154,444
Raw materials and consumables	9,585	10,124
Total	8,297,434	11,164,568

24 Cash at bank

	Syndicate £	Corporate £	2022 Total £	As restated 2021 Total £
Lloyd's deposit	387,564	687	388,251	396,183
Cash at bank and in hand	291,464	1,362,243	1,653,707	1,503,069
Total	679,028	1,362,930	2,041,958	1,899,252

Any Lloyd's deposit is held in accordance with the constraints detailed in note 37.

KIRLY LIMITED

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

25	Share capital	2022 £	2021 £
	<i>Allotted, called up and fully paid</i>		
	140,849 Ordinary shares of £0.01 each	1,408	1,408

Ordinary shares rank pari passu with equal rights to the distribution of dividends.

26 Other provisions

Group	Syndicate £	Corporate £	2022 £	2021 £
Dilapidations	-	210,000	210,000	210,000
Other provisions	-	11,500	11,500	21,797
Total	-	221,500	221,500	231,797

Movements on provisions apart from deferred tax liabilities (note 27):

	Dilapidations £	Other £	Total £
At 1 January 2022	210,000	21,797	231,797
Reversal of provisions	-	(10,297)	(10,297)
At 31 December 2022	210,000	11,500	221,500

The dilapidations provision relates to repairs required to be made under the terms of the lease to return the property, at the end of the lease, to the same state as when the lease commenced (note 31).

27	Taxation	2022 £	2021 £
	Analysis of charge in year		
	<i>Current tax</i>		
	UK Corporation Tax on profits of the year	483,730	342,836
	Adjustments in respect of prior years	(154,619)	(4,344)
	Foreign tax	68	124
	Total current tax	329,179	338,616
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	(401,527)	245,121
	Changes in tax rates	162,570	-
	Total deferred tax	(238,957)	245,121
	Tax on profit on ordinary activities	90,222	583,737

KIRLY LIMITED

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

27 Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	As restated 2021 £
Loss on ordinary activities before taxation	(3,759,182)	(2,783,500)
Loss on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 19.00%.	(714,245)	(528,865)
<i>Effects of:</i>		
Income/expenses not taxable/allowable	961,966	758,117
Timing differences arising from the taxation of the underwriting results	64,552	46,341
Timing differences arising from the taxation of syndicate participation movements	-	3,375
Tax losses carried forward	37,860	89,405
Change in unrecognised deferred tax assets	(84,611)	-
Permanent capital allowances in excess of depreciation	4,354	-
Adjustments to tax charge in respect of prior periods	(140,027)	12,760
Foreign tax paid	68	124
Changes in deferred tax rates	(42,984)	162,570
Other adjustments	3,289	39,910
Total tax charge for the year	90,222	583,737

Factors that may affect future tax charges

The group has trading losses of £1,743,051 (2021 - £1,050,838) available for carry forward against future trading profits. These losses have no fixed date of expiry.

	2022 £	2021 £
<i>Provision for deferred tax</i>		
At 1 January	753,950	508,829
(Credit)/Charge to the profit or loss account	(238,957)	245,121
At 31 December	514,993	753,950

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

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £435,763 (2021 - £334,010).

The net reversal of deferred tax liabilities expected to occur during the year beginning after the reporting period is £4,647 on the assumption that no additions or disposals are made during the next year.

KIRLY LIMITED

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

28 Other creditors: falling due within one year

	Company		Group			
	2022	2021	Syndicate	Corporate	2022	2021
	£	£	£	£	£	£
Other creditors	40,034,842	36,410,799	338,558	1,099,655	1,438,213	2,172,620
Other taxation and social security	-	1,488	-	57,291	57,291	49,327
Corporation tax	13,816	89,061	-	365,777	365,777	237,032
Shareholders' loan account	18,507	-	-	53,458	53,458	-
Total	40,067,165	36,501,348	338,558	1,576,181	1,914,739	2,458,979

The above shareholders' loan has been included in the related party transactions note 39.

29 Other creditors: falling due after more than one year

	Company		Group			
	2022	2021	Syndicate	Corporate	2022	2021
	£	£	£	£	£	£
Bank loans and overdrafts	-	-	-	38,171	38,171	44,792
Loan notes	2,066,791	6,220,115	-	2,066,791	2,066,791	6,220,115
Total	2,066,791	6,220,115	-	2,104,962	2,104,962	6,264,907

The bank loan is repayable over 60 months commencing 22 August 2021. For the first 12 months, interest payments are covered by the UK Government's Business Interruption Payment. Interest thereafter is payable monthly and is charged at a fixed rate of 2.5%.

Interest on loan notes is payable from 31 December 2019 at a rate of 1% per annum above the Barclays Bank Base Rate. The company may make an early repayment at any time after 31 December 2023 (Loan Notes 1) or 31 December 2022 (Loan Notes 2) with 3 months' notice. The stockholder may give 3 or more months' notice at any time (Loan Notes 1) or after 1 September 2021 (Loan Notes 2) that they wish for repayment at the end of the next calendar quarter. The loan notes have a final repayment date of 31 December 2029 if not previously repaid.

30 Financial commitments, guarantees and contingent liabilities

The directors consider that contingent liabilities may arise due to the risk of service charges, and in particular rates, being absorbed by the company should vacant letting periods arise.

The property market has proved volatile in recent years and there have been unexpected changes in tenancies which have caused vacancies. It is impracticable to calculate the financial effect of the potential liabilities due to the uncertainties relating to timings and amounts.

The likelihood of being able to recover costs for any vacant letting periods is remote and the company would then be obliged to discharge certain liabilities prior to occupation of the premises by a new tenant.

Under the SPA described in Note 3 the buyer received various guarantees and warranties. General claim warranties were applicable within the period of two years of the completion date 1 September 2019. The claim period ceased on 1 September 2021 and no claims have arisen.

Tax warranties claim period extends to seven years after the completion date ceasing on 1 September 2026. At the year-end there is no indication of any claim and the directors do not consider a claim to be probable or quantifiable for future periods. No provision has, therefore, been made within the accounts. The company sold has now ceased trading.

KIRLY LIMITED

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

31 Obligations under leases

Operating lease agreements where the Group is lessor

The operating lease agreements represent leases of properties to third parties. The leases are negotiated over terms of up to 25 years, with fixed rentals and break clauses in line with the individual terms of the leases.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	410,083	418,204
Between two and five years	936,008	1,075,641
In over five years	724,209	675,879
	2,070,300	2,169,724

Operating lease agreements where the Group is lessee

The group's lease of its Cambridge premises at 16 Regent Street expires on 24 December 2033. The group has sublet, under operating leases to third parties, a part of the land and building leased above.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	250,000	245,000
Between two and five years	1,000,000	1,000,000
In over five years	1,500,000	1,750,000
	2,750,000	2,995,000

32 Retirement benefit schemes

Defined contribution schemes

	Company		Group	
	2022 £	2021 £	2022 £	2021 £
Charge to profit or loss	28,997	41,227	65,068	73,752

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

KIRLY LIMITED

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

33 Financial liabilities

Group

All financial liabilities are measured at amortised cost except for:

2022	2021
£	£

Amounts due to credit institutions	3,931	-
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This liability has been disclosed at fair value using a valuation technique. The group uses the following hierarchy for determining and disclosing the fair value of financial liabilities by valuation technique:

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

Level 2: prices based on recent transactions in identical liabilities

Level 3: prices determined using a valuation technique

34 Reconciliation of loss before tax to cash inflow/(outflow) from operating activities

	2022	As restated 2021
	£	£
Loss before tax	(3,759,182)	(2,783,500)
Finance costs	489,232	69,932
Finance income	(1,349,417)	(1,318,663)
Current year result not distributable in year	308,136	375,624
Prior year result distributable in year	29,965	(223,886)
Loss/(Profit) on sale of syndicate participation rights	-	(7,336)
Increase in creditors	2,685,616	4,106,546
Increase in debtors	(843,731)	(10,590,190)
Decrease/(Increase) in stocks	2,117,134	(1,351,591)
Increase/(Decrease) in deferred income	2,337	(16,217)
(Decrease)/Increase in provisions	(9,234)	20,734
Amortisation and impairment of syndicate participation rights	750	139,736
(Profit)/loss on disposal of tangible fixed assets	382	-
Depreciation of tangible fixed assets	40,100	48,136
Amortisation and impairment of other intangible fixed assets	3,155,566	3,993,992
Other gains and losses	(578,873)	(972,897)
Exchange gains and losses	(63)	(752)
Cash inflow/(outflow) from operating activities	2,288,718	(8,510,332)

35 Analysis of changes in net debt - group

	At 1 Jan 2022	Cash flows	Exchange movements	At 31 Dec 2022
	£	£	£	£
Cash and cash equivalents	1,241,782	121,085	63	1,362,930
Borrowings excluding overdrafts	(8,122,799)	5,340,379	-	(2,782,420)
Total	(6,881,017)	5,461,464	63	(1,419,490)

36 Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Revaluation reserve

This reserve is used to record the non-distributable increases and decreases in the fair values of financial investments.

Capital redemption reserve

This reserve records the nominal value of the shares repurchased by the company.

KIRLY LIMITED

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

37 Funds at Lloyd's

Cash balances of £687 (2021: £6,004) detailed in note 24 and investments of £1,196,200 (2021: £1,786,444) detailed in note 20 are held within the group's Lloyd's deposit. These balances exclude any amounts held via syndicates.

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

In addition to these amounts, the directors and shareholders of the group, and the Kirly Pension Scheme, have also made available to Lloyd's assets amounting to approximately £7,027,370 (2021: £8,353,877) which are also used by the company to support its Lloyd's underwriting.

38 Controlling party

The directors control the company by virtue of their controlling interest in the issued ordinary share capital.

39 Related party transactions

At the end of the year, director M W Johnson was owed £34,951 by the group, and owed £3,597 to the company (2021 - £332,009 owed to the group and company). The group received advances of £446,936 (2021 - £1,108,835), and the company received advances of £408,388 (2021 - £146,500). The group and company made repayments of £441,992 (2021 - £700,000). All amounts are repayable on demand. Interest is charged at HMRC's official rate of interest if the balance on the director's loan account is overdrawn. A dividend of £362,016 (2021 - £Nil) was credited to the director's loan account during the year. The outstanding balance owed to the company has been cleared since the year-end.

At the end of the year, director M A Johnson was owed £18,507 by the group and company (2021 - £332,009 owed to the group and company). The group and company received advances of £151,500 (2021 - £1,108,835) and made repayments of £163,000 (2021 - £700,000). All amounts are repayable on demand. Interest is charged at HMRC's official rate of interest if the balance on the director's loan account is overdrawn. A dividend of £362,016 (2021 - £Nil) was credited to the director's loan account during the year.

During the year the group and company agreed updated loan terms with The Apertus Group Limited, a company in which Kirly Limited has a participating interest. During the year the group and company made advances of £5,525 (2021 - £65,000). The outstanding balance owed to the group and company at the year-end was £229,363 (2021 - £214,196). The loan shall bear interest at a rate of 5% per annum, or 4% above the HSBC base rate in the event of any default on loan or rent repayments. The borrower shall make payments of £1,500 per month until all interest and interest and capital due has been paid. Interest receivable during the year was £9,641 (2021 - £4,196). All interest accrued to 31 December 2022 totalling £13,837 was consolidated into the capital element of the revised loan.

The group and company also advanced an amount of £46,475 to The Apertus Group Limited on a short-term basis in December 2022, which was repaid in January 2023. This amount was interest-free.

The group charged rent to The Apertus Group Limited for the year to 31 December 2022 of £2,400 (2021 - £2,400). This has been discounted from the lease agreement which provides for an annual rent of £5,400.

During the year, the group and company acquired a loan of £500,000 with Locale Enterprises Limited, a company in which Kirly Limited has a participating interest. The loan is interest free and repayable in full on 31 March 2028.

During the year, the group granted a loan of £1,498,500 to Pigeon (Werrington) Limited, a company in which the group has a participating interest. The loan shall bear interest at a rate of 3.51% per annum in the first year, 4.22% per annum in the second year, and 6.97% in the third year. The interest rate may be adjusted each year by the board of Pigeon (Werrington) Limited. The board determined no interest would be chargeable for the year to 31 December 2022. The loan has no formal date of repayment and shall be repaid at a time so determined by the board.

At the year-end Kirly Limited was owed £466,371 (2021 - £455,181) by Forinvesta UBA. Forinvesta UBA is a wholly owned subsidiary of Varoteks OU, a company wholly owned by the directors (20%) and their immediate family (80%). Interest is chargeable at the Base Rate +1%, which is considered a market rate of interest by the directors. Interest receivable by Kirly Limited during the year was £11,189 (2021 - £5,181). The loan was acquired from the Kirly Pension Scheme, of which the directors are trustees.

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

39 Related party transactions (continued)

At the year-end Kirly Limited was owed £4,186,306 (2021 - £4,136,993) by Varoteks OU. The company receives interest equalling 80% of the total profit of the venture plus a rate of 10% (formerly 7.5%). On other short term loans it receives an interest rate of 1.5%. Interest receivable by Kirly Limited during the year was £486,987 (2021 - £422,606). The final term of the loan is 31 December 2028 and the company has the right to request repayment of the loan and interest on 31 December 2023.

At the year-end Kirly Limited was owed £138,467 (2021 - £159,571) by the sister of M W Johnson. Interest receivable by Kirly Limited during the year was £2,896 (2021 - £2,684). Interest is chargeable at the Base Rate +1.5%, which is considered a market rate of interest by the directors. The loan is repayable in full by 31 January 2030.

During the year the directors' son-in-law repaid a loan of £650,136 from the company in full. The loan was interest-free.

Included within group creditors at 31 December 2022 is £556,905 (2021 - £212,966) owed to the Kirly Pension Scheme, of which the directors are trustees. Included within company creditors is £488,905 (2021 - £144,966) owed to the Kirly Pension Scheme. Included within group and company debtors is £Nil (2021 - £60,000) owed by the Kirly Pension Scheme. The loans are interest-free and no specific terms for repayment exist. Outstanding balances owed by the group and company have been cleared since the year-end.

Kirly Limited has taken advantage of the exemption conferred by FRS 102.33.1A not to disclose transactions with its wholly-owned subsidiaries.

40 Non-controlling interest

	2022 £	2021 £
At 1 January	(368,719)	(330,453)
Share of subsidiary's loss for the year	(16,984)	(128,315)
Shares issued by subsidiary to non-controlling interest	9	90,049
At 31 December	(385,694)	(368,719)

41 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

42 Capital commitments

As at 31 December 2022 the company had contracted to purchase plant and machinery amounting to £58,555 (2021 - £Nil) and stock improvements amounting to £165,414 (2021 - £Nil).

43 Restated comparatives

Comparative amounts on the consolidated and company statement of financial positions have been restated to present amounts due after more than one year separately on the face of the statements.

During the year the directors have reclassified the recognised goodwill in LK Catering and Events Limited as plant and machinery. A restatement has been undertaken to reallocate the additions in the prior year and amend the amortisation and depreciation recognised. This has resulted in a reduction in retained earnings brought forward of £250.

Following the publication of Tech Guidance 03/11 released by the ICAEW in conjunction with ARMA and RICS, Service Charge income and expenditure (together with the resulting assets and liabilities) relating to Cherry Trees Apartments Service Company Limited is now recorded in separate Service Charge accounts. The comparative figures have been restated as appropriate, resulting in an increase in retained earnings brought forward of £131.