Tokio Marine Kiln Group Limited

Annual Report and Financial Statements
For the year ended 31 December 2020

Registered Office
20 Fenchurch Street
London
EC3M 3BY

Registered Number 02949032

Strategic report for the year ended 31 December 2020

The directors of Tokio Marine Kiln Group Limited (the Company) (TMKGL) present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Principal activities and business review
The Company is a private limited company incorporated in the UK and registered in England and Wales. The principal activities of the Company consist of holding investments in subsidiary undertakings.

The Company's ultimate parent is Tokio Marine Holdings, Inc., Japan (Tokio Marine).

The Company remains a going concern and will continue to meet all obligations as they fall due.

Summary of financial results
The loss for the financial year is £24,426,000 (2019: Loss of £44,068,000). The net asset position at 31 December 2020 is £216,629,000 (2019: £171,055,000).

The key financial performance indicators for the year are as follows:

	2020 £'000	2019 £'000
Income from shares in group undertakings	**-**	52,154
Loss before tax	**(23,301)**	(45,326)
Net Asset Position	**216,629**	171,055

Future Developments
The Company will continue to hold investments in subsidiary undertakings for the foreseeable future. The future developments relating to each of these subsidiary companies are outlined in their respective 31 December 2020 financial statements.

The COVID-19 pandemic is impacting the operational activities of the Company. However, the directors consider the negative implications on operations to be low. Since March 2020 the vast majority of our staff have worked from home with all working remotely at the date of these financial statements. Currently we do not expect significant numbers to return to our offices before at least mid-2021. This follows a successful stress test of our business continuity practices during March 2020, which showed that the Company can continue to operate remotely.

Principal risks and uncertainties
The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that controls operate effectively; it is assisted in discharging these responsibilities by the Tokio Marine Kiln Syndicates Limited Risk, Capital & Compliance Committee and the Tokio Marine Kiln Insurance Limited Risk, Capital and Compliance Committee.

The Company has developed a framework for identifying the risks that it is exposed to and their impact on economic capital. This process uses risk based principles to manage capital requirements and to ensure that it has the financial strength and capital adequacy for its subsidiaries to continue operating and to meet the obligations to policyholders, regulators and other stakeholders. The directors consider that the Company's capital is adequate to meet its business needs under the regulatory capital regime.

The principal risks faced by the Company arise from fluctuations in the severity of claims within its subsidiaries compared with expectations; late reporting of claims; inadequate reinsurance protection, including the credit worthiness of major reinsurers; and inadequate reserving. The assets and liabilities of the Company and its subsidiaries are also exposed to market risk, including the impact of changes to interest rates and adverse changes in exchange rates.

Section 172
The directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act and have acted in accordance with these responsibilities during the year. There are regular Board meetings with attendance of subject matter experts and external advisors where necessary to maintain high standards of business. In addition, the Board outsources operations outside of our expertise (e.g. investment management) in order to help contribute to the success of the Company. We strive to embody our core values of inclusion, empowerment, integrity, innovation, excellence and teamwork in everything we do and we support the values held by

our parent company, Tokio Marine. We provide strong, clear leadership and act responsibly in our marketplace, our workplace, our community and our environment. Our values reflect the way we work and behave, and are at the core of everything we do. These are underpinned by a set of behaviours that we all abide by.

The TMK Group aims to live our Good Company values, and to provide clear leadership and act responsibly in:

Our marketplace
We believe we are in partnership with our customers, delivering the highest quality service, striving for excellence and behaving with integrity. We work in an industry that can involve significant and extreme catastrophes - it's about doing the right thing at the right time. That is why we are here.

Our workplace
We take pride in recruiting, retaining and developing proactive, responsive people and we believe in treating them with respect. We are committed to providing an environment that enables them to flourish so that they can best support our clients and benefit our investors.

Our community
We believe that we should all contribute to the local community. Our employees are encouraged to get involved as much or as little as they please - by making donations to local causes, through volunteering, acting as mentors to young people about to enter the world of work, or taking the lead in supporting a charitable cause. Together we can make a big impact on our community.

Our environment
We are committed to achieving sustainable business growth together with the development of society and the conservation of the global environment. We believe that we should all behave responsibly by making sensible buying decisions, cutting down on what we consume and making the most of recycling opportunities.

Regulators
The TMK Group maintains a transparent relationship with its regulators. Ongoing exchange is valued, providing a means for open communication with UK regulators both at Board level and with business leaders. The Company takes its regulatory responsibilities seriously, with strong engagement on regulatory matters throughout.

On Behalf of the Board

DocuSigned by:
Brad T. Irick
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B T Irick
Director
22 June 2021

Directors' report for the year ended 31 December 2020

The directors of Tokio Marine Kiln Group Limited (the Company) present their report together with the audited financial statements for the year ended 31 December 2020.

Future developments
Future developments are discussed in the strategic report.

Dividends
The directors did not declare or pay a dividend for the year ended 31 December 2020 (2019: £nil).

Going concern
The Company has adequate resources to continue in operational existence and benefits from being part of the wider Tokio Marine Group. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

Directors and Officers
The directors and officers of the Company throughout the year and up to the date of signing are listed below:

- B T Irick
- C A S Franks
- C J B Williams (Chair)
- D A Torrance (appointed 11 June 2020)
- I Ishii (resigned 31 March 2020)
- K Hatakeyama
- K Yamamoto (appointed 1 April 2020)
- R Patel

F J Molloy (Company Secretary) (resigned 30 October 2020)
A Gordon (Company Secretary) (appointed 1 November 2020)

Directors' and officers' liability insurance
Directors' and officers' liability insurance has been purchased by TMKGL in respect of all group companies. This was in force during the year and at the date of signing the financial statements.

Employees
The strategic report covers a summary of how the directors have engaged with employees and how they have had regard to employee interests.

Suppliers, customers and others
The strategic report covers a summary of how the directors have had regard to the need to foster the company's business relationships with suppliers, regulators, the community and the environment. The customers of the Company are fellow subsidiaries of TMKGL where business relationships are maintained through an aligned leadership structure and common strategic goals and Tokio Marine subsidiaries where there is common oversight and regular collaboration.

Financial risk management
The Company is exposed to credit risk and liquidity risk related to holdings in convertible loans, subordinated debt and money market funds, this is managed closely by the Treasury team and the Board's appetite for these risks is very low.

Political donations
The Company made no donations for political purposes (2019: £nil)

Research and development
The Company did not incur or pay any research or development expenditure for the year ended 31 December 2020 (2019:£nil).

Post balance sheet events
Information on post balance sheet events is disclosed in note 21.

Greenhouse gas emissions, energy consumption and energy efficiency action
During the year the Company consumed less than 40,000 kWh of energy in the United Kingdom. Energy consumption is calculated as a combined figure for TMKGL and all its subsidiaries and allocated based on employees.

Statement of directors' responsibilities
The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Statement of disclosure of information to auditors
In the case of each director in office at the date the directors' report is approved:

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

Appointment of independent auditors
The Board has approved the appointment of PricewaterhouseCoopers LLP as auditors on an ongoing basis.

On Behalf of the Board

DocuSigned by:
Brad T. Irick
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B T Irick
Director
22 June 2021

Independent auditors' report to the members of Tokio Marine Kiln Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tokio Marine Kiln Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and European regulatory principles, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the company's risk and compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment in subsidiary undertakings.
- Identifying and testing journal entries, in particular any journals that appear to be posted outside the normal patterns and parameters, any journal entries posted with unusual account combinations and journals posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 June 2021

Profit and loss account for the year ended 31 December 2020

	Note	**2020**	2019
		£'000	£'000
Income from shares in group undertakings		**-**	52,154
Investment income		**2,970**	2,354
Interest receivable and similar income	4	**5,754**	6,021
Impairment loss on subsidiaries		**(31,500)**	(87,400)
Profit/(loss) on sale of subsidiary		**184**	(3,227)
Administrative expenses		**341**	(13,060)
Operating loss	5	**(22,251)**	(43,158)
Finance costs	6	**(160)**	(257)
Foreign exchange loss		**(890)**	(1,911)
Loss before taxation		**(23,301)**	(45,326)
Tax on loss	7	**(1,125)**	1,258
Loss for the financial year		**(24,426)**	(44,068)

All activities are continuing. There is no other comprehensive income or loss attributable to the shareholders of the Company (2019: £nil). Accordingly, a separate statement of comprehensive income has not been provided for the current or prior year.

The notes on pages 12 to 19 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2020

	Called-up share capital £'000	Share premium £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2019 under FRS 101 and FRS 102	1,010	64,990	149,123	215,123
Loss for the financial year	-	-	(44,068)	(44,068)
Balance as at 31 December 2019	1,010	64,990	105,055	171,055
Balance as at 1 January 2020	1,010	64,990	105,055	171,055
Capital injection	-	70,000	-	70,000
Loss for the financial year	-	-	(24,426)	(24,426)
Balance as at 31 December 2020	1,010	134,990	80,629	216,629

The notes on pages 12 to 19 form part of these financial statements.

Balance sheet as at 31 December 2020

	Note	**2020 £'000**	2019 £,000
Fixed Assets			
Shares in group undertakings	9	**239,172**	91,548
Shares in associated undertakings		**400**	400
Loan to group undertaking	11	-	22,727
Financial investments	12	**13,755**	14,228
		253,327	128,903
Current assets			
Amounts owed by group undertakings	13	**21,033**	126,737
Other debtors	14	**288**	1,410
Cash at bank and in hand		**88**	5,549
		21,409	133,696
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	15	**(55,769)**	(88,975)
Other creditors	16	**(2,338)**	(2,569)
		(58,107)	(91,544)
Net current (liabilities)/assets		**(36,698)**	42,152
Total assets less current liabilities		**216,629**	171,055
Provisions for liabilities	17	-	-
Net assets		**216,629**	171,055
Capital and reserves			
Called up share capital	18	**1,010**	1,010
Share premium account		**134,990**	64,990
Retained earnings		**80,629**	105,055
Total shareholders' funds		**216,629**	171,055

The financial statements on pages 9 to 19 were approved by the Board of directors on 22 June 2021 and were signed on its behalf by:

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Brad T. Irick
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B Irick
Chief Executive Officer

DocuSigned by:
R Patel
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R Patel
Chief Financial Officer

The notes on pages 12 to 19 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

1.1 Disclosure requirements

The financial statements have been prepared in accordance with the accounting policies set out below and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006. The financial statements cover those of the individual entity

The financial statements for the year ended 31 December 2020 are the Company's first financial statements that comply with FRS 102. For financial years ending 31 December 2015 onwards the Company prepared financial statements in accordance with FRS 101 'Reduced Disclosure Framework' and prior to that with previous UK GAAP. The date of transition to FRS 102 was 1 January 2019, which is the beginning of the earliest period for which the Company is presenting full comparative information in accordance with FRS 102. The principal effects of the adoption of FRS 102 are provided in note 20 on first time adoption.

1.2 Exemptions for qualifying entities under FRS102

As a 'qualifying entity' (a member of a group where the parent of the group, Tokio Marine Holdings, Inc., prepares publicly available consolidated financial statements) the Company has taken advantage of the following disclosure exemptions in FRS 102.1.12:

- to not prepare the Statement of Cash Flows required by Section 3: Financial Statement Presentation 3.17(d) and Section 7: Statement of Cash Flows.
- Exemption from disclosing management personnel compensation as required by Section 33: Related Party Disclosures.

Additionally, as permitted by FRS 102.33.1A, related party transactions have not been disclosed where these are entered into by two or more wholly owned subsidiaries of Tokio Marine Holdings, Inc..

1.3 Statement of compliance

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no critical accounting estimates required in the preparation of these financial statements.

The Company has taken advantage of the exemption from preparing group financial statements, as it is itself a wholly owned subsidiary of Tokio Marine Holdings, Inc. It is included in the consolidated financial statements of Tokio Marine Holdings, Inc., which are publicly available and are compliant with all of the conditions outlined within the Companies Act 2006 - Section 401.

These financial statements are prepared under the historical cost convention as modified by the revaluation of financial investments to fair value through profit or loss.

The financial statements are prepared in pound sterling which is the presentation and functional currency of the Company and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

1.4 New standards and amendments

The Company has applied FRS 102, as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. There are no amendments to UK accounting standards impacting the year ended 31 December 2020 financial statements.

1.5 Significant accounting policies

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

a. Investment income

UK dividends are recognised when the right to receive payment is established and do not include any imputed tax credit. Income from fixed interest securities is accounted for using the effective interest method.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation of investments at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date.

Provision is made for any impairment in value of investments in subsidiary and associated undertakings valued at cost plus incidental expenses less any provision for impairment and is written off to the profit and loss account.

b. Foreign currency translation

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in pound sterling which is also the functional currency of the company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions or an appropriate average rate of exchange. Foreign exchange gains and losses resulting from the settlement of monetary items relating to such transactions and from the measurement at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

c. Income taxes

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because items of income and expense are taxed in different periods, and it excludes items that are never taxable or deductible.

d. Deferred taxation

The tax expense represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because items of income and expense are taxed in different periods, and it excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted as at the year-end date as disclosed in note 7. Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax liabilities are recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated on an undiscounted basis at the tax rates based on the enacted or substantially enacted tax laws expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

e. Investments in subsidiaries and associated undertaking

Subsidiary and associated undertakings are valued at cost plus incidental expenses less any provision for impairment.

f. Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial instruments consist of interest-bearing loans to group undertakings, financial investments such as money market funds, convertible loans and subordinated debt, and non-interest bearing amounts owed by and to group undertakings.

The interest bearing loan to a group undertaking, which was transferred to another group undertaking during 2020, was initially recognised at transaction price, net of transaction costs and subsequently valued at amortised cost. Any difference between the initial carrying value and the redemption value was recognised in the profit and loss account over the period of the borrowing using the effective interest method. The carrying value was reviewed for impairment whenever events or circumstances indicated that the carrying amount was greater than the recoverable amount, with the impairment recorded in the profit and loss account.

Information relating to financial investments is reported to internal management on a fair value basis and accordingly all financial investments are designated at fair value through the profit or loss at acquisition. These are initially recorded at cost, which equates to fair value, and are subsequently carried at fair value through profit or loss.

All regular purchases and sales of financial investments are recognised on the trade date, being the date the Company commits to purchase or sell the asset.

Fair value determinations for financial investments are based on either bid market prices at close of business on the year end date for listed investments, broker or dealer price quotations, or by reference to current market values of another substantially similar instrument.

Equity instruments that are not publicly traded and whose value cannot be measured reliably are subsequently measured at cost less impairment.

Amounts owed by and to group companies are non-interest bearing and repayable on demand. These are recognised at transaction price and subsequently measured at amortised cost at the undiscounted amount expect to be received.

g. Other debtors/creditors

Other debtors/creditors are recognised at transaction price and carried at the recoverable amount / amount expected to be paid. The carrying values of other debtors are reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. All other debtors and creditors are due within one year, unless otherwise stated.

h. Provisions

A provision is recognised when the Company has a present legal or constructive obligation, as a result of a past event, that is expected to result in an outflow of resources. A provision is recognised when a reliable estimate of the amount of the obligation can be made.

i. Finance costs

Finance costs comprise interest paid and bank charges together with facility fees on letters of credit and are recorded in the period in which they are incurred.

j. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less from the date of acquisition. These investments are subject to insignificant risk of change in fair value.

k. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds net of tax.

2. Use of critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving significant estimates or judgements are:

Provision for impairment	The calculation of the provision for impairment is subject to a degree of uncertainty. Management calculate a value in use and compare this to the carrying value. If the value in use is below the carrying value an impairment is charged to the profit and loss account. In calculating the value in use management rely on external valuation experts. The valuations are based on management financial forecasts for up to 5 years, in addition to a terminal value, where applicable, with an applied long term growth rate, which is based on long term nominal gross domestic product. Valuations are discounted using the capital asset pricing model using the weighted average cost of capital.

3. Staff costs

The Company had no employees during the year ended 31 December 2020 (2019: £nil). Staff engaged in the business of the Company are employed by a subsidiary undertaking, Tokio Marine Kiln Insurance Services Limited.

Directors' Remuneration

The directors are paid for their service to the group, not individual companies.

The remuneration in relation to estimated time spent by the Company's directors on the affairs of the Company is as follows:

	2020 £'000	2019 £'000
Aggregate emoluments	**281**	996
Amounts payable to directors under long-term incentive schemes	**210**	-
Pension contributions on behalf of directors	**1**	-

The Executive Directors of the Company are employed by Tokio Marine Kiln Insurance Services Limited. The remuneration charge for the highest paid director as recharged to the Company was £89,000 (2019: £482,000).

4. Interest receivable and similar income

	2020 £'000	2019 £'000
Interest on loan to group undertakings	**5,754**	5,991
Lease interest income	**-**	30
	5,754	6,021

5. Operating loss

Operating loss is stated after charging an impairment charge on investment in subsidiary of £31,500,000 (2019: £87,400,000). The impairment charge relates to the decrease in value in use of the wholly owned subsidiary Tokio Marine Kiln Insurance Limited (TMKI) which was placed into run-off in June 2019. TMKI ceased to write any new non-Japanese business from June 2019 and any new Japanese business from 31 December 2019.

6. Finance Costs

	2020 £'000	2019 £'000
Interest on loan from group undertakings	**(151)**	(247)
Other finance cost	**(9)**	(10)
	(160)	(257)

7. Tax on loss

a. Analysis of debit/(credit) in current year

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on loss for the year	1,125	(1,258)
Total current tax	**1,125**	**(1,258)**

b. Factors affecting the current tax debit/(credit)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company.

	2020 £'000	2019 £'000
Loss before taxation	**(30,801)**	(45,326)
Loss before taxation multiplied by standard rate of Corporation tax in the UK of 19% (2019: 19%)	**(5,852)**	(8,612)
Effects of:		
Dividends receivable	**(401)**	(9,909)
Expenses not deductible for tax purposes	**7,411**	17,263

Income not taxable	**(35)**	-
Adjustment in respect of prior period	**2**	-
Total tax debit/(credit) for the year	**1,125**	(1,258)

8. Auditors' remuneration

	2020 **£'000**	2019 £'000
Fees payable to the Company's auditors and its associates for the audit of the Company	**248**	327
	248	327

Audit fees are billed combined for the Company and its subsidiaries and paid by a fellow subsidiary. A proportion of audit fees are recharged to this entity. The Company has not incurred any non-audit fees during the year (2019: nil).

9. Shares in group undertakings

	2020 **£'000**	2019 £'000
Shares in group undertakings	**239,172**	91,548

On 15 May 2020, there was a £70m capital injection from the Company's immediate parent company, Tokio Marine & Nichido Fire Insurance Co., Ltd ('TMNF'). This is the largest driver of the movement.

10. Investment in subsidiary undertakings

The following companies are directly and wholly-owned by the Company:

Name	**Country of Incorporation**	**Principal Activity**	**Registered Address**
Tokio Marine Kiln Syndicates Limited	England & Wales	A registered Lloyd's underwriting agent (*managing agency*)	
Kiln Underwriting Limited	England & Wales	A corporate member at Lloyd's	
Kiln Underwriting (No. 308) Limited	England & Wales	A corporate member at Lloyd's	
Kiln Underwriting (807) Limited	England & Wales	A corporate member at Lloyd's	
Kiln Underwriting (807) No. 2 Limited	England & Wales	A corporate member at Lloyd's	
Kiln Underwriting (510) Limited	England & Wales	A holding company for overseas investments	
Tokio Marine Kiln Insurance Services Limited	England & Wales	A service company established to provide administrative services to group companies	
Kiln Pension Guarantee Limited	England & Wales	A guarantee company established to hold funds which will be used to fund pension obligations should Tokio Marine Kiln Syndicates become unable to do so	20 Fenchurch Street London, EC3M 3BY
RJ Kiln & Co. (No. 2) Limited	England & Wales	A holding company for overseas investments; holds a 100% share in WNC Holdings Company, LP	
Tokio Marine Kiln Insurance Limited	England & Wales	Underwriting company specialising in marine cargo, construction, property and liability insurance business	
RJ Kiln & Co (No.3) Limited	England & Wales	A corporate member at Lloyd's	
RJ Kiln & Co (No.4) Limited	England & Wales	A dormant company	

All shares held are ordinary shares.

The following companies are wholly-owned subsidiaries of the above directly owned companies:

Name	Country of Incorporation	Principal Activity	Registered Address
RJ Kiln & Co. (No. 1) Limited	England & Wales	A dormant company	20 Fenchurch Street London, EC3M 3BY
Tokio Marine Kiln Regional Underwriting Limited	England & Wales	An insurance broking agent	
Tokio Marine Europe Limited	England & Wales	A service company established to provide administrative services to group companies	
Tokio Marine Kiln Hong Kong Limited	Hong Kong	An insurance agent underwriting energy, marine, property, aviation, engineering & construction, liability and personal accident insurance on behalf of the members of Syndicate 510 & 1880	3804 The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong
Tokio Marine Kiln Singapore PTE Limited	Singapore	An insurance agent underwriting energy, marine, property, aviation, engineering & construction, treaty reinsurance and personal accident insurance on behalf of the members of Syndicate 510 & 1880	138 Market Street, #03-04 CapitaGreen, Singapore 048946
WNC Holdings, LP	US	A holding company to WNC Holdings Group which is a managing general agent that provides flood, wind, hazard and auto insurance to financial institutions	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801

11. Loan to group undertaking

As at 31 December 2019 the Company held a US$30,000,000 (£22,727,000) subordinated loan note with WNC Holding Company, LP. On 10 March 2020 this loan was transferred to R J Kiln & Co. (No. 2) Limited in exchange for additional equity capital.

12. Financial investments

	2020 £'000	2019 £'000
Money market funds – International Cash Distributors	**1,751**	1,875
Convertible loan	**2,807**	2,807
Subordinated debt	**9,197**	9,546
	13,755	14,228

TMK invested £2.8m in Evari Group Limited, the UK holding company of Australian InsurTech business Evari Insure Pty Limited, by way of a convertible note, TMK will receive an annual coupon of 1.5% accrued on the uncovered principal amount.

Money market funds (Institutional Cash Distributors investments) are accounted for at fair value through profit and loss

13. Amounts owed by group undertakings

	2020 £'000	2019 £'000
Amounts owed by group undertakings	**21,033**	126,737

The amounts owed by group undertakings in 2019 included a loan to Kiln Underwriting (510) Limited to purchase share interest in NAS Insurance Services, LLC and a loan to RJ Kiln & Co (No.2) Limited to purchase WNC Holdings Company, LP. In 2020, both of these loans were repaid. An intercompany balance of £14.6m with RJ Kiln & Co (No.3) Limited represents the largest portion of the 2020 figure.

14. Other debtors

	2020 £'000	2019 £'000
Corporation tax	-	1,258
Prepayments and accrued income	**171**	77
Accrued interest on convertible loan note	**117**	75
	288	1,410

15. Amounts owed to group undertakings

	2020 £'000	2019 £'000
Amounts owed to group undertakings	55,769	88,975
	55,769	88,975

The group company creditor is non-interest bearing and repayable on demand. It is measured at amortised cost at the undiscounted amount expected to be paid. During 2020, there was a part repayment of intercompany loan balances. The largest of which was the intercompany loan with Kiln Underwriting (510) Limited which reduced from £52.3m down to £30.7m.

16. Other creditors

	2020 £'000	2019 £'000
Accruals and deferred income	-	1,354
Corporation tax payable	2,338	1,215
	2,338	2,569

17. Provisions for liabilities

	2020 £'000	2019 £'000
At 1 January	-	1,989
Utilised during the year	-	(1,989)
At 31 December	**-**	-

A provision for onerous lease has been provided for determined as the present value of the unavoidable costs, net of the benefits under the contract to cover the partial sub-let of the 5th Floor, 20 Fenchurch Street. It was transferred to a fellow subsidiary in 2019.

18. Called up share capital and share premium

	2020 £'000	2019 £'000
Allotted, called up and fully paid 101,000,001 (2019: 101,000,000) Ordinary shares of 1p each	**1,010**	1,010
Share premium account	**134,990**	64,990

Share premium is a statutory non-distributable reserve which records the amount above the nominal value received for shares issued less transaction costs. In 2020 one additional share was issued to the parent company in exchange for £70,000,000.

19. Ultimate parent company and controlling party

The immediate parent company is Tokio Marine & Nichido Fire Insurance Co., Ltd ('TMNF'). The ultimate parent company and controlling party is Tokio Marine Holdings, Inc. incorporated in Japan.

Copies of the consolidated financial statements of Tokio Marine Holdings, Inc. are available from 1-2-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan.

20. Explanation of the transition from FRS 101 to FRS 102

This is the first financial year for which the Company has presented the financial statements in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2019, which is the beginning of the earliest period for which the Company is presenting full comparative information in accordance with FRS 102.

For financial years ending 31 December 2015 onwards the Company prepared the financial statements in accordance with FRS 101 'Reduced Disclosure Framework' and prior to that with previous UK GAAP.

No restatement of prior year balances prepared in accordance with FRS 101 was required to comply with FRS 102.

Shares in group undertakings – investment in subsidiary

The Company previously elected under paragraph 10(a) of IAS 27 (Separate financial statements) to value for investments in subsidiaries at cost less impairment. The Company has made a similar election under FRS 102 paragraph 9.26(a).

Financial instruments

Financial instruments consist of interest bearing loans to group undertakings; financial investments such as money market funds, convertible loans and subordinated debt; and non-interest bearing amounts owed by and to group undertakings. The previous valuation of interest bearing loans to group undertakings at amortised cost under IFRS 9 has been continued and is consistent with FRS 102.11.15 to FRS 102.11.20.

The Company had previously elected to value all financial investments at fair value through profit and loss under IFRS 9 and this valuation has been continued under FRS 102 consistent with the requirements of Chapters 11 and 12 respectively in relation to money market funds and convertible loans and as permitted by FRS 102.11.14(b)(ii) for groups of subordinated debt instruments which are managed and whose performance is evaluated on a fair value basis.

The amortised cost valuation of intra group debtors and creditors repayable on demand at the undiscounted amount expected to be received/paid under IFRS 9 is consistent with FRS 102.11.15 to FRS 102.11.20.

There are no other differences between the requirements of FRS 101 and FRS 102 that are relevant to the Company.

21. Post balance sheet events

There are no post balance sheet events.