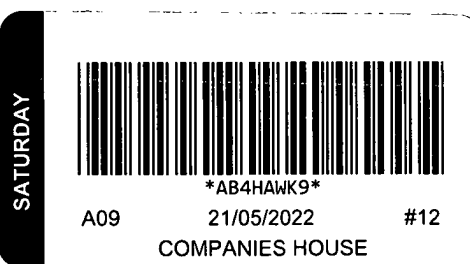


Company No 04082477

BEAZLEY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021



Beazley Group Limited

Directors and advisors

Directors

E McGivney
C P Oldridge
R E Turk

Secretary

Hampden Legal Plc,
Hampden House,
Great Hampden,
Buckinghamshire
HP16 9RD

Registered office

22 Bishopsgate
London
EC2N 4BQ

Registered Number

04082477

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker

Deutsche Bank AG
6 Bishopsgate
London
EC2N 4DA

Beazley Group Limited

Strategic report

The directors present their strategic report for Beazley Group Limited ('the company', registered number: 04082477) that accompanies the audited financial statements for the year ended 31 December 2021.

Business review and principal activity

Beazley Group plc was previously the ultimate parent company of the Beazley group until the re-domiciliation to Ireland, at which point it de-listed and became Beazley Group Limited, incorporated in the United Kingdom. Beazley plc was incorporated in Jersey on 20 February 2009 under Jersey Company Law as a public company limited by shares and with registered number 102680. With effect from 9 June 2009, under a scheme of arrangement involving a share exchange with the members of Beazley Group plc, Beazley plc became the new holding company of the Beazley group of companies ('the group'). Following a further scheme of arrangement on 13 April 2016, Beazley plc ceased to be the parent company of the group and changed its name to Beazley Ireland Holdings plc. The new parent company, Beazley plc (formerly Swift No.3 Limited), is incorporated in the UK.

Beazley Group Limited is the parent company of Beazley Furlonge Holdings Limited, which is the intermediate holding company for the majority of the subsidiaries of the Beazley group.

Streamlined Energy and Carbon Reporting (SECR)

Beazley Group Limited has taken the exemption not to report in line with SECR requirements as the company is a subsidiary of Beazley plc who report on behalf of the group for the financial year to 31 December 2021.

Going concern

The directors have prepared these accounts on a going concern basis, as they are of the opinion that the company will be able to pay its debts as and when they fall due.

Key performance indicators ('KPIs')

The company's directors are of the opinion that the KPIs for the company are best represented by the financial statements and related notes set out on pages 11 to 25. In particular, notes 6 (Investment in subsidiaries) and 14 (Related party disclosure) give further information on the company's subsidiaries and related entities.

Section 172 statement

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. The board has identified that its key stakeholders are:

- Beazley Ireland Holdings plc (Jersey)
- Beazley Furlonge Holdings Limited

The Beazley group's core values which are professionalism, integrity, effectiveness and being dynamic reflect the company's commitment to do the right thing simply because it is the right thing to do. The requirement to adhere to this principle is embedded within all job descriptions across the group.

Beazley Group Limited

Strategic report (continued)

Section 172 statement (continued)

The Beazley group has a responsible business strategy which sets out six areas of focus:

- *Charity* – our global partnership, fund raising and match funding;
- *Community* – how we interact the people and places in our local area;
- *Environment* – taking responsibility for our own use of resources as we conduct our business to minimise our environmental footprint;
- *Marketplace* – our awareness of the social and environmental impact of the business we conduct, and how we can support global sustainability efforts through the provision of insurance;
- *Inclusivity and diversity* – our vision is to inspire and develop people with diverse perspectives to thrive at all levels of our business; and
- *Responsible underwriting compliance* – we are committed to ensuring that our business is conducted in an ethical and honest manner, thus ensuring that we do the right thing for our stakeholders.

Further information on the group's responsible business strategy and how the group aims to provide support for our communities and the environment are discussed on pages 30 to 41 of Beazley plc's 2021 annual report. The Beazley group's responsible business plan can be found on the Beazley group website <https://investor.relations.beazley.com>

How the board engages with stakeholders:

- **Beazley Ireland Holdings plc (Jersey)** – The company's shareholder is Beazley Ireland Holdings plc (Jersey) and engages with it accordingly, as the need arises.
- **Beazley Furlonge Holdings Limited** – The company is the parent company of Beazley Furlonge Holding Limited and engages with it accordingly, as the need arises.

Signed on behalf of the board



C P Oldridge
Director

1 April 2022

22 Bishopsgate
London
EC2N 4BQ

Beazley Group Limited

Directors' report

Business review

A review of the company's activities is included in the strategic report.

Results and dividends

The results of the company for the year are shown in the statement of profit or loss on page 11. The company paid no dividends during the year (2020: \$53.5m).

Donations

No charitable or political donations were made by the company in either the current or prior reporting year.

Directors

The directors of the company who served during the year and to the date of this report, were as follows:

E McGivney
C P Oldridge
R E Turk

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Social, environmental and ethical risks

Social, environmental and ethical risks are managed on a group basis. More information can be obtained on how the group manages these risks from the financial statements of Beazley plc.

Beazley Group Limited

Directors' report (continued)

Auditor

During the year Ernst & Young LLP ('EY') was appointed as external auditor of the company in accordance with section 487 of the Companies Act 2006. In accordance with section 487(2) of the Companies Act 2006 and in the absence of notice proposing that the appointment be terminated at a general meeting, EY will be deemed to be reappointed for the next financial year.

Signed on behalf of the board



C P Oldridge
Director

1 April 2022

22 Bishopsgate
London
EC2N 4BQ

Beazley Group Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with IFRSs as required by the companies act and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International accounting standards in conformity with the requirement of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



C P Oldridge
Director

1 April 2022

Beazley Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY GROUP LIMITED

Opinion

We have audited the financial statements of Beazley Group Limited for the year ended 31 December 2021 which comprise the primary statements such as the Profit or loss Account, the Statement of financial position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Beazley Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY GROUP LIMITED

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Beazley Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY GROUP LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the relevant laws and regulations related to elements of company law, tax legislation and the financial reporting framework.
- We understood how Beazley Group Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We reviewed minutes of the Board to gain an understanding of the company's approach to governance demonstrated by the Board's approval of the company's governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; inquiring about the company's methods of enforcing and monitoring compliance with such policies.

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

Use of our report

This report is made solely to the 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.



Stuart Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 April 2022

Beazley Group Limited

Statement of profit or loss for the year ended 31 December 2021

	Note	2021 \$m	2020 \$m
Revenue		1.5	55.4
Administrative expenses including foreign exchange (loss)/gain		<u>(0.9)</u>	<u>1.2</u>
Operating profit		0.6	56.6
 Profit on ordinary activities before taxation		0.6	56.6
 Taxation charge	5	<u>(0.3)</u>	<u>(0.7)</u>
 Profit for the financial year		<u>0.3</u>	<u>55.9</u>

The company's operating activities all relate to continuing operations.

The notes on pages 14 to 25 form part of these financial statements. The company has no recognised gains and losses other than recognised in the profit or loss account, and accordingly no separate statement of Other comprehensive income is given.

Beazley Group Limited
Statement of changes in equity for the year ended 31 December 2021

	Share capital	Foreign currency translation reserve	Retained earnings	Total
	\$m	\$m	\$m	\$m
Balance at 1 January 2020	-	(21.5)	228.7	207.2
Retained earnings	-	-	55.9	55.9
Dividends paid	-	-	(53.5)	(53.5)
Balance at 31 December 2020	-	(21.5)	231.1	209.6
Retained earnings	-	-	0.3	0.3
Balance at 31 December 2021	-	(21.5)	231.4	209.9

The company's foreign exchange reserve relates primarily to the change in functional currency from sterling to US dollars in 2010.

Beazley Group Limited
Statement of Financial Position as at 31 December 2021

	Note	2021 \$m	2020 \$m
Assets			
Investment in subsidiaries	6	191.1	191.1
Other investments	7	-	18.1
Other receivables	8	20.0	17.7
Cash and cash equivalents	9	1.5	1.6
Total assets		<u>212.6</u>	<u>228.5</u>
Share capital	11	-	-
Foreign currency translation reserves		(21.5)	(21.5)
Retained earnings		231.4	231.1
Total shareholder funds		<u>209.9</u>	<u>209.6</u>
Liabilities			
Tax creditor		0.1	0.6
Other payables	10	2.6	18.3
Total liabilities		<u>2.7</u>	<u>18.9</u>
Total liabilities, capital and equity		<u>212.6</u>	<u>228.5</u>

Signed on behalf of the board of directors



.....
C P Oldridge
Director

The financial statements were approved by the board of directors on 1 April 2022.

The notes on pages 14 to 25 form part of these financial statements.

Beazley Group Limited
Statement of cash flows for the year ended 31 December 2021

	Note	2021 \$m	2020 \$m
Cash flow from operating activities			
Profit before income tax		0.6	56.6
Adjustments for:			
Decrease in insurance and other liabilities		(16.2)	(8.1)
Increase in insurance, reinsurance and other receivables	8	15.8	9.0
Financial income		(1.5)	(55.4)
Foreign exchange on intra-group subordinated debt		0.9	-
Income tax received		-	(0.2)
Net cash from operating activities		(0.4)	1.9
Cash flow from investing activities			
Interest and dividends received		-	55.3
Interim dividends paid		-	(53.5)
Net cash from investing activities		-	1.8
Net (decrease)/increase in cash and cash equivalents			
		(0.4)	3.7
Cash and cash equivalents at beginning of year		1.6	1.1
Effect of exchange rate changes on cash and cash equivalents		0.3	(3.2)
Cash and cash equivalents at end of year	9	1.5	1.6

Beazley Group Limited

Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in accordance with the Companies Act 2006 and the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations.

The financial statements are prepared using the historical cost convention. All amounts presented are stated in US dollars, as the company's functional and presentational currency, and millions, unless stated otherwise.

These financial statements are not consolidated accounts per the exemption contained in IAS 27 (separate financial statements), since Beazley Group Limited is 100% owned and controlled by Beazley Ireland Holdings plc who in turn are owned by Beazley plc. The consolidated financial statements of Beazley plc can be obtained from the website www.beazley.com

Statement of compliance

Beazley Group Limited is a limited liability company incorporated in England. The Registered office is 22 Bishopsgate London EC2N 4BQ

Policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In the current year, the Beazley Group have applied amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021.

The new effective amendments are:

- Interest Rate Benchmark Reform (IBOR) – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective date: 1 January 2021); and
- IFRS 16: COVID-19-Related Rent concessions (2021).

None of the amendments issued by the IASB have had a material impact to the Group. A number of new standards and interpretations adopted by the UK Endorsement Board (UKEB) which are not mandatorily effective, as well as standards and interpretations issued by the IASB but not yet adopted by the UKEB, have not been applied in preparing these financial statements.

The Group does not plan to adopt these standards early; instead it expects to apply them from their effective dates as determined by their dates of UKEB endorsement. The Group is still reviewing the upcoming standards to determine their impact:

- IFRS 10 and IAS 28: Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IASB effective date: optional).

1 Have not been endorsed by UKEB.

Beazley Group Limited

Notes to the financial statements (continued)

Going concern

The directors have prepared these accounts on a going concern basis, as they are of the opinion that the company will be able to pay its debts as and when they fall due. The assessment concluded that, for the foreseeable future, the company has sufficient capital and liquidity till the 30th April 2023.

As a wholly owned subsidiary of Beazley plc, the directors expect the company to have adequate resources to remain in existence for the foreseeable future.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this statement of accounting policies.

Revenue

Revenue consists of dividend income paid by the company's subsidiaries and is recognised in the period in which the dividend payments are received.

Dividends paid

Dividend distributions to the shareholder of the company are recognised in the period in which the dividends are approved by the shareholders at the company's board meeting. Interim dividends are recognised in the period in which they are paid.

Investments in subsidiaries

Investments in subsidiary undertakings and associates are stated at cost less any impairment.

Beazley Group Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of prior periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liability and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised in the statement of financial position to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Financial instruments

Classification of financial assets:

Financial assets are measured at amortised cost when they are contractual terms that give rise to cash flows on specified dates, that represents solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model and are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset. Subsequent to initial recognition, these financial assets are measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Company assesses the expected credit losses associated with its receivables, other investments and cash carried at amortised cost. The impairment methodology depends upon whether there has been a significant increase in credit risk.

Beazley Group Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial instruments (continued)

A) Other receivables

Other receivables principally consist of loans, prepayments, accrued income and sundry debtors and are carried at amortised cost. Other receivables also include intercompany loans carried at amortised cost less any impairment losses.

B) Other payables

Other payables are stated at amortised cost.

C) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition. Cash at bank and in hand is classified as loans and receivables and carried at amortised cost less any impairment losses.

Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Translation differences relating to differences between, or changes to, functional currency and presentational currency are recorded through the foreign exchange reserve on the balance sheet.

Beazley Group Limited

Notes to the financial statements (continued)

2. Risk management

2.1 Foreign exchange risk

The functional currency of the company is the US dollar. The company is mainly exposed to fluctuations in exchange rates for the non-dollar denominated subordinated debt as per note 7.

2.2 Interest rate risk

Some of the company's financial instruments, including cash and cash equivalents and borrowings, are exposed to movements in market interest rates.

The table below shows the average duration of the financial instruments. Duration is a commonly used measure of volatility and gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest rates.

Duration

31 December 2021	<1 yr \$m	Total \$m
Cash and cash equivalents	1.5	1.5
Total	1.5	1.5
31 December 2020	<1 yr \$m	Total \$m
Cash and cash equivalents	1.6	1.6
Total	1.6	1.6

2.3 Credit risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due.

The company analyses and examines counterparties when assessing credit risk.

To assist in the understanding of credit risks, A.M. Best, Moody's and Standard & Poor's (S&P) ratings are used. These ratings have been categorised below as used for Lloyd's reporting:

	A.M. Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D,E,F,S	Ca to C	R,(U,S) 3

The following tables summarise the company's concentrations of credit risk:

31 December 2021	Tier 1 \$m	Unrated \$m	Total \$m
Cash and cash equivalents	1.5	-	1.5
Other receivables	-	20.0	20.0
Total	1.5	1.5	21.5

Beazley Group Limited

Notes to the financial statements (continued)

2. Risk management (continued)

The following tables summarise the company's concentrations of credit risk:

31 December 2020

	Tier 1 \$m	Unrated \$m	Total \$m
Cash and cash equivalents	1.6	-	1.6
Other investments	-	18.1	18.1
Other receivables	-	17.7	17.7
Total	<u>1.6</u>	<u>35.8</u>	<u>37.4</u>

All financial assets above are considered to have a low risk of default and no amounts past-due, and therefore are considered to be performing. There are no material differences between carrying amounts gross and net of loss allowances.

In 2020, other investments consisted of a CAD \$23.0m subordinated loan issued in 2017 to Beazley Canada Ltd. The debt was due on 2 February 2027 and had annual interest of 8% payable in November each year. In Q4 2021, as part of the overall debt restructuring for Beazley Canada Limited, the loan receivable was restructured into an intercompany debtor.

The other receivables in 2021, consist of amounts owed from other entities within the group. These are classified as unrated as they are unable to be classified under the tiers described above. The maximum exposure to credit risk has been assessed and is not expected to be material to the company.

2.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The company is exposed to payments on servicing its borrowings.

The following table is an analysis of the net cash flows based on all the liabilities held at 31 December:

31 December 2021

	Within 1 year \$m	Total \$m
Other payables	<u>2.6</u>	<u>2.6</u>
Total	<u>2.6</u>	<u>2.6</u>

31 December 2020

	Within 1 year \$m	Total \$m
Other payables	<u>18.3</u>	<u>18.3</u>
Total	<u>18.3</u>	<u>18.3</u>

Beazley Group Limited

Notes to the financial statements (continued)

3. Profit or Loss on ordinary activities before taxation

The audit fee in the current financial year was \$12,391 (2020: \$11,529) and was borne by Beazley Management Limited.

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Beazley Ireland Holdings plc and the financial statements of the company's ultimate parent Beazley plc.

All directors are employed by Beazley Management Limited except for Ed McGivney who is employed by Beazley Insurance dac.

4. Directors and employees

None of the directors of the company, or employees of the group, received any remuneration in respect of services rendered to the company. Details of the remuneration paid to the group's directors and employees for their services to the group are shown in the ultimate parent undertaking's accounts, Beazley plc, which can be found at www.beazley.com

5. Taxation

	2021 \$m	2020 \$m
Current tax		
UK corporation tax at 19.0% (2020: 19.0%)	0.3	0.7
Taxation charge for the year	<u>0.3</u>	<u>0.7</u>

Factors affecting the tax charge for the current and prior years

The tax charge for the current year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%) due to the differences explained below.

	2021 \$m	2020 \$m
<i>Corporation tax reconciliation</i>		
Profit on ordinary activities before tax	0.6	56.6
Current tax at 19.0% (2019: 19%)	0.1	10.7
<i>Effects of:</i>		
Expenses not deductible for tax purposes	0.2	0.2
Non-taxable dividends	-	(10.2)
Taxation credit for the year	<u>0.3</u>	<u>0.7</u>

The Finance Act 2021, which provides for an increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 received Royal Assent on 10 June 2021. This tax rate change to 25% will increase the company's future current tax charge.

Beazley Group Limited

Notes to the financial statements (continued)

6. Investment in subsidiaries

31 December 2021	2021 \$m	2020 \$m
Investment in Beazley Furlonge Holdings Limited	<u>191.1</u>	<u>191.1</u>

7. Loans

31 December 2021	2021 \$m	2020 \$m
Loans	-	18.1
Total financial assets at amortised cost less impairment losses	<u>-</u>	<u>18.1</u>

The loan consists of subordinated debt issued in 2017 to Beazley Canada Ltd with a value of CAD \$23.0m. The debt is due 2 February 2027 and has annual interest of 8% payable in November each year. In Q4 2021, as part of the overall debt restructuring for Beazley Canada Limited, the loan receivable was restructured into an intercompany debtor.

8. Other receivables

	2021 \$m	2020 \$m
Amounts due from group companies	20.0	17.7
Total	<u>20.0</u>	<u>17.7</u>

All other receivables are due within one year of the reporting date, except for the inter-year loans. The carrying value approximates fair value.

9. Cash and cash equivalents

	2021 \$m	2020 \$m
Cash at bank and in hand	1.5	1.6
Total	<u>1.5</u>	<u>1.6</u>

10. Other payables

	2021 \$m	2020 \$m
Amounts due to other group companies	2.6	18.3
Total	<u>2.6</u>	<u>18.3</u>

All other payables are payable within one year of the reporting date and do not incur an interest charge. The carrying value approximates fair values.

Beazley Group Limited

Notes to the financial statements (continued)

11. Share capital

	2021		2020	
	No. of shares (m)	\$m	No. of shares (m)	\$m
Ordinary shares of 5p each				
Authorised*	-	-	-	-
Issued and fully paid*	-	-	-	-
Balance at 1 January and 31 December	-	-	-	-

With effect from 9 June 2009, under a scheme of arrangement involving a share exchange with the members of Beazley Group plc, Beazley plc (now Beazley Ireland Holdings plc) became the new holding company of the Beazley group of companies. This resulted in a share cancellation in Beazley Group plc, it de-listed and became Beazley Group Limited. Subsequently, Beazley plc (formerly Swift No.3 Limited), a UK incorporated company has become the holding company and parent of the Beazley group of companies.

For the purpose of the company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, or shareholders or issue new shares, or raise additional capital through intercompany balances.

There were no changes to the company's approach to capital management during the year.

* After the scheme of arrangement mentioned above, the company was left with a minimal amount of 1 ordinary share and 20 deferred shares.

12. Retained earnings

	2021 \$m	2020 \$m
Balance brought forward at 1 January	231.1	228.7
Profit for the financial year	0.3	55.9
Dividends paid	-	(53.5)
Balance carried forward 31 December	231.4	231.1

13. Ultimate parent undertaking

The ultimate parent undertaking is Beazley plc, incorporated in the UK. The largest and the smallest company in which the results of the company are consolidated is that headed by Beazley plc. No other company financial statements include the results of the company. The consolidated financial statements of Beazley plc can be obtained from the website www.beazley.com

Beazley Group Limited

Notes to the financial statements (continued)

14. Related party disclosure

The company has related party relationships with all subsidiaries and associates in the Beazley group. Details of transactions and contracts entered into by the company with its directors are disclosed in note 4 to the financial statements.

Details of balances with the subsidiaries are as follows:

	2021 \$m	2020 \$m
Balances due from/(to):		
Beazley Furlonge Holdings Limited	(2.1)	(17.9)
Beazley Management Limited	(0.4)	(0.3)
Beazley Underwriting Limited	(0.1)	(0.1)
Beazley Canada Limited	0.3	0.2
Beazley plc	0.4	-
Beazley Investments Limited	0.2	-
Beazley Ireland Holdings plc	19.1	17.5
	<u>17.4</u>	<u>(0.6)</u>
Amounts owed by group undertakings	20.0	17.7
Amounts owed to group undertakings	(2.6)	(18.3)
	<u>17.4</u>	<u>(0.6)</u>

Transactions entered into between group entities relate primarily to dividends passing through from subsidiary companies of the group up to the company's parent. The company received no dividends (2020: \$55.3m) in the year and paid no dividends (2020: \$53.5m) in the year.

Beazley plc is the ultimate parent and the ultimate controlling party within the Beazley group.

Beazley Group Limited

Notes to the financial statements (continued)

14. Related party disclosure (continued)

The following is a list of related parties of Beazley Group Limited:

	Country of Incorporation	Nature of business
Beazley plc	England	Ultimate parent company
Beazley Ireland Holdings plc	Jersey	Parent company
Beazley Furlonge Holdings Limited ¹	England	Intermediate holding company
Beazley Furlonge Limited	England	Lloyd's underwriting agents
Beazley Investments Limited	England	Investment company
Beazley Underwriting Limited	England	Underwriting at Lloyd's
Beazley Management Limited	England	Intermediate management company
Beazley Staff Underwriting Limited	England	Underwriting at Lloyd's
Beazley Solutions Limited	England	Insurance services
Beazley Underwriting Services Limited	England	Insurance services
Beazley Corporate Member (No.2) Limited	England	Underwriting at Lloyd's
Beazley Corporate Member (No.3) Limited	England	Underwriting at Lloyd's
Beazley Corporate Member (No.6) Limited	England	Underwriting at Lloyd's
Beazley Leviathan Limited	England	Underwriting at Lloyd's
Beazley Canada Limited	Canada	Insurance services
Beazley Insurance dac	Ireland	Insurance and reinsurance company
Beazley Solutions International Limited	Ireland	Insurance services
Beazley Underwriting Pty Limited	Australia	Insurance services
Beazley USA Services, Inc.*	USA	Insurance services
Beazley Holdings, Inc. *	USA	Holding company
Beazley Holdings, Inc. Digital LLC	USA	Insurance services
Beazley Group (USA) General Partnership**	USA	General partnership
Beazley Insurance Company, Inc.***	USA	Underwriting admitted lines
Beazley America Insurance Company, Inc.	USA	Underwriting admitted lines
Lodestone Security LLC****	USA	Consultancy services
Lodestone Security UK Limited		
Beazley Pte. Limited	Singapore	Underwriting at Lloyd's
Beazley Labuan Limited	Malaysia	Insurance Services
Beazley NewCo Captive Company, Inc	USA	Special Purpose Financial Captive

Please see page 25 for registered addresses.

¹ Direct Holdings.

The list provides related undertakings as defined in section 409 of the Companies Act 2006. The results of these subsidiary undertakings are included in the group's consolidated financial statements and the group holds 100% interest in these undertakings.

Beazley Group Limited

Notes to the financial statements (continued)

14. Related party disclosure (continued)

The following is a list of group office registered locations:

Address	City	Postcode	Country
Europe			
22 Bishopsgate	London	EC2N 4BQ	England
2 Northwood Avenue	Dublin	D09 X5N9	Ireland
22 Grenville Street	Saint Helier	JE4 8PX	Jersey
North America			
1209 Orange Street*	Wilmington, Delaware	19801	USA
27100 Centerville Road, Suite 400**	Wilmington, Delaware	19808	USA
30 Batterson Park Road***	Farmington, Connecticut	06032	USA
160 Greentree Drive, Suite 101****	Dover, Delaware	19904	USA
55 University Avenue, Suite 550	Toronto, Ontario	M5J 2HJ	Canada
Asia			
138 Market Street, 03-04 Capita Green	Singapore	048946	Singapore
Kensington Gardens, No. 11317, Lot 7616, Jalan Jumidar Buyong	Labuan	87000	Malaysia
Australia			
Level 15, 1 O'Connell Street	Sydney	NSW 2000	Australia

15. Post balance sheet events

Post the balance sheet date, Ukraine has been invaded by Russia which has resulted in a war in Eastern Europe. We continue to monitor the situation carefully.