

**Company No 02841766**

**BEAZLEY FURLONGE HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

# **Beazley Furlonge Holdings Limited**

## **Directors and advisors**

### **Directors**

C P Oldridge  
R E Turk  
C C J Wong

### **Secretary**

Hampden Legal Plc  
Hampden House  
Great Hampden  
Buckinghamshire  
HP16 9RD

### **Registered office**

22 Bishopsgate  
London  
EC2N 4BQ

### **Registered number**

02841766

### **Auditor**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

### **Banker**

Deutsche Bank AG  
6 Bishopsgate  
London  
EC2N 4DA

# **Beazley Furlonge Holdings Limited**

## **Strategic report**

The directors present their strategic report for Beazley Furlonge Holdings Limited (the 'Company'), registered number: 02841766, that accompanies the audited financial statements for the year ended 31 December 2022.

### **Business review and principal activity**

The Company is an intermediate holding company for the majority of subsidiaries of the Beazley group (the 'Group'). The principal activity of the Company is that of an intermediate holding company with investments in subsidiaries held as non-current assets. During the year ended 31 December 2022, the Company settled its loan to Beazley Canada Limited in exchange for further capital through a capital contribution. The Company also terminated credit facility agreements with Beazley Corporate Member (No.3) Limited and Beazley Staff Underwriting Limited and replaced these with capital contributions.

### **Going concern**

The financial statements of the Company have been prepared on a going concern basis. The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. In addition, the strategic report includes the Company's risk management objectives and the Company's objectives, policies and processes for managing its capital.

In assessing the Company's going concern position as at 31 December 2022, the directors have considered a number of factors, including the current statement of financial position and the Company's strategic and financial plan. The assessment concluded that the Company has sufficient capital and liquidity for the twelve months the financial statements are authorised for issue.

As a result of the assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore believes that the Company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Key performance indicators ('KPIs')**

The Company's directors are of the opinion that the level of dividend income received and the value of investments held by the Company are the main KPIs to be used for an understanding of the development, performance and position of the Company's business.

# Beazley Furlonge Holdings Limited

## Section 172 Statement

The board of directors confirm that during the year ended 31 December 2022 they have discharged their duties to act in a way they believe promotes the long-term success of the company for the benefit of its members as a whole, whilst having regard to the matters set out in section 172 of the Companies Act 2006.

The Company is part of the Beazley plc group, and its ultimate shareholder is Beazley plc. The Beazley plc group's governance arrangements ensure that when making decisions, the board has overall regard to the interests of the group and its stakeholders, while acting in the interests of its own stakeholders and promoting the long-term success of the Company. Further information about the Group's approach to the matters set out in section 172 of the Companies Act 2006 are included in Beazley plc's 2022 annual report.

The Company's stakeholders are its immediate shareholder, Beazley Group Limited, and the wider group including its subsidiaries, and it engages with these group stakeholders as required.

The main activities of the board during 2022 are set out in the principal activities above. Its principal decisions related to its activity as a holding company within the group. They included subscribing for shares in its subsidiary, Beazley Investments Limited; reviewing a credit facility agreement between the Company and two of its subsidiaries, Beazley Staff Underwriting Limited and Beazley Corporate Member (No.3) Limited and providing a capital contribution to each subsidiary instead; and providing a capital contribution to a further subsidiary, Lodestone Security Limited, to allow the subsidiary to advance its business plans. When taking these decisions, the board had regard to the Company's financial position, including its financial strength, capital, and liquidity and that it would remain a going concern. The board considered its stakeholders within the group and that the decisions would promote the long-term success of the Company and the group, as well as the desirability of maintaining the Company's and the group's reputation for high business standards.

## **Stakeholder engagement**

The Company and the board engage with stakeholders as follows:

**Beazley Group Limited** – The Company's shareholder is Beazley Group Limited and the company engages with it accordingly, as the need arises.

**Beazley group companies** – The Company is an intermediate holding company for the majority of the subsidiaries of the Beazley group, with investments in subsidiaries including Beazley Underwriting Limited and Beazley Investments Limited. The Company engages, as the need arises, with Beazley group companies.

Certain group stakeholders and their interests are considered at group level by Beazley plc and its committees. The information below provides an overview of the approach taken by Beazley plc, in relation to suppliers, and to community and environment.

## **Suppliers**

The board is cognisant of the need to foster business relationships with its suppliers. The group complies with the Prompt Payment Code reporting requirements and publishes its average payment terms for supplier invoices. The group also uses best endeavours to accommodate supplier payment terms, which differ from our standard terms. Supplier engagement is led by the procurement team within Beazley plc, who engage with suppliers and outsource providers. Processes are in place in relation to ensure due diligence and communication regarding service expectations is carried out for new engagements. Suppliers are expected to adopt the same standards of ethical business practice as the group, which includes respecting human rights and ensuring supply chains do not involve modern slavery or human trafficking. Further information is available in Beazley's modern slavery statement which is available on the Beazley plc website. Annual monitoring and communication take place with material suppliers and outsource providers to ensure performance and practices continue at a high standard. This annual monitoring is a good opportunity for open engagement with suppliers outside of day-to-day activities, and two-way feedback on areas for improvement is encouraged. We also encourage suppliers to raise any concerns independently through Beazley's independent whistleblowing hotline.

# Beazley Furlonge Holdings Limited

## Section 172 Statement (continued)

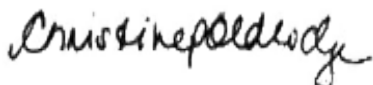
### Responsible business and community engagement

The Beazley group has a responsible business strategy which sets out four central ambitions: a sustainable world, responsible culture, enhancing livelihoods and positive procurement. The group's responsible business strategy covers the impact of the group's activities on the environment, supporting clients and partners to transition to a decarbonised future and charity activities supporting communities impacted by climate change. As part of the group, the Company's operations and activities are integrated into the strategy.

Through its responsible business strategy, the group is committed to actively engaging with and supporting the communities in which it operates. The group's employees are encouraged to engage with the local communities in which they work through the 'make a difference' programme. This programme encourages all employees to devote one working day a year to volunteering and Beazley matches any charitable funds raised. Beazley also has a global charity committee, which helps support charitable work in the local communities.

Further information on the group's responsible business strategy, its impact on the environment, and how the group aims to provide support for our communities and the environment are discussed in Beazley plc's 2022 annual report.

Signed on behalf of the board



C P Oldridge  
Director

8 June 2023

22 Bishopsgate  
London  
EC2N 4BQ

# **Beazley Furlonge Holdings Limited**

## **Directors' report**

### **Business review**

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

### **Future developments**

There are no material expected future developments and the Company will continue to trade as an intermediate holding company.

### **Results and dividends**

The results of the Company for the year are shown in the profit or loss and other comprehensive income account on page 12. No dividends were declared or paid in the year (2021: nil).

### **Donations**

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

### **Directors**

The directors of the Company at 31 December 2022, who served during the year and to the date of this report, were as follows:

C P Oldridge  
R E Turk  
C C J Wong

### **Directors' shareholdings**

No director has any beneficial interest in the shares of the Company. The interests of the directors in the share capital of the ultimate parent undertaking, Beazley plc, are disclosed in that company's accounts. Copies of those accounts can be obtained from the website [www.beazley.com](http://www.beazley.com).

### **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.

# Beazley Furlonge Holdings Limited

## Directors' report (Continued)

### Risk Management

Given the limited scope of the Company's activities, the risks to which it is exposed are not considered significant. The principal financial risk relates to non-collection of amounts due from the group companies, although risk is mitigated by the common identity of the shareholders in each group company.

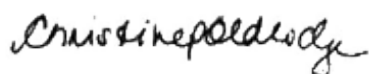
The Company provides annual letters of support to a number of its subsidiaries where it confirms that it will continue to provide financial and other support to these subsidiaries for the next twelve months and thereafter for the foreseeable future.

### 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 the Company's ultimate parent Beazley plc.

### Auditor

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, Ernst and Young LLP will be deemed to be reappointed as the Company's external auditor for the next financial year.



C P Oldridge  
Director

8 June 2023

22 Bishopsgate  
London  
EC2N 4BQ

# Beazley Furlonge Holdings 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 directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

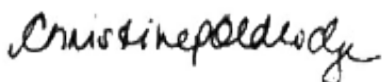
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so; and
- State whether applicable UK Accounting Standards have been followed, subject to material departures disclosed and explained in the financial statements.

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 are 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, and 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.

Signed on behalf of the board



C P Oldridge  
Director

8 June 2023



# Beazley Furlonge Holdings Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY FURLONGE HOLDINGS LIMITED

### Opinion

We have audited the financial statements of Beazley Furlonge Holdings Limited for the year ended 31 December 2022 which comprise the primary statements such as the Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of financial position and the related notes 1 to 12 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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 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.

# **Beazley Furlonge Holdings Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY FURLONGE HOLDINGS LIMITED (CONTINUED)**

### **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.

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 7, 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.

# Beazley Furlonge Holdings Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY FURLONGE HOLDINGS LIMITED (CONTINUED)

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.

### ***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 Furlonge Holdings 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 non-compliance 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.

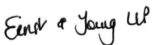
# Beazley Furlonge Holdings Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY FURLONGE HOLDINGS LIMITED (CONTINUED)

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.

DocuSigned by:  
  
679A5BA3F9AF494...

*Niamh Byrne (Senior statutory auditor)*  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
8 June 2023

# Beazley Furlonge Holdings Limited

## Statement of profit or loss and other comprehensive income For the year ended 31 December 2022

	Note	2022 \$m	2021 \$m
Income and dividends receivable		39.3	6.0
Net operating expenses		(3.4)	(6.8)
Profit on foreign exchange		10.6	2.4
<b>Profit on ordinary activities before taxation</b>	2	46.5	1.6
Taxation charge	4	(2.0)	(1.6)
<b>Profit for the financial year</b>		<b>44.5</b>	<b>-</b>

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

There were no recognised gains or losses during the year other than those passing through the profit or loss account and accordingly no separate statement of other comprehensive income is given. The notes on pages 14 to 21 form part of these financial statements.

## Statement of changes in equity For the year ended 31 December 2022

	Share capital \$m	Share premium \$m	Capital redemption reserve \$m	Foreign exchange reserve \$m	Retained earnings \$m	Total Shareholder's funds \$m
Balance at 1 January 2021	223.8	0.3	0.8	(36.0)	52.8	241.7
Profit for the financial year	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>223.8</b>	<b>0.3</b>	<b>0.8</b>	<b>(36.0)</b>	<b>52.8</b>	<b>241.7</b>
Profit for the financial year	-	-	-	-	44.5	44.5
<b>Balance at 31 December 2022</b>	<b>223.8</b>	<b>0.3</b>	<b>0.8</b>	<b>(36.0)</b>	<b>97.3</b>	<b>286.2</b>

# Beazley Furlonge Holdings Limited

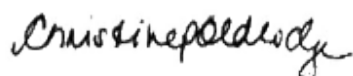
## Statement of financial position As at 31 December 2022

	Note	2022 \$m	2021 \$m
<b>Assets</b>			
Investments in subsidiaries	5	564.1	500.8
Financial instruments	6	30.0	43.4
Cash and cash equivalents		0.1	1.9
Debtors	7	138.5	147.4
<b>Total assets</b>		<u>732.7</u>	<u>693.5</u>
<b>Capital and reserves</b>			
Called up share capital	9	223.8	223.8
Share premium account		0.3	0.3
Capital redemption reserve		0.8	0.8
Foreign exchange reserve		(36.0)	(36.0)
Retained earnings		97.3	52.8
<b>Total shareholder's funds</b>		<u>286.2</u>	<u>241.7</u>
<b>Liabilities</b>			
Creditors	8	446.5	451.7
Deferred income		-	0.1
<b>Total liabilities, capital and reserves</b>		<u>732.7</u>	<u>693.5</u>

The notes on pages 14 to 21 form part of these financial statements.

The financial statements were approved by the board of directors on 8 June 2023.

Signed on behalf of the board of directors by



C P Oldridge  
Director  
Company number – 02841766

# Beazley Furlonge Holdings Limited

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Statement of compliance

The Company is a limited liability company incorporated in England. The registered office is 22 Bishopsgate, London, EC2N 4BQ.

The financial statements for the year ending 31 December 2022 have been prepared in accordance with the applicable Accounting Standards in the United Kingdom, Financial Reporting Standard 102 ('FRS 102'). The financial statements of Beazley Furlonge Holdings Limited were authorised for issue by the board of directors on 8 June 2023.

#### Basis of preparation

The Financial statements have been prepared in accordance with applicable accounting standards. The financial statements are presented in US dollars, being the functional currency of the Company, and rounded to the nearest million unless otherwise stated.

#### Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the exemption in Section 400 of the Companies Act 2006 from preparing group accounts as it is a wholly owned subsidiary of Beazley Group Limited, a company registered in the United Kingdom and the results of the Company and its subsidiaries are included in the consolidated financial statements of Beazley plc, a company registered in the United Kingdom, whose consolidated accounts are publicly available.

FRS 102 allows a qualifying entity certain disclosure exemption subject to certain conditions. As these conditions have been complied with, the Company has taken advantage of the following exemptions:

- (i) from preparing a reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- (ii) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the group's consolidated financial statements, includes the Company's cash flows;
- (iii) from disclosing the Company's key management personnel compensation, as required by FRS 102; and
- (iv) from disclosing transactions entered into between related parties within a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Going concern

The financial statements have been prepared on a going concern basis following the assessment that the Company has sufficient capital and liquidity for the twelve months following the date that the financial statements are authorised for issue.

#### Significant accounting policies

##### Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost and are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

##### Impairment of non-financial assets

The Company assesses at each reporting period whether there is any indication that an asset may be impaired. An investment in subsidiary indicates potential impairment when the carrying amount is higher than the carrying amount of the subsidiary's assets, or a dividend exceeds the total comprehensive income of the subsidiary. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of the asset exceeds the recoverable amount, and the impairment loss is recognised in profit or loss.

Following an impairment assessment for 2022, management is of the opinion that the carrying value of the investment is appropriate.

##### Cash and cash equivalents

This consists 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 balances are classified as loans and receivables and carried at amortised cost less any impairment losses.

##### Other debtors

Other debtors principally consist of intercompany debtor balances and sundry debtors and are carried at amortised cost less any impairment losses.

##### Other creditors

Other creditors are carried at amortised cost determined using the effective interest rate method.



# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Significant accounting policies (continued)

##### Taxation

Taxation expense for the period comprises current tax in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in those locations.

##### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

##### Financial instruments

Financial instruments consist of debt instruments held by the Company measured at amortised cost.

##### Foreign currencies

Foreign currency transactions are translated into the functional currency using average exchange rates applicable to the period in which the transactions take place and where the syndicate considers these to be a reasonable approximation of the transaction rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the period end of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items recorded at amortised cost in foreign currencies are translated using the exchange rate on the date of the initial transaction.

# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 2. Profit on ordinary activities before taxation

Income and dividends receivable:	2022 \$m	2021 \$m
Investment income	1.7	2.7
Dividend income	34.5	-
Other income	3.1	3.3
	<u>39.3</u>	<u>6.0</u>
Net operating expenses:	2022 \$m	2021 \$m
Write off expense	2.2	-
Impairment of subsidiary investment	1.2	6.8
	<u>3.4</u>	<u>6.8</u>

The audit fee charged to the Company for the period was \$3,986 and was borne by the Company. The audit fee in 2021 was \$4,233 and was borne by Beazley Management Limited ('BML'). All staff are employed by BML.

### 3. Directors and employees

The directors of the Company are employed and paid by BML. Directors who are also directors of the ultimate parent receive fees from that Company and their full remuneration is disclosed in the Beazley plc annual accounts.

### 4. Taxation

	2022 \$m	2021 \$m
Current tax:		
UK corporation tax charge for the year	2.3	1.6
Adjustment in respect of prior periods	(0.3)	-
<b>Income tax charge</b>	<u>2.0</u>	<u>1.6</u>

#### *Factors affecting the tax charge for the current year*

The tax charge for the current year is less than (2021: greater than) the standard rate of corporation tax in the UK of 19% (2021: 19.0%) due to the differences explained below.

	2022 \$m	2021 \$m
<i>Corporation tax reconciliation</i>		
Profit on ordinary activities before taxation	46.5	1.6
Tax charge at 19% (2021: 19.0%)	8.8	0.3
Effect of:		
Non-taxable dividend income	(6.5)	-
Permanent differences	-	1.3
Adjustment in respect of prior periods	(0.3)	-
<b>Tax charge for the year</b>	<u>2.0</u>	<u>1.6</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 Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 5. Investments in subsidiaries

As at 31 December 2022, the Company had interests in the following entities:

	<b>Country/ region of incorporation</b>
Beazley Furlonge Limited	England
Beazley Investments Limited	England
Beazley Underwriting Limited	England
Beazley Management Limited	England
Beazley Staff Underwriting Limited	England
Beazley Solutions Limited	England
Beazley Underwriting Services Limited	England
Beazley Corporate Member (No.2) Limited	England
Beazley Corporate Member (No.3) Limited	England
Beazley Corporate Member (No.6) Limited	England
Beazley Leviathan Limited (in liquidation)	England
Lodestone Security Limited	England
Beazley Canada Limited	Canada
Beazley Solutions International Limited	Ireland
Beazley Underwriting Pty Limited (in liquidation) *	Australia
Beazley USA Services, Inc.*	USA
Beazley Holdings, Inc.*	USA
Beazley Holdings, Inc. Digital LLC*	USA
Beazley Group (USA) General Partnership <sup>1</sup>	USA
Beazley Insurance Company, Inc.*	USA
Beazley America Insurance Company, Inc.*	USA
Lodestone Security LLC*	USA
Beazley Newco Captive Company, Inc.*	USA
Beazley Pte. Limited	Singapore
Beazley Labuan Limited	Malaysia

<sup>1</sup>99% is held directly by the Company. The remaining 1% is held by Beazley Investments Limited.

\*Indirect holdings

# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 5. Investments in subsidiaries (continued)

	2022	2021
	\$m	\$m
<b>Investments in Subsidiaries</b>		
Beazley Underwriting Limited	166.2	166.2
Beazley Furlonge Limited	8.1	8.1
Beazley Solutions Limited	0.1	0.1
Beazley Investments Limited	32.3	22.8
Beazley Group (USA) General Partnership	228.7	228.7
Beazley Corporate Member (No.3) Limited	3.8	-
Beazley Staff Underwriting Limited	36.8	-
Beazley Management Limited	12.5	12.5
Beazley Pte. Limited	0.7	0.7
Beazley Underwriting Services Limited	38.0	38.0
Beazley Labuan Limited	0.2	0.2
Beazley Leviathan Limited	-	1.2
Lodestone Security Limited	1.6	0.4
Beazley Canada Limited	35.1	21.9
	564.1	500.8

The increase in Beazley Investments Limited is due to a share issuance during the year.

The following is a list of registered office locations:

Address	City	Postcode	Country
<b>Europe</b>			
22 Bishopsgate	London	EC2N 4BQ	England
2 Northwood Avenue	Dublin	D09 X5N9	Ireland
22 Grenville Street	Saint Helier	JE4 8PX	Jersey
C/O RSM UK Restructuring Advisory LLP, 25 Farringdon Street~	London	EC4A 4AB	England
<b>North America</b>			
1209 Orange Street	Wilmington, Delaware	19801	USA
27111 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
First Canadian Place, 100 King Street West, P.O Box 328	Toronto, Ontario	M5X 1E1	Canada
<b>Asia</b>			
138 Market Street, 03-04 Capita Green	Singapore	048946	Singapore
Kensington Gardens, No. I1317, Lot 7616, Jalan Jumidar Buyong	Labuan	87000	Malaysia
<b>Australia</b>			
Level 15, 1 O'Connell Street	Sydney	NSW 2000	Australia

# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 5. Investments in subsidiaries (continued)

During the year, the Company terminated credit facility agreements and assigned capital contributions to Beazley Staff Underwriting Limited and Beazley Corporate Member (No.3) Limited of £30.0m (\$36.8m) and £3.0m (\$3.6m) respectively. The Company also made a capital contribution of £1.0m (\$1.2m) to Lodestone Security Limited during the year. Beazley Leviathan Limited entered liquidation proceedings during the year and has, therefore, been fully impaired.

### 6. Financial instruments

Loans	2022 \$m	2021 \$m
Carrying value at 1 January	43.4	30.0
Additions	-	13.4
Derecognition	(13.4)	-
Carrying value at 31 December	<u>30.0</u>	<u>43.4</u>

Financial instruments consist of a subordinated loan issued by the Company to Beazley Services USA, Inc. of \$30.0m. The debt was issued on 31 July 2018 with interest of 7.25% payable on 30 November each year and is due for repayment in 2028.

During the year, the Company settled its loan of CAD17.0m (\$13.4m), recognising an equivalent amount as an increase in the Company's investment in Beazley Canada Limited. There were no further movements during the year.

### 7. Debtors

	2022 \$m	2021 \$m
Amounts due from group companies	49.9	59.1
Amounts due from third party syndicates	83.8	82.6
Other debtors	4.8	5.7
	<u>138.5</u>	<u>147.4</u>

All amounts are due within one year.

### 8. Creditors

	2022 \$m	2021 \$m
Current tax payable	2.5	1.5
Amounts due to group companies	379.5	419.9
Amounts due to third party syndicates	64.5	30.3
	<u>446.5</u>	<u>451.7</u>

All amounts are payable within one year.

# Beazley Furlonge Holdings Limited

## Notes to the financial statements (continued)

### 9. Share capital

	<b>2022</b>	<b>2021</b>
	<b>£m</b>	<b>£m</b>
<u>Authorised</u>		
300,000,000 (2022: 300,000,000) Ordinary shares of 50p each	150.0	150.0
	<b>2022</b>	<b>2021</b>
	<b>\$m</b>	<b>\$m</b>
<u>Allotted called up and fully paid</u>		
2022: 248,271,456 (2021: 248,271,456) Ordinary shares of 50p each	223.8	223.8

### 10. Ultimate controlling party

The Company's ultimate controlling party is Beazley plc, a company incorporated in the United Kingdom. The immediate controlling party is Beazley Group Limited, a company incorporated in the United Kingdom.

The largest and the smallest groups in which the results of the Company are consolidated is that headed by Beazley plc.

The consolidated financial statements of the ultimate controlling party, Beazley plc, can be obtained from the website [www.beazley.com](http://www.beazley.com).

### 11. Related undertakings

Amounts due to syndicate 623 at 31 December 2022 is \$27.6m (2021: \$30.3m). There have been no transactions with syndicate 623 during the year (2021: \$nil) and the movement in the balance is the result of foreign exchange translations.

### 12. Subsequent events

A new entity named BHI Digital UK Limited was incorporated on 27 April 2023 with the Company directly holding 100% ownership. This subsequent event has not had a material impact on the Company.