

Company No 05016918

BEAZLEY MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022

Beazley Management Limited

Directors and advisors

Directors

S M Lake
C P Oldridge
P J Vowles

Secretary

Hampden Legal Plc
Hampden House
Great Hampden
Buckinghamshire
HP16 9RD

Registered office

22 Bishopsgate
London
EC2N 4BQ

Registered number

05016918

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker

Deutsche Bank AG
6 Bishopsgate
London EC2N 4DA

Beazley Management Limited

Strategic report

The directors present their strategic report for Beazley Management Limited ('the Company'), registered number: 05016918, that accompanies the audited financial statements for the year ended 31 December 2022.

Business review and principal activity

The Company is a service company established within the Beazley group ('the Group') for the purpose of centralising the contractual obligations of the Group and the payment of costs. The costs are recharged to the operating entities within the Group on an equitable basis. All administrative charges to the syndicates (623, 2623, 3622, 3623, 4321) other than those directly charged by Lloyd's to the syndicates are paid by the Company and are then charged through Beazley Furlonge Limited ('BFL'), the managing agent, to the relevant syndicate. The Company also provides services to other group entities which are recharged directly. During 2022 the Company continued to maintain the contractual obligations on behalf of the Group and recharging incurred expenses to the syndicates (through BFL), Beazley Insurance dac and other group entities.

Going concern

The financial statements of the Company have been prepared on a going concern basis. As a wholly owned subsidiary of the Beazley plc group, 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 contained in the Beazley plc 2022 Annual Report & Accounts. In addition, the risk report includes the Group's risk management objectives and the Group'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, the Company's strategic and financial plan, taking into account possible changes in trading performance and funding retention. The assessment concluded that, the Company has sufficient capital and liquidity for the next twelve months.

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

Key performance indicators ('KPIs')

The Company's directors are of the opinion that the KPIs for the Company are best represented by the operating income and administrative expenses contained within the financial statements and related notes set out on pages 11 to 20. Principal risks are included in the directors' report.

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 Group, and its ultimate shareholder is Beazley plc. The 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.

Beazley Management Limited

Strategic report (continued)

Section 172 statement (continued)

The board has identified that its key stakeholders are:

- the workforce, who are employed by the Company and provide services to the Group;
- suppliers; and
- Beazley plc and Beazley group companies.

The main activity of the board during the year was oversight of the services provided to other Group companies and oversight of the Company's financial position. The principal decision of the board was to approve the 2021 annual report and accounts. The board considered the long-term success of the Company for the benefit of its sole member and the Group, when reviewing and approving the 2021 accounts, as well as the desirability of maintaining the Company's and the Group's reputation for high business standards. When overseeing the services provided to other Group companies, the board had regard to the needs of its stakeholders, in particular the workforce and group companies which rely on the services provided, and to ensuring the long-term success of the Group as a whole.

Stakeholder engagement statement

Our workforce

The approach to engagement with the workforce is led by Beazley plc. However, the Company is responsible for ensuring the workforce are appropriately considered in board discussions and decision making about the Company's activities.

Beazley plc recognises that the workforce is fundamental to the long-term success of the Group and people have been identified as one of the five pillars of Beazley's strategy. Active engagement with the workforce has always been a priority and has become increasingly important whilst we adjust to, and benefit from, hybrid working. During this time, direct engagement with the workforce has continued as before, utilising opportunities for both in person and remote events. This has consisted of regular all-employee meetings, newsletters, a CEO podcast, Q&As with senior management, and smaller meetings between the leadership of the Group and employees where employees can directly engage with the executive leadership on topics of importance to them. These forums are also used to share information about and encourage awareness of the financial and economic factors affecting the Group's performance.

The Group also has five employee led networks which provide an opportunity for employees to be involved in matters of importance to them. The networks can put forward ideas and engage on potential changes impacting the workforce.

In addition, Beazley plc carries out an annual workforce engagement survey, which provides valuable information to the board and leadership of Beazley plc regarding matters of importance to the workforce and any actions required to be taken. The most recent survey conducted in November 2022 gave an overall engagement score of 85%, down 1% from 2021. However, the score remained higher than the global benchmark of 80% and actions will be considered to ensure engagement remains high.

To support formal engagement by the Beazley plc board with the workforce, Bob Stuchbery has acted as the non-executive director nominated by the board to bring the views of the workforce to the boardroom since 2019. In November 2022, Fiona Muldoon took over this 'employee voice' role.

More information on workforce engagement is provided in the Stakeholder engagement section of Beazley plc's 2022 annual report.

Beazley Management Limited

Strategic report (continued)

Section 172 statement (continued)

Suppliers

The board is cognisant of the need to foster business relationships with its suppliers. The Company complies with the Prompt Payment Code reporting requirements and publishes its average payment terms for supplier invoices. The Company 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 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 group companies

Under a management services agreement the Company provides services to companies within the Group. These services include information technology, talent management, commercial management, actuarial, internal audit, risk management, compliance, finance, underwriting, claims, ceded reinsurance, marketing, brand and communications, company secretarial, corporate development, operations, and legal services. The board considers the quality and delivery of these services under the agreement on an annual basis.

Responsible business and community engagement

The 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, particularly those relating to the workforce, 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. 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



S M Lake
Director

9 May 2023

22 Bishopsgate, London, EC2N 4BQ

Beazley Management Limited

Directors' report

Business review

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

Future developments

The Company's principal activities are disclosed within the strategic report. The Company has no plans to alter its principal activities in 2023.

Results and dividends

The result of the Company for the year is shown in the profit or loss account on page 11. There were no dividends paid during the year (2021: nil).

Donations

The Company made £258,517 of charitable donations during the period ended 31 December 2022 (2021: £105,463).

Directors

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

S M Lake
C P Oldridge
P J Vowles

Directors' shareholdings

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

Director's indemnity insurance

Beazley plc, the ultimate parent of the Company, has granted indemnities to one or more of the directors against liability in respect of proceedings brought to third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Employee involvement

Beazley plc, including the Company, is committed to employee involvement across the business. Information regarding how the Group and the Company engages with and shares information with employees is included in the Strategic Report in the section 172 and stakeholder engagement statements.

Employees are able to share financially in the Group's success. Annual bonus payments may be awarded and relate to the performance of Beazley plc, as well as an individual's own performance. Beazley plc also operates a Save As You Earn scheme to support share ownership amongst employees, and a long-term incentive plan is offered to senior employees.

Beazley Management Limited

Directors' report (continued)

Inclusion and diversity and employment of disabled persons

Information concerning inclusion and diversity, including statistics on the number of women in senior leadership roles, can be found in the responsible business section of the Beazley plc 2022 annual report.

A key part of Beazley's strategy is to attract and nurture talented colleagues who champion diversity of thought. We have adopted a Group Inclusion and Diversity policy and we are committed to providing equal opportunities irrespective of age, disability, gender reassignment, marital status, pregnancy and maternity, race, nationality or ethnic origin, religion or religious beliefs, sexuality, socio-economic group or working pattern. We hire people with wide perspectives, leading to a more dynamic, innovative, and responsive organisation in touch with the changing world and marketplace. All applications for employment are objectively assessed on the basis of the skills and aptitudes of the applicant in light of the requirements of the role.

It is the policy of the Group that the training, career development and promotion of disabled persons should, so far as possible, be identical to that of other employees. In the event an employee becomes disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate support is arranged.

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.

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.

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 & Young LLP will be deemed to be reappointed for the next financial year.

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.

Signed on behalf of the board



S M Lake
Director

9 May 2023

22 Bishopsgate, London, EC2N 4BQ

Beazley Management Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

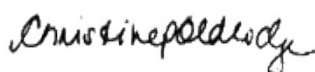
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- 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.

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.



C P Oldridge
Director

9 May 2023

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

Opinion

We have audited the financial statements of Beazley Management Limited for the year ended 31 December 2022 which comprise the primary statements such as the Profit or Loss Account, the Statement of changes in equity, the Balance Sheet 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 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 the going concern 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY MANAGEMENT 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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY MANAGEMENT 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. Our considerations to other laws that may have a material effect on the financial statements included permissions and supervisory requirements of the Companies Act 2006.
- We understood how Beazley Management Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also 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.

DocuSigned by:

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

Beazley Management Limited

Profit or loss account For the financial year ended 31 December 2022

| | Note | 2022 £m | 2021 £m |
|--|------|------------|------------|
| Operating income | | 299.2 | 212.9 |
| Administrative expenses | | (299.2) | (212.9) |
| Foreign exchange gain | | 2.1 | 1.0 |
| Operating Profit | | 2.1 | 1.0 |
| Profit on ordinary activities before taxation | 2 | 2.1 | 1.0 |
| Taxation | 4 | 0.6 | - |
| Profit for the financial year | | 2.7 | 1.0 |

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 13 to 20 form part of these financial statements.

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

| | Note | Share capital £m | Retained earnings £m | Total £m |
|------------------------------------|------|------------------------|----------------------------|-------------|
| Balance at 1 January 2021 | | 8.0 | 5.4 | 13.4 |
| Profit for the year | | - | 1.0 | 1.0 |
| Balance at 31 December 2021 | | 8.0 | 6.4 | 14.4 |
| Balance at 1 January 2022 | | 8.0 | 6.4 | 14.4 |
| Profit for the year | | - | 2.7 | 2.7 |
| Balance at 31 December 2022 | | 8.0 | 9.1 | 17.1 |

Beazley Management Limited

Balance sheet As at 31 December 2022

| | Note | 2022 £m | 2021 £m |
|--|------|--------------|--------------|
| Fixed assets: | | | |
| Intangible assets | 5 | 33.1 | 26.5 |
| Tangible fixed assets | 6 | 9.8 | 10.7 |
| Current assets: | | | |
| Debtors | 7 | 192.3 | 183.1 |
| Cash and cash equivalents | | 2.0 | 5.2 |
| Deferred tax | 9 | 2.5 | 0.9 |
| Total assets | | <u>239.7</u> | <u>226.4</u> |
| Capital and reserves: | | | |
| Called up share capital | 10 | 8.0 | 8.0 |
| Retained earnings | | 9.1 | 6.4 |
| Shareholder's funds | | <u>17.1</u> | <u>14.4</u> |
| Current liabilities | | | |
| Creditors | 8 | 222.6 | 212.0 |
| Total liabilities, capital and reserves | | <u>239.7</u> | <u>226.4</u> |

Signed on behalf of the board of directors by



S M Lake
Director

The financial statements were approved by the board of directors on 9 May 2023. The Company's registration number is 05016918.

The notes on pages 13 to 20 form part of these financial statements.

Beazley Management 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.

Basis of preparation

The Company is a limited liability company incorporated in England.

The financial statements for the year ending 31 December 2022 have been prepared in accordance with applicable Accounting Standards in the United Kingdom, Financial Reporting Standard 102 ('FRS 102') and in accordance with the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations.

The financial statements of the Company were authorised for issue by the board of directors on 9 May 2023. The financial statements are presented in pounds sterling, this being the functional currency of the Company, and in millions unless otherwise stated.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, 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 preparing disclosures about share-based payments as set out in paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102 as the Company is a subsidiary in a group and the share based payments relate to another group entity's equity instruments. The Group's share-based payment arrangements and relevant disclosures are presented in the group's consolidated financial statements;
- (iv) from disclosing the Company key management personnel compensation, as required by FRS 102; and
- (v) 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.

Going concern

The financial statements of the Company have been prepared on a going concern basis. As a wholly owned subsidiary of Beazley plc "Group", 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 contained in the Group's Annual Report & Accounts. In addition, the risk report includes the Group's risk management objectives and the Group's objectives, policies and processes for managing its capital.

Beazley Management Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

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, the Company's strategic and financial plan, taking account of possible changes in trading performance and funding retention. The assessment concluded that, for the foreseeable future, the Company has sufficient capital and liquidity for the next twelve months from the date the financial statements are authorised for issue.

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

Operating income

Operating income represents expenses recharged to other companies in the group.

Leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease. The Company has not entered into any financial leases during the period (2021:nil)

Taxation

Taxation expense for the period comprises current and deferred tax recognised 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 period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Beazley Management Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Intangible assets

Costs that are directly associated with the development of identifiable and unique software products and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include external consultants' fees, certain qualifying internal staff costs and other costs incurred to develop and maintain software programmes. These costs are amortised over their estimated useful life (three years). Other non-qualifying costs have been expensed as incurred.

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 or loss account.

Tangible fixed assets

All tangible fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, which are between three and fifteen years.

These assets' residual value and useful lives are reviewed at each balance sheet date and adjusted if appropriate. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment and the difference is charged to the statement of profit or loss.

Debtors

Debtors principally consist of amounts due from group undertakings, prepayments, accrued income and sundry debtors and are carried at amortised cost.

Creditors

Payables principally consist of amounts owed to group undertakings, trade creditors, accruals and sundry creditors and are stated at amortised cost.

Cash and cash equivalents

Cash consists of cash at bank and in hand.

Beazley Management Limited

Notes to the financial statements (continued)

2. Profit on ordinary activities before taxation

| | 2022 | 2021 |
|---|--------------|--------------|
| | £m | £m |
| Profit on ordinary activities before taxation is stated after charging the following: | | |
| Auditor's remuneration - audit | - | - |
| Operating leases | 2.6 | 4.7 |
| Staff costs: | | |
| Salaries and wages | 112.7 | 99.7 |
| Social security costs | 16.8 | 12.7 |
| Pension costs | 8.2 | 6.9 |
| Other staff costs | 26.4 | 15.4 |
| Total staff costs | <u>164.1</u> | <u>134.7</u> |
| Average number of employees | 938 | 867 |

The audit fee in the current financial year for the Company was £7,500 (2021: £7,500).

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 instead disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Beazley plc.

Further information on the Company's lease obligations is shown in note 12.

3. Directors and employees

During the year the aggregate total of remuneration paid to the Company directors was £2.3m (2021: £3.0m), and contributions of £49k (2021: £33k) were paid to a defined contribution pension scheme on behalf of directors. The highest remuneration paid to a director was £1.2m (2021: £1.6m). All remuneration was recharged to the syndicates as part of the expense recharge process.

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.

4. Taxation

| | 2022 | 2021 |
|---|--------------|-------------|
| | £m | £m |
| Current tax: | | |
| UK corporation tax at 19.0% (2021: 19.0%) | 1.1 | (0.9) |
| Adjustment in respect of prior periods | - | 1.0 |
| | <u>1.1</u> | <u>0.1</u> |
| Deferred tax: | | |
| Origination of and reversal of timing differences | (0.9) | 1.6 |
| Adjustment in respect of prior periods | (0.8) | (1.7) |
| | <u>(0.6)</u> | <u>-</u> |
| Taxation credit for the year | <u>(0.6)</u> | <u>-</u> |

Deferred tax is calculated on the timing differences originating from the difference in accounting and tax treatment of depreciation of fixed assets and share-based remuneration.

Beazley Management Limited

Notes to the financial statements (continued)

4. Taxation (continued)

Factors affecting the tax charge for the current and prior years

The tax charge for both the current and prior year is lower than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%) due to the differences explained below.

| | 2022 | 2021 |
|--|-------------|-------------|
| | £m | £m |
| <i>Corporation tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 2.1 | 1.0 |
| Current tax at 19.0% (2021: 19.0%) | 0.4 | 0.2 |
| <i>Effects of:</i> | | |
| Permanent differences | (0.2) | 0.5 |
| Prior year over provision | (0.8) | (0.7) |
| Tax credit for the year | (0.6) | - |

5. Intangible assets

| | IT development costs £m |
|-------------------------------------|--|
| Cost | |
| Opening balance at 1 January 2022 | 81.2 |
| Additions | 14.5 |
| Disposals | - |
| Closing balance at 31 December 2022 | 95.7 |
| Amortisation | |
| Opening balance at 1 January 2022 | (54.7) |
| Amortisation for the year | (7.9) |
| Disposals | - |
| Closing balance at 31 December 2022 | (62.6) |
| Net carrying value | |
| 31 December 2022 | 33.1 |
| Cost | |
| Opening balance at 1 January 2021 | 76.0 |
| Additions | 10.6 |
| Disposals | (5.4) |
| Closing balance at 31 December 2021 | 81.2 |
| Amortisation | |
| Opening balance at 1 January 2021 | (53.8) |
| Amortisation for the year | (6.3) |
| Disposals | 5.4 |
| Closing balance at 31 December 2021 | (54.7) |
| Net carrying value | |
| 31 December 2021 | 26.5 |

Beazley Management Limited

Notes to the financial statements (continued)

6. Tangible fixed assets

| | Leasehold Improvements £m | Computer Equipment £m | Total £m |
|----------------------------------|--|--------------------------------------|---------------------|
| Cost | | | |
| Opening balance 1 January 2022 | 11.2 | 4.5 | 15.7 |
| Additions | 0.3 | 0.1 | 0.4 |
| Closing balance 31 December 2022 | <u>11.5</u> | <u>4.6</u> | <u>16.1</u> |
| Accumulated depreciation | | | |
| Opening balance 1 January 2022 | (1.2) | (3.8) | (5.0) |
| Depreciation charge for the year | (0.8) | (0.5) | (1.3) |
| Closing balance 31 December 2022 | <u>(2.0)</u> | <u>(4.3)</u> | <u>(6.3)</u> |
| Net book value | | | |
| 31 December 2022 | <u>9.5</u> | <u>0.3</u> | <u>9.8</u> |

| | Leasehold Improvements £m | Computer Equipment £m | Total £m |
|----------------------------------|--|--------------------------------------|---------------------|
| Cost | | | |
| Opening balance 1 January 2021 | 14.6 | 4.5 | 19.1 |
| Additions | 2.9 | - | 2.9 |
| Disposals | (6.3) | - | (6.3) |
| Closing balance 31 December 2021 | <u>11.2</u> | <u>4.5</u> | <u>15.7</u> |
| Accumulated depreciation | | | |
| Opening balance 1 January 2021 | (6.7) | (3.2) | (9.9) |
| Depreciation charge for the year | (0.8) | (0.6) | (1.4) |
| Disposal | 6.3 | - | 6.3 |
| Closing balance 31 December 2021 | <u>(1.2)</u> | <u>(3.8)</u> | <u>(5.0)</u> |
| Net book value | | | |
| 31 December 2021 | <u>10.0</u> | <u>0.7</u> | <u>10.7</u> |

7. Debtors

| | 2022 £m | 2021 £m |
|--|--------------------|--------------------|
| Amounts due from other group companies | 164.5 | 163.0 |
| Current tax receivable | 14.5 | 12.6 |
| Other debtors | 4.6 | 2.2 |
| Prepayments and accrued income | 8.7 | 5.3 |
| | <u>192.3</u> | <u>183.1</u> |

All amounts are due within one year.

Beazley Management Limited

Notes to the financial statements (continued)

8. Creditors

| | 2022 | 2021 |
|--------------------------------------|--------------|--------------|
| | £m | £m |
| Trade creditors | 2.7 | 1.3 |
| Amounts due to other group companies | 110.3 | 113.7 |
| Amounts due to syndicate 623 | 0.1 | 7.1 |
| Other creditors and social security | 2.7 | 2.1 |
| Accruals | 106.8 | 87.8 |
| | <u>222.6</u> | <u>212.0</u> |

All amounts are payable within one year.

9. Deferred tax

| Deferred tax asset | 2022 | 2021 |
|---------------------------|-------------|-------------|
| | £m | £m |
| Opening balance | 1.0 | 0.8 |
| Movements during the year | 1.5 | 0.2 |
| Closing balance | <u>2.5</u> | <u>1.0</u> |

Deferred tax assets provided in the accounts are:

| | | |
|---|------------|------------|
| Accelerated capital allowances | (0.4) | (0.4) |
| Employee compensation and benefits | 3.4 | 1.6 |
| Accelerated amortisation of intangible assets | (0.5) | (0.2) |
| | <u>2.5</u> | <u>1.0</u> |

There are no unused tax losses or unused tax credits.

Deferred tax liability expected to reverse in 2023 is £0.3m. This relates to the reversal of timing differences on intangible assets.

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. It has also been considered in the calculation of the deferred tax balances as at 31 December 2022.

10. Share capital

| | 2022 | 2021 |
|--|-------------|-------------|
| | £m | £m |
| Authorised: 8,000,000 (2021: 8,000,000) ordinary shares of £1 each | 8.0 | 8.0 |
| Allotted, issued and fully paid | <u>8.0</u> | <u>8.0</u> |

Beazley Management Limited

Notes to the financial statements (continued)

11. Operating lease commitments

The Company leases land and buildings under non-cancellable operating lease agreements. The future minimum lease payments under non-cancellable operating leases are as follows:

| | 2022 | 2021 |
|---|-------------|-------------|
| | £m | £m |
| No later than 1 year | 3.3 | 3.7 |
| Later than 1 year and no later than 5 years | 18.0 | 13.8 |
| Later than 5 years | 26.9 | 34.1 |
| | <u>48.2</u> | <u>51.6</u> |

12. Ultimate controlling company

The Company's ultimate controlling company is Beazley plc incorporated in the UK. The immediate controlling company is Beazley Furlonge Holdings Limited incorporated in the UK.

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

The consolidated financial statements of the ultimate controlling company, Beazley plc, can be obtained from the website www.beazley.com.

13. Related parties

Amounts due to syndicate 623 at the 31 December 2022 is £0.1m (2021: £7.1m). During the year, the transactions with syndicate 623 and the movement in the balance are the result of operating expenses and foreign currency translations.

For amounts due to and from group companies please refer to notes 7 and 8.

14. Share based payments

Some employees of the Company are entitled to participate in various share-based payment schemes of the ultimate controlling entity, Beazley plc. The amounts recognised as an expense within Beazley plc in respect of the Company's employees are recharged to the Company and the Company fully recharges these amounts to other entities in the group. The amount of expenses incurred and recharged during the year in respect of share-based payments was £8.0m (2021: £5.6m).

Details of these schemes are set out in the Beazley plc consolidated financial statements.

15. Subsequent events

There are no events that are material to the operations of the Company that have occurred since the reporting date.