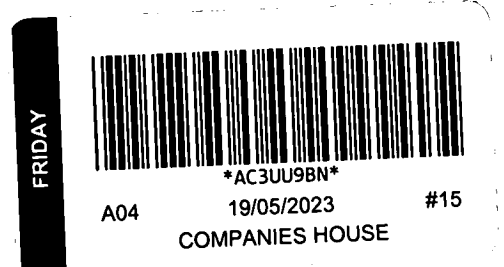


BA (GI) LIMITED

Company Registration No. 3002

Report and Financial Statements

31 December 2022



BA (GI) LIMITED

**REPORT AND FINANCIAL STATEMENTS
For the year ended 31 DECEMBER 2022**

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BA (GI) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr S Michael (appointed 29th December 2022)
Ms K Amos
Mr V Mavani (Non-executive)
Mr B G Snover (Non-executive)
Mr C P Hare (Non-executive)
Mr T R Masters (Non-executive)
Mr A Wilson (resigned 29th December 2022)

SECRETARY

Ms C Martin

REGISTERED OFFICE

4th Floor
8 Fenchurch Place
London
EC3M 4AJ

BANKERS

Barclays Bank PLC
One Churchill Place
London
EC14 5HP

AUDITOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

SOLICITORS

Hogan Lovells International LLP
Atlantic House, Holborn Viaduct
London
EC1A 2FG

BA (GI) LIMITED

DIRECTORS' REPORT

The directors present their report and audited Financial Statements for the year ended 31 December 2022. The directors have chosen, in accordance with section 414c(II) of the Companies Act 2006, to include certain additional matters in the Strategic Report that would otherwise be required to be disclosed in this Directors' Report. These matters are; principal risks, future developments and subsequent events.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounted to £387,000 (2021 - £24,000 profit). The directors do not recommend payment of a dividend (2021: £nil).

DIRECTORS AND THEIR INTERESTS

None of the directors had any beneficial interests in the shares of the Company at any time during the financial year. The Company is a wholly owned subsidiary of an entity incorporated outside of Great Britain. Accordingly, no disclosure is provided of directors' interests in other Group companies, which are incorporated outside of Great Britain.

The Directors of the Company during the year ended 31 December 2022 and to the date of signing were those listed on page 1.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company adopts a conservative investment and risk management policy to ensure that there is no material exposure to market, liquidity or cash flow risks to funds held which support the Company's solvency requirement. In addition, the Company has no exposure to pricing, derivatives or currency-hedging risks.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term.

Approved by the Board of Directors
and signed on behalf of the Board



Mr S Michael
Director

Date: 11 May 2023

BA (GI) LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 10th December 2018 the Company was purchased from National Indemnity Company by SLI Holdings Limited, which is a fully owned subsidiary of National Indemnity Company.

The Company continues to handle the run off of its general insurance business.

The Company's operations are administered by the company, with additional claims-handling and administrative services being provided by third parties and related group companies.

The Company intends to continue to manage the run-off of the insurance assets and liabilities in an orderly manner.

The Company has considered climate change related risk and the impact on the environment. The company no longer writes any new business and policies have limited or no exposure to climate risk. Investments are held in treasury bonds so have limited exposure and the recent working from home due to the pandemic has also limited the environmental impact. The directors of the Company will continue to monitor the risk posed by climate change.

Statement by the Directors in Performance of Statutory Duties in Accordance with s172(1) Companies Act 2006

The directors of the Company act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard to:

- the likely consequences of any decisions in the long term,
- the need to foster the Company's business relationships with its customers and supplies,
- the impact of the Company's operations on the community and environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the company

The directors consider the following stakeholders when making strategic decisions; shareholders, policyholders, regulators, and related parties.

The Company does not retain a license to write any new business. The Company intends to continue to manage the run-off of the insurance assets and liabilities in an orderly manner.

The Company Treats Customers Fairly and has adequate systems to address Financial Crime risks. We are responsible for maintaining and embedding a corporate culture that is open and honest, and encourages both good and bad news to be communicated, and any concerns to be raised for discussion.

The Company employs no staff; activity is carried out by staff employed by Resolute Management Limited and Resolute Management Services Limited under a shared services agreement; investment management services are provided by NICO; and direct US APH claims handling services are provided by Resolute Management Inc. a fellow NICO subsidiary based in Boston, Massachusetts.

The Company is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA. It is committed to working with the regulators in an open, cooperative and transparent manner. The Company has sufficient capital relative to regulatory requirements, with a comfortable margin.

KEY PERFORMANCE INDICATORS

The Company's performance is measured and monitored by the Board with particular regard paid to the following Key Performance Indicators:

BA (GI) LIMITED

STRATEGIC REPORT (continued)

Capital Resources (unaudited)

The aim of the Company is to maintain an appropriate margin of regulatory capital over capital resource requirements. In 2022 available and eligible own funds of the company were £30,835,000 (2021: £29,273,000) to meet a Solvency Capital Requirement of £ 1,946,000 (2021: £3,392,000). This gives rise to an increase in the Company's Solvency II surplus when compared to the prior year and the Directors believe the Company is in a good position with respect to its Solvency II surplus.

Profits after taxation and Shareholders funds

For the year ended 31 December 2022, the Company reported a profit after taxation of £387,000 (2021: £24,000 profit). As at 31 December 2022, the Company had shareholders' funds amounting to £24,268,000 (2021: £23,881,000).

Cash flows

Cash flows are monitored closely by the business to ensure that all liabilities can be met as they fall due.

GOING CONCERN

The financial position of the Company continues to be encouraging and cash flows are as expected. The capital structure of the Company has remained stable for a considerable period and financial risk management processes are in place to maintain the Company's liquidity and solvency position.

Having taken into account the risks and uncertainties disclosed in note 2, the performance of the business and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months after the date the financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

SUBSEQUENT EVENTS

The Company is not aware of any events which materially impact the financial information disclosed.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's largest potential risk is that technical provisions may prove to be inadequate or excessive. The amounts included as claims provisions are based on well-known statistical and other techniques of estimation undertaken by consulting actuaries from related party service providers who have extensive knowledge of market developments.

The Directors continue to monitor the continuing inflationary environment and impact of coronavirus and are satisfied that there is no significant impact on the Company's future operations. The Company is in run-off and is not exposed to any claims arising from the Coronavirus. The Company is, however, potentially exposed to movements in foreign exchange rates, investment markets and interest rates, which occurred as a result of the Covid-19 pandemic. Through matching of the foreign currency liabilities with assets in the same currencies, the company mitigates the impact of volatility in exchange rates. Investments are held in Government Securities and the Company's capital remains well in excess of its regulatory requirements. The company's reinsurance counterparties are well rated and are believed to be financially strong. From an operational risk perspective the Company continues to operate satisfactorily and the Directors have no reason to believe this cannot continue for the foreseeable future.

With respect to the Russian invasion of Ukraine on 24th February 2022 the Company does not believe it has any exposure to insurance losses as a result of the conflict. The Company is also monitoring the rapidly changing sanctions regimes of the US, the EU and the UK to ensure our processes and controls ensure compliance. With respect to the enhanced risk of cyber-attacks on the Company's IT infrastructure the

BA (GI) LIMITED

STRATEGIC REPORT (continued)

Company continues to take advice from our external cyber risk monitoring supplier to ensure we have effective threat monitoring and practices and processes to manage this risk.

The Directors conclude that there is no impact on the going concern status of the Company. The Company remains well capitalised and the Directors consider that the company can operate for the next 12 months from date of signing.

Approved by the Board of Directors
and signed on behalf of the Board



Mr S Michael
Director

Date: 11 May 2023

BA (GI) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Mr S Michael
Director

Date: 11 May 2023

BA (GI) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BA (GI) LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of BA (GI) Limited (the 'company'):

- give a true and fair view of the state 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

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

BA (GI) LIMITED

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was valuation of insurance liabilities. Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">⚠ Newly identified⬆ Increased level of risk↔ Similar level of risk⬇ Decreased level of risk
Materiality	<p>The materiality that we used in the current year was \$0.7 million which was determined on the basis of 3% of net assets..</p>
Scoping	<p>Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.</p>
Significant changes in our approach	<p>There were no significant changes to our audit approach in the current year other than change in benchmark for determining the materiality. In the current year we have applied a benchmark of net assets (2021: gross insurance liabilities). Since BA(GI) has relatively small technical balances, and the main factor to be considered is the net asset position of the company after these insurance liabilities have completely run down, we have taken net assets as the basis for the materiality as this is the information that will be more relevant to the users of the financial statements.</p>

4. 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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's stress and scenario testing and challenging management's key assumptions. With involvement of internal actuarial specialists, we assessed the governance over, and the production of, solvency monitoring information, and considered its consistency with other available information and our understanding of the business;
- evaluating management's assessment of the risks across the company through specific reference to the Own Risk and Solvency ("ORSA"), including solvency risk, liquidity risk, and operational matters;
- assessing the company's performance, capital position and the impact of climate change, inflationary environment, and economic uncertainty on the company's operations and balances; and
- assessing the going concern disclosures made by management in the financial statements.

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.

BA (GI) LIMITED

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of insurance liabilities

Key audit matter description	<p>At 31 December 2022, the insurance liabilities amounted to £32.6m (2021: £33.1) as disclosed in note 10 (a) to the financial statements. The insurance liabilities are in run-off and are inherently uncertain as these arise from aged businesses. Given the long-term nature of the liabilities, we focussed our key audit matter on material movements in elements of the technical provisions that are not in line with our expectation driven by changes, or anticipated changes, to the assumptions or methodologies applied, including inflation. Key assumptions part of the insurance liability reserving process are survival ratio assumptions, used to project future asbestos claims and benchmark IBNR to outstanding claims ratio (IBNR:OS) assumptions.</p> <p>There is inherent uncertainty in the estimation of the insurance liabilities as the ultimate cost of settling outstanding claims requires management judgement based on past experience and current knowledge of the different types of insurance risk.</p> <p>Due to the subjective and judgemental nature of these estimates and the potential for management bias, the calculation of the insurance liabilities is also deemed to be a potential fraud risk. The directors disclose the uncertainties in relation to insurance contract liabilities in Note 10(b) Provisions for gross outstanding claims insurance liabilities, and in Note 10(c) Estimates and Assumptions.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding and tested the relevant controls that address the key audit matter.</p> <p>We have tested the accuracy and completeness of the data used in the reserving process and in the assumption setting process by agreeing to supporting documentation.</p> <p>We have worked with our actuarial specialists to challenge any changes to the methodology or modelling techniques used by management and the selection of assumptions, such as IBNR:OS and survival ratio assumptions by following procedures:</p> <ul style="list-style-type: none">• We assessed whether the judgements made in making IBNR reserves estimates are indicative of a potential management bias.

BA (GI) LIMITED

- We also performed assessment of the methodology and inflation assumptions applied to reserves to reflect the current inflationary environment.

Key observations	As a result of the procedures performed, we considered the valuation of insurance liabilities to be appropriate.
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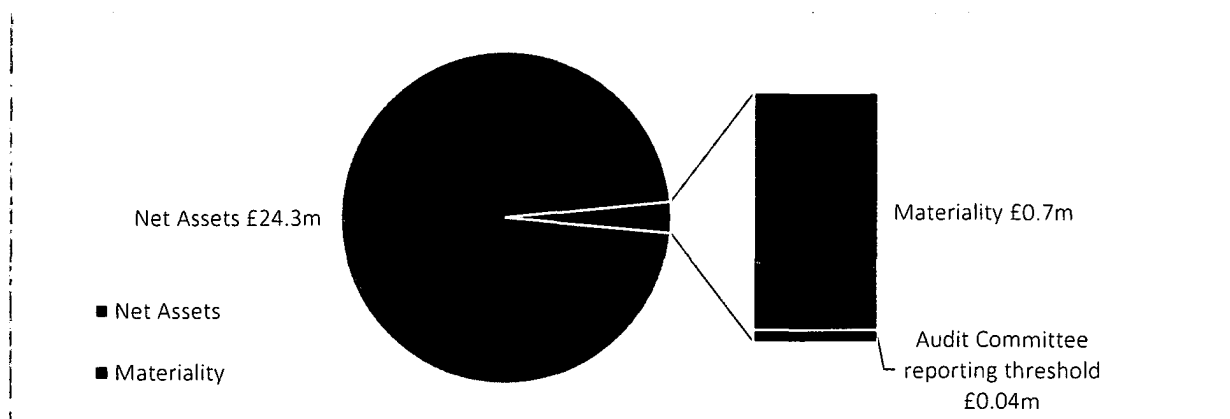
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£ 0.7million (2021: £ 0.7million)
Basis for determining materiality	The basis of materiality is 3% of net assets (2021: 2% of gross claims insurance liabilities).
Rationale for the benchmark applied	Net Assets of £24.3 million is the main focus for users of financial statements as it represents balance sheet strength and capital and is reflective of the company's ongoing businesses. Since BA(GI) has relatively small technical balances, and the main factor to be considered is the net asset position of the company after these insurance liabilities have completely run down, we have taken net assets as the basis for the materiality as this is the information that will be more relevant to the users of the financial statements.



BA (GI) LIMITED

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors including:

- our risk assessment, including our assessment of the company's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$0.04m (2021: \$0.03m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

The scope of the audit was determined by obtaining an understanding of the entity and its environment, including internal controls.

The audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Further we have assessed risk for each account balance within the financial statements considering the likely frequency and severity of material misstatements in determining the extent of audit procedures to be performed.

7.2. Our consideration of the control environment

In planning our audit, we identified several systems that were material to the Company's financial reporting processes. Having worked with our IT specialists to obtain an understanding of the relevant IT controls as well as the wider general IT controls environment across the Company, including the testing of IT control associated with the policy administration system, we were able to rely upon IT controls.

In planning our audit, we identified several business processes that were material to the Company's financial reporting processes. These processes spanned the Company's material transactions and account balances including claims, reinsurance and reserving. For the reserves balances, we relied on controls having tested their operating effectiveness.

7.3. Our consideration of climate-related risks

In planning our audit, we have gained an understanding of management's process to address climate-related risks. The company sets out its response on the climate-related financial risk as disclosed in the Strategic Report and in Note 2(vi).

Our audit work involved reading the climate related disclosures in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in

BA (GI) LIMITED

the audit. We also evaluated whether appropriate disclosures have been made in the financial statements.

8. 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

10. 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.

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

BA (GI) LIMITED

11. Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, actuaries, , the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of insurance liabilities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") regulations, HRMC legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory solvency requirements following the Solvency II 2009 Directive.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of insurance liabilities as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

BA (GI) LIMITED

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Prudential Regulation Authority (the "PRA") and the Financial Conduct Authority (the "FCA"); and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

BA (GI) LIMITED

12.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. Other matters which we are required to address

13.1. Auditor tenure

We were appointed by the Board of Directors on 14 January 2015 at its annual general meeting to audit the financial statements of the Company for the period ending 31 December 2014 and subsequent financial periods. Following a competitive tender process, we were reappointed as auditor of the Company for the period ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering periods from our initial appointment through to the period ended 31 December 2022.

13.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

14. 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.



Adam Ely FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

11 May 2023

BA (GI) LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2022

	Notes	2022 £000	2021 £000
TECHNICAL ACCOUNT			
Earned premiums net of reinsurance		-	-
Claims paid:			
Gross amount		(254)	(1,063)
Reinsurers' share		9	6
Claims paid, net of reinsurance		(245)	(1,057)
Change in provision for claims:			
Gross amount		419	1,168
Reinsurers' share		(9)	(6)
Net change in the provision for claims		410	1,162
Claims incurred, net of reinsurance		165	105
Net operating expenses	3	(165)	(105)
Net foreign exchange losses		(29)	(4)
Balance on the general business technical account		(29)	(4)
NON-TECHNICAL ACCOUNT			
Balance on the general business technical account	4	(29)	(4)
Investment income	4	867	2,617
Realised loss on investments	4	(572)	(1,507)
Unrealised gains/(losses) on investments	4	212	(1,076)
Profit on ordinary activities before tax		478	30
Tax expense	8	(91)	(6)
Profit and total comprehensive result for the year		387	24

The accompanying notes are an integral part of the financial statements.

BA (GI) LIMITED**STATEMENT OF FINANCIAL POSITION****At 31 December 2022**

	Notes	2022 £000	2021 £000
Assets			
Other financial investments	9	47,396	46,786
Reinsurers' share of technical provisions	10	8,578	8,587
Insurance and other receivables	11	231	689
Current taxation		-	33
Cash at bank		1,611	1,585
Total Assets		57,816	57,680
Liabilities and Equity			
Liabilities			
Technical Provisions	10	32,631	33,050
Current taxation		73	-
Insurance and other payables	12	844	749
Total Liabilities		33,548	33,799
Equity			
Called up share capital	13	50	50
Retained earnings		24,218	23,831
Total Equity		24,268	23,881
Total Liability and Equity		57,816	57,680

The accompanying notes are an integral part of the financial statements.

Approved at a meeting of the Board of Directors and signed on its behalf.



Mr S Michael

Director

Date: 11 May 2023

Company Registration No. 3002

BA (GI) LIMITED**STATEMENT OF CASH FLOWS**
For the year ended 31 December 2022

	<i>Notes</i>	2022 £000	2021 £000
Cash flows from operating activities			
Cash flows from operating activities	14	142	(1,340)
Net Tax received/(paid)		15	(14)
Net cash flows from operating activities		157	(1,354)
Cash flows from investing activities			
Interest received		867	2,617
Sale of Investments		94,015	45,115
Purchase of Investments		(94,985)	(47,862)
Net cash flows from investing activities		(103)	(130)
Net increase / (decrease) in cash and cash equivalents		54	(1,484)
Cash and cash equivalents at beginning of year		1,585	3,074
Effect of exchange rate fluctuations on cash and cash equivalents		(28)	(5)
Cash and cash equivalents at the end of the year		1,611	1,585
Cash at bank		1,611	1,585
Cash equivalents		-	-
		<u>1,611</u>	<u>1,585</u>

The accompanying notes are an integral part of the financial statements.

BA (GI) LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2022

	<i>Notes</i>	<i>Share Capital £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2021		50	23,807	23,857
Retained profit for the financial year		-	24	24
At 31 December 2021		50	23,831	23,881
At 1 January 2022		50	23,831	23,881
Retained profit for the financial year		-	387	387
At 31 December 2022		50	24,218	24,268

The accompanying notes are an integral part of the financial statements.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are summarised below. These policies have been applied consistently throughout the year and to the preceding year.

(A) General Information

The Company is a private company limited by shares, incorporated and domiciled in England, Great Britain, and transacted insurance and reinsurance business in the London Market until 2002. Since that date the business has been in run-off. The address of the registered office is given on page 1.

(B) Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standards 102 and 103 (FRS 102 & 103) applicable in the United Kingdom and Republic of Ireland and provisions of Section 396 of the Companies Act 2006. The financial statements are prepared under the historical cost convention as modified by financial instruments recognised at fair value. The financial statements have been prepared on the going concern basis as explained in the Strategic Report on page 3.

The functional currency of BA(GI) Ltd is considered to be UK Pounds because that is the currency of the primary economic environment in which the Company operate and the greatest proportion of the Company's assets and liabilities, having regard to the duration of these liabilities. The financial statements are also presented in UK Pounds. Unless otherwise noted, the amounts shown in these financial statements are in thousands ("£000").

The underwriting activities of all classes of business are accounted for on an annual basis.

(C) Going Concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in the Directors' Report and Strategic Report, and after making enquires, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months after the date the financial statements are signed. As a result, the Company continues to adopt the going concern basis in the preparation of the financial statements.

(D) Critical Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company to select accounting policies and make estimates, judgements and assumptions that affect items reported in the statement of comprehensive income, statement of financial position, other primary statements and notes to the financial statements. This is particularly so in the estimation of amounts for insurance liabilities, for which further details are given in policy G and in note 10 to these financial statements. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly. Refer to note 2 Sensitivity, Scenario and Stress Testing.

No critical accounting judgements were made in the course of preparation of the financial statements.

(E) Foreign Currency Translation

Transactions in foreign currencies other than UK Pounds are converted at the rate of exchange prevailing on the dates of the transactions, or at the average rate where this is a reasonable approximation. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into UK Pounds at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into UK Pounds at the historic rate pertaining on the date of the transaction.

(F) Claims Incurred

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year and the movement in the provisions for outstanding claims and settlement expenses, including claims incurred but not reported, net of salvage and subrogation recoveries.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

(G) Outstanding Claims Provision

Provision is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims. Material salvage and other recoveries are deducted from outstanding claims.

The provision for claims outstanding is based on information available at the reporting date. Significant delays are experienced in the notification and settlement of certain claims and accordingly the ultimate cost of such claims cannot be known with certainty at the reporting date. Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later years.

Reinsurers' share of technical provisions represents the amount of the Company's gross claims outstanding that is recoverable from reinsurers, calculated by reference to policy limits or cession percentages, adjusted as appropriate for commuted proportions and having regard to collectability.

(H) Net Investment Income

Investment income, excluding the tax credit and interest income is recognised on an accruals basis, taking into account the effective yield on the investment. Investment expenses are also recognised on an accruals basis. All investment and interest income is recognised through the statement of comprehensive income.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and the carrying value.

Unrealised gains and losses, arising on financial investments which have not been derecognised as a result of disposal or transfer, represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

(I) Recognition and Derecognition of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of a contract. The Company has designated on initial recognition its financial assets held for investment purposes (investments) at fair value through profit or loss (FVTPL). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial asset is derecognised when either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition under a combination of risks and rewards and Control tests. A financial liability is derecognised when it is extinguished which is when the obligation in the contract is discharged, cancelled or expired.

(J) Cash and cash equivalent

Cash at bank and in hand in the statement of financial position include cash in hand and demand deposits.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

(K) Taxation

Current income tax is the expected tax payable on the taxable profit for the period using tax rates (and laws) enacted or substantively enacted at the reporting date and any adjustment to the tax payable in respect of previous periods. The Company calculates current income tax using current income tax rates.

Deferred taxation is provided for using the liability method on all timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise. Deferred tax balances are not discounted.

(L) Receivables

Receivables, including inter-company loans, are recognised initially at their fair value and are subsequently assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised through the profit and loss account.

(M) Payables and Other Financial Liabilities

Payables, including inter-company amounts payable, are recognised at their fair value.

(N) Provisions

Provisions are liabilities with uncertainties in the amounts or timing of payments. Provisions are recognised if there is a present obligation as a result of past events that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made at the reporting date.

(O) Liability Adequacy Test

At each reporting date, a liability adequacy test is performed on insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment returns. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised by recording an additional liability for claims provision. The provision is assessed in aggregate for business classes which are managed together.

2. RISK MANAGEMENT

A Risk Management Framework has been developed which the board have approved with respect to BA(GI) Limited. This framework has the following key elements:-

- A clear organisational structure with defined authorities and responsibilities;
- Defined terms of reference for the Board of the Company and management committees; and
- Adoption of the Company risk management framework that defines risk appetite measures and sets out risk management and control standards for the Company's operations. The risk management framework also sets out the roles and responsibilities of businesses, policy owners and risk oversight committees.

The Company operates a risk management framework, which is a collection of processes and tools that have been put in place to ensure that the risks to which it is exposed are identified, measured, managed, monitored and reported on a continuous basis. The key instruments of this framework include the risk management policies, risk reports, the governance and oversight infrastructure and the risk appetite framework. The Company works within this risk management framework.

The Company has a set of formal risk policies that facilitate a consistent approach to the management of all the Company's risks across all business streams and locations in which the Company operates. These risk policies define the Company's appetite for different, specific risk types and set out risk management and control standards for the Company's operations. The Company sets limits to manage material risks to ensure

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

the risks stay within risk appetite (the amount of risk the Company is willing to accept). Where risks are outside of appetite, actions are agreed to mitigate the exposure.

In addition to monitoring regulatory Solvency under applicable UK Prudential Regulation Authority (PRA) regulations, the PRA also requires the Company to assess its economic capital requirements to ensure that it adequately reflects the risks facing the business. The main risks being faced by the Company are as follows:-

(i) Insurance Risk

The Company is in run-off and considers insurance risk within its general insurance activity to be the management of claims and the adequacy of reserving. The risk relates to the inherent uncertainty around the level of reserves held. Actuarial claims reserving is conducted by Resolute Management Services Limited, a related company with actuarial expertise, on a prudent basis such that reserves are more likely to be overstated rather than understated, however there remains a reasonable possibility that the final outcome will show that reserves are understated and possibly by a material margin; the Company therefore has a moderate reserving risk. The adequacy of the Company's reserves is overseen by the Board who are also responsible for Capital requirements.

(ii) Credit Risk

Credit Risk is the risk of loss in the financial assets due to counterparties failing to meet all or part of their obligations. The Company has financial investments of £47.4m which are invested with institutions which have a credit rating of AA per S&P rating agency and £1.6m of cash and cash equivalents with institutions that have a credit rating of A and above per S&P rating agency. There are two main reinsurers; the financial strength ratings are monitored and are both rated A or above per S&P rating agency.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. This risk is largely mitigated by the investment guideline requirements which ensure compliance with the operational risk appetite statements. The company retains significant liquid balances and the investment portfolio is such that it may be converted to liquid assets at short notice. Given that liquidity is not a material risk for the Company, no specific risk sensitivity is provided.

(iv) Market Risk

Market Risk is the risk of an adverse financial impact due to changes in future cash flows of financial instruments due to fluctuations in interest rates and market prices held which support the Company's solvency requirement. The Company's investment strategy is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of A and above held to maturity. The Company has no off-balance sheet transactions and has a policy of not investing in derivative contracts.

(v) Operational Risk

Operational Risk is the risk of an adverse financial impact due to being in business and can arise from the operation's people, processes, and systems. These risks are managed through controls that are aligned with the Board's risk appetite and monitored in an early warning indicator system based on key risk indicators that are reported to the Risk Committee. From an operational risk perspective the Directors continue to monitor the continuing inflationary environment and impact of coronavirus and are satisfied that there is no significant impact on the Company's future operations.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

(vi) Climate Change Risk

Throughout 2022 management have continued to consider the threat of emerging risks on the outstanding liabilities of the Company. One potential emerging risk identified is climate change. The planning and mitigation of this risk on the investment profile, outstanding liabilities, reputation and general operations will further develop in 2023.

Sensitivity, Scenario and Stress Testing

The Company uses a number of sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the capital model to inform the decision making and planning process.

Scenario testing is also undertaken based on a number of management defined scenarios. They are by definition considered to be adverse, and potentially extreme, events and therefore a representation of the circumstances that may apply and prompt one of the adverse scenarios in the capital modelling; they are used to help contextualise extreme outcomes projected by modelling. Macro-economic and specific company scenarios are considered for scenario testing. The company specific scenarios considered relate to claims reserving scenarios where a class of claim develops materially worse than expected or there is a new claim type.

The profit on ordinary activities before tax is sensitive to the actual reserving outcome being different from the expected outcome. The table below gives an indication of the impact on profit of a percentage movement in the losses and loss adjustment expenses net of the reinsurers' share of those liabilities (excluding the effect of foreign exchange).

		2022	2021
		£000	£000
Impact on profit before tax			
Insurance losses deteriorate against expected outcome:			
10% deterioration		(2,405)	(2,446)
20% deterioration		(4,811)	(4,893)
Insurance losses improve against expected outcome::			
10% improvement		2,405	2,446
20% improvement		4,811	4,893

Subject to taxation, the effect on shareholders' equity would be the same as the effect on profit.

Reverse Stress Testing is designed to identify events that would potentially lead to either the business model becoming unviable, or business failure. A reverse stress testing exercise is carried out annually.

The results of the sensitivity, scenario and stress testing undertaken are regularly produced to inform the Company's decision-making and planning processes, and as part of the framework for identifying and quantifying the risks to which the Company is exposed. The key sensitivity has been determined to be in relation to the technical reserves, the sensitivity and uncertainty of which has been detailed in the Accounting Policies and Note 10.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

3. NET OPERATING EXPENSES

	2022 £000	2021 £000
Administrative expenses	165	105

4. INVESTMENT RETURN

	Investment Income £000	Net realised (losses) £000	Net unrealised gain/(losses) £000	Total investment return £000
Year ended 31 December 2022				
Debt securities	863	(572)	212	503
Cash at bank and in hand	4	-	-	4
Total investment return	867	(572)	212	507
Year ended 31 December 2021				
Debt securities	2,617	(1,507)	(1,076)	34
Cash at bank and in hand	-	-	-	-
Total investment return	2,617	(1,507)	(1,076)	34

5. AUDITOR'S REMUNERATION

	2022 £000	2021 £000
Fees for the audit of the Company's annual accounts	26	22
Total	26	22

The Company's auditor did not provide any other services to the company in 2022 and 2021.

6. STAFF COSTS

The Company has no full-time employees, with services provided by other Group companies and, accordingly, no direct staff costs are incurred by the Company. During the year, an amount of £95,674 (2021: £65,448) has been charged into the Company for the provision of these services.

7. DIRECTORS' EMOLUMENTS

During the year no directors received any emoluments specifically for activity as directors for this Company. Their costs are borne by another group company and not recharged (2021 - £Nil).

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

8. TAXATION AND DEFERRED TAX

The standard rate of current tax for the year is 19% (2021 - 19%). The current tax charge for the year is not 19% (2021:19%) for the reasons set out below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	478	30
Tax on Profit on ordinary activities at standard rate	(91)	(6)
Factors affecting tax charge:		
Current year unrealised losses	-	-
Tax on Prior Year restatement	-	-
Total	(91)	(6)

No provision is made for potential deferred tax assets (2021: nil) as this is dependent upon the availability of future profits within this company or the rest of the UK group.

9. OTHER FINANCIAL INVESTMENTS

All financial investments have been designated as held at fair value through profit or loss.

The Company has classified the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making those measurements. The fair value hierarchy comprises the following levels:

(a) Level (i) – fair values measured using quoted prices (unadjusted) in active markets for identical assets. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an on-going basis.

As at December 2022	Historical Cost £000	Unrealised gain/(loss) £000	Estimated Fair Value £000
U.K. treasuries	47,184	212	47,396
Total investments	47,302	212	47,514

As at December 2021 (restated)	Historical Cost £000	Unrealised (loss) £000	Estimated Fair Value £000
U.K. treasuries	47,862	(1,076)	46,786
Total investments	47,978	(1,076)	46,902

(b) Level (ii) – fair values measured using inputs other than quoted prices included within level one that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The Company has no Level (ii) investments

(c) Level (iii) – inputs for the assets that are not based on observable market data (unobservable inputs).

The Company has no Level (iii) investments.

A detailed maturity analysis table has not been provided as cash, deposits and investments are of a short term nature with cash and deposits being repayable on demand and all bonds maturing within a period of 12 months from the December 2022 year end.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

10. INSURANCE LIABILITIES AND REINSURANCE

(a) Carrying amounts

The following is a summary of the gross insurance liabilities and the related reinsurance assets as at 31 December:

As at December 2022	Gross Insurance Liabilities £000	Reinsurance Assets £000	Net £000
Provision for outstanding claims reserves	3,614	1,455	2,159
Provisions for claims incurred but not reported	29,017	7,123	21,894
Total claims provisions	32,631	8,578	24,053

As at December 2021	Gross Insurance Liabilities £000	Reinsurance Assets £000	Net £000
Provision for outstanding claims reserves	2,825	1,461	1,364
Provisions for claims incurred but not reported	30,225	7,126	23,099
Total claims provisions	33,050	8,587	24,463

Further details of the gross liabilities are described in (b), (c) and (d) below.

Of the above reinsurance assets total, £8.5 million (2021: £8.5 million) of the reinsurance assets is expected to be recovered in more than one year after the reporting date.

(b) Provisions for gross outstanding claims insurance liabilities

Outstanding claims provisions are estimated based on known data and information at the date of estimation. Case estimates are generally set by counsel or skilled claims technicians applying their experience and knowledge to the circumstances of individual claims, taking into account all available information and correspondence regarding the circumstances of the claim, such as medical reports, investigations and inspections. Claims technicians set case estimates according to documented claims department policies and specialise in setting estimates for certain lines of business or types of claim. Claims above certain limits are referred to senior claims handlers for authorisation.

Delays occur in the notification and settlement of claims and a substantial measure of experience and judgement is involved in assessing insurance liabilities, the ultimate cost of which cannot be known with certainty at the statement of financial position date. The reserves are based on information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

(c) Estimates and assumptions

In order to arrive at the appropriate level of gross provision, the Company has reviewed the information currently available including outstanding loss advices, past development of notifications and industry benchmarks.

It is believed that the aforementioned have been appropriately considered in estimating ultimate losses that have occurred, including future developments in known claims as well as those yet to be reported. However, the future uncertainties that are inherent in the estimating process are such that future developments might cause these provisions to be inadequate or excessive.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

In addition, a significant portion of exposure remaining open is mass tort or latent injury. This exposure is dominated by asbestos and environmental claims but other situations are represented as well. The uncertainties concerning these claims are increased by legislation and judicial actions that are attempting to expand the availability of indemnity. One characteristic of these types of claims is that they are not subject to traditional actuarial analysis. With traditional actuarial analysis, projections of future claims development are heavily informed by observations of past claim development for claims in the same class, especially with regard to the development of each underwriting year.

The future emergence and settlements for the type of claims mentioned above is not adequately described by the patterns of the broader class of liability business from the past. As a result, traditional analysis of historical loss development triangles yields no information useful in projecting the future progression of these losses.

However the industry has built up a considerable body of knowledge with respect to the development of mass tort situations. Based on this body of industry information, benchmark valuations involving both the "Survival Ratio" and the ratio of required IBNR to notified claims, and which require much subjective judgment, can be used to establish estimates of the Company's future liability. In this context, with knowledge of these previous benchmark valuations, together with an understanding of the current period claims run-off, an assessment has been made to estimate future requirements. Benchmark ratios and multipliers are derived based on explicit or implicit assumptions about long term inflation. In the presence of significant divergence from or changes in long term inflation rates, adjustments to the benchmarks are taken into consideration and included in the reserving assessment as appropriate. Notwithstanding this assessment, it is considered that significant uncertainty remains in respect of the provisions, which is greater than the uncertainty that would be normally expected for insurance technical provisions at this stage of development.

Any reserving approach requires judgement, and involves an understanding of the nature of the liabilities and the selection of the particular methodology, as well as many decisions on how best to apply both the factual claims data and the other knowledge gained. Every book of liabilities that arises from underwriting over a long period will be different and it is important to pay special attention to those areas of the account where the most material uncertainties are believed to lie.

(d) Loss Development Tables

The Company ceased to write business in 2002. Since that date the business has been in run-off.

	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
2002 and prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Gross Claim Insurance Liabilities	52,477	45,336	44,198	38,336	37,579	36,258	34,892	34,218	33,050	32,631
Gross Recovery from reinsurers	9,970	9,472	9,005	8,918	8,832	8,799	8,605	8,592	8,587	8,578
Total Net Insurance Liabilities	42,507	35,864	35,193	29,418	28,747	27,459	26,287	25,626	24,463	24,053
Gross Claim cumulative	-	(1,089)	(2,087)	(2,813)	(3,411)	(4,589)	(5,815)	(6,382)	(7,445)	(7,699)
Gross Recovery cumulative	-	309	776	863	949	982	1,175	1,188	1,194	1,203
Total Net cumulative claims	-	(780)	(1,311)	(1,950)	(2,462)	(3,607)	(4,640)	(5,194)	(6,251)	(6,496)

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

(e) Movements in insurance and reinsurance contracts

The following is a summary of the movements in the gross insurance liabilities and the related reinsurance assets during the year ended 31 December:

Year ended 31 December 2022	Gross Insurance Liabilities £000	Reinsurance Assets £000	Net £000
Claims and run-off expenses as at 1 January	33,050	8,587	24,463
Claims and expenses paid in the year	(419)	(9)	(410)
Decrease in liabilities	-	-	-
Claims and run-off expenses as at 31 December	32,631	8,578	24,053

Year ended 31 December 2021	Gross Insurance Liabilities £000	Reinsurance Assets £000	Net £000
Claims and run-off expenses as at 1 January	34,218	8,592	25,626
Claims and expenses paid in the year	(1,168)	(5)	(1,163)
Decrease in liabilities	-	-	-
Claims and run-off expenses as at 31 December	33,050	8,587	24,463

11. INSURANCE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Arising out of insurance operations	72	93
Accrued interest	159	596
Amounts due from other Group Companies	-	-
Other Debtors	-	-
Total	231	689

12. INSURANCE AND OTHER PAYABLES

	2022 £000	2021 £000
Arising out of insurance operations	804	725
Amounts due to other Group Companies (see note 15)	27	13
Accruals and deferred income	13	11
Total	844	749

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

13. SHARE CAPITAL

	2022 £000	2021 £000
Allotted, issued and fully paid shares:		
1,000,000 ordinary shares of 5p each	50	50
Total	50	50

(a) Capital Management

The objective of the Company in managing its capital is to ensure that it will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the Company operates. The level of the surplus capital held by the Company is based on its risk appetite and provides flexibility, allowing the Company to deal with shock events and to take advantage of opportunities as they arise.

The capital structure of the Company consists of equity attributable to shareholders, comprising ordinary shares and retained earnings as disclosed above and in the Statement of Changes in Equity.

(b) Capital Adequacy (unaudited)

The Company was in compliance with capital requirements imposed by regulators throughout the financial year.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and statutory regulations.

The table below sets out the statutory minimum capital requirement and the Company's available capital.

	2022 £000	2021 £000
Own Funds	30,835	29,273
Solvency capital requirement	1,946	3,392
Solvency II capital surplus	28,889	25,881
Solvency Cover %	1,585%	863%

The Company fully complied with all externally imposed capital requirements throughout the financial year.

There were no changes made to the capital base nor to the objectives, policies and processes for managing capital during the financial year.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

14. CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

The reconciliation of the result before tax to the net cash inflow from operating activities is:

	2022 £000	2021 £000
Profit before tax	478	30
Adjusted for non-cash movements:		
Net claims reserves, including expenses	(411)	(1,162)
Realised & unrealised losses on investments	360	2,583
Foreign exchange losses	29	5
Adjusted for investment interest received from investment activities	(867)	(2,617)
Movement in operating assets & liabilities:		
Decrease/(increase) in insurance and other receivables	457	(345)
Increase in insurance and other payables	96	166
Cashflow provided by/ (utilised in) operating activities	142	(1,340)

15. RELATED PARTY TRANSACTIONS

(a) All related party transactions are carried out on an arms-length commercial terms. The Company had the following related party transactions in 2022 and 2021:

(i) Services provided to and from related parties

	2022 Receivable at year end £000	2022 Payable at year end £000	2021 Receivable at year end £000	2021 Payable at year end £000
Key management personnel and services				
Resolute Management Limited	-	19	-	13
Resolute Management Services Limited	-	8	-	-
Total	-	27	-	13

The related parties' receivables are not secured and no guarantees were received in respect thereof.

The Company has taken advantage under Section 33.1A, Financial Reporting Standards 102, not to disclose transactional details as all related parties are members of a group that is wholly owned by one such member of that group.

(ii) Services provided by related parties

Resolute Management Ltd and Resolute Management Services Ltd. provide claims and administrative services.

(iii) Key management compensation

The key management of the Company are considered to be the statutory directors of the Company. Note 7, directors' emoluments, gives details of their compensation as directors of the Company.

BA (GI) LIMITED
Notes to the Financial Statements
For the year ended 31 December 2022

(b) Parent Companies

The Company's immediate parent company is SLI Holdings Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent company, controlling party, company which heads the largest group of undertakings for which group accounts were drawn up and of which the Company was a member of, is Berkshire Hathaway Inc. incorporated in the United States of America.

The parent undertaking which heads the smallest group of undertakings for which group accounts were drawn up and of which the Company is a member is National Indemnity Company, a company registered/incorporated in the state of Nebraska.

The consolidated financial statements of both of these companies are available to the public and may be obtained from 1440 Kiewit Plaza, Omaha, Nebraska, USA 68131.

16. GUARANTEES AND CONTINGENT LIABILITIES

A guarantee has been provided for the benefit of Policyholders on business written through the Institute of London Underwriters. This guarantee has been provided by a related company, Berkshire Hathaway International Insurance Limited.

17. SUBSEQUENT EVENTS

The Company is not aware of any subsequent events which materially impact the financial information disclosed.