

Equitas Holdings Limited

Annual Report & Financial Statements

for the year ended 31st March 2025

Company registration number 3136296

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Strategic report

The directors present their strategic report on Equitas Holdings Limited (the “Company”) and its subsidiaries as listed in note 20 (the “Group”) for the year-ended 31st March 2025.

Review of the business

The Company is registered in England and Wales with registration number 3136296. It was incorporated on 5th December 1995 in the UK as a private limited liability company.

The business of the Company and the Group is to run-off the 1992 and prior underwriting years’ non-life Lloyd’s liabilities reinsured in 1996. The liabilities were then transferred from the individual underwriters at Lloyd’s (“Names”) to the Group in 2009. The High Court approved the transfer, under Part VII of the Financial Services and Markets Act 2000, of all the 1992 and prior underwriting years’ non-life Lloyd’s liabilities of the open and closed year Names to Equitas Insurance Limited, a wholly owned subsidiary of Equitas Holdings Limited formed for that purpose. The transfer took effect on 30th June 2009 and means that Names are no longer liable under English law for any future claims by policyholders on their 1992 and prior business. The transfer is recognised in all EEA jurisdictions. In previous years the Group purchased a total of \$7.0 billion reinsurance cover, over and above the reserves at 31st March 2006, from National Indemnity Company (“National Indemnity”), a member of the Berkshire Hathaway group. A review of the development of the transaction with National Indemnity is set out below.

The Group has continued to pursue its strategy to run-off the liabilities reinsured in 1996 which were transferred from the Names to the Group in 2009.

The National Indemnity reinsurance agreement

Overview

There were two phases to the transaction. The first phase involved the purchase of an additional \$5.7 billion of reinsurance cover over and above the existing Equitas Limited (“Equitas”) reserves at 31st March 2006, less claims payments and reinsurance recoveries received between 1st April 2006 and 31st March 2007. The second phase, completed during the year ended 31st March 2010, involved the transfer of Names’ obligations to policyholders to a new Group company, Equitas Insurance Limited, and the purchase of additional reinsurance cover of \$1.3 billion from National Indemnity.

Current cover position

The reinsurance cover in excess of that needed to match our assessment of the liabilities (‘the Additional Reinsurance Cover’) available at the year end is set out in the table below:

	2025 \$m	2024 \$m
Additional Reinsurance Cover available at 1 st April 2024/2023	3,129	3,429
Movement in provisions	(164)	(305)
Exchange differences	5	5
Additional Reinsurance Cover available at 31st March 2025/2024	2,970	3,129

The above movement in the additional reinsurance cover does not agree to the reassessment of liabilities and reinsurances in the technical account on page 5. The unutilised cover is expressed in US

Dollars at rates prevailing on 31st March 2006 and also includes the impact of syndicates' reinsurance recoveries, whereas the Company's technical account excludes these items.

As at 31st March 2025, \$4,030 million (or 57.6%) (2024: \$3,871 million (or 55.3%)) of the additional \$7.0 billion of reinsurance cover purchased from National Indemnity has been utilised to cover reserve deterioration since 1st April 2006. The cover remaining that is not yet required is not shown in the financial statements, although it significantly strengthens the Group's financial position.

At the time the Part VII was approved by the High Court our confidence level that the National Indemnity ("NICO") reinsurance would be sufficient to cover loss to ultimate was assessed at 96.9%. Our current assessment is 88.7% (2024: 89.7%)

Return premium

Following the transaction with National Indemnity in March 2007, Equitas approved an aggregate return premium of £50 million to be paid to the approximately 34,000 reinsured Names, Lioncover and Centrewrite Limited in accordance with their respective entitlements. This amount was provided for in the financial statements for 2007. At 31st March 2025, 28,110 (2024: 28,110) of those entitled to a return premium have been paid their entitlement. This accounts for £44.4 million (2024: £44.4 million) of the total return premium. The balance is payable to the remaining reinsured Names or their estates on satisfaction by them of outstanding procedural requirements. Following a review in March 2018 the Board of Directors (the "Board") agreed to release £5.5 million to reserves, leaving a residual £0.1 million liability at both 31st March 2024 and 31st March 2025.

At Phase I, the Group explained that any further distribution to Names would depend on requirements for regulatory capital and other constraints. The regulator at the time, the Financial Services Authority, decided that, having regard to such matters, they would not permit a further return premium to be paid at the time of the Part VII transfer. Currently, regulatory capital requirements under Solvency II are unlikely to be achieved.

Accordingly, the net assets of £81.5 million are now held as residual capital to fund the on-going governance costs of the Group. Under present circumstances, it is likely to be many years before the Group will be in a position to consider any further return premium payments, and it is possible that such payments may never be made.

How the run-off is managed

Resolute Management Services Limited ("RMSL"), a member of the Berkshire Hathaway group, manages the run-off as agent for Equitas Insurance Limited (formerly the Names prior to the Part VII transfer). The costs of running RMSL are met by National Indemnity, for as long as the total of claims paid (net of reinsurance recoveries) by National Indemnity is less than the total cover provided. RMSL is entitled to exercise wide powers to manage the retroceded business and is required to exercise those powers in the interests of the Group and Names.

Role of the Group and corporate governance

While the reinsurance agreement with National Indemnity provides very significant additional reinsurance cover to the Group, it does not disturb the existing chain of reinsurance established as part of Lloyd's Reconstruction and Renewal. Since Equitas Insurance Limited remains ultimately responsible for the insurance liabilities, the agreement includes a number of provisions that allow continued monitoring of the run-off. Jeremy Heap, as chief executive, carries out this monitoring function, reporting to the Board. The Board meets regularly to receive the operational reports from RMSL relating to the run-off activities, monitor the investment portfolio, deal with regulatory matters and handle any other corporate business. There were four meetings held during the year. The only committee of the Board is an audit committee since all other matters are brought to the attention of the whole Board. The Group audit committee is chaired by David Shipley, all members of the Board are members of the audit committee with the exception of the CEO. The Boards of Equitas Holdings Limited, Equitas Insurance Limited, Equitas Reinsurance Limited and Equitas Limited are identical and include a chairman, a chief executive officer and seven non-executive directors. The chairman and three of the non-executive directors are also trustees of the Equitas Trust which holds the ordinary share capital of Equitas Holdings Limited. Lloyd's as shareholder of the deferred share in Equitas Holdings Limited is entitled to nominate a non-executive director as listed on page 11.

Protection

RMSL manages the claims adjusting process. National Indemnity will not be required to provide security for its reinsurance obligations for so long as National Indemnity's insurer financial strength rating, as measured by Standard & Poor's, remains at AA- or higher. If, however, National Indemnity's rating were to drop below this level, it must either provide a letter of credit or establish a trust fund, equal to 102% of its net liabilities under the agreement (provided that this does not exceed the remaining reinsurance cover), plus estimated future operating expenses. If National Indemnity's rating falls below A- then the 102% requirement increases to 125% (provided that this does not exceed the remaining reinsurance cover).

At the date of this report the Standard & Poor's rating for National Indemnity remains very strong at AA+. The Berkshire Hathaway group (of which National Indemnity is a part) had a rating of AA.

Further information about the ratings of National Indemnity and the Berkshire Hathaway group is given on page 14.

The trust fund arrangements in the United States, Canada and Australia that ring fence assets to match a significant proportion of the liabilities that Equitas reinsures continue, thus providing additional protection to policyholders.

Result for the year

During the year ended 31st March 2025, the Group made a profit on investments of £1.3 million (2024: £5.0 million profit) while corporate expenses amounted to £1.2 million (2024: £1.3 million). This produced a profit before tax for the year of £0.1 million (2024: £3.7 million profit) and a profit of £0.1 million (2024: £3.7 million profit) after tax.

The retained surplus remaining in the Group as at 31st March 2025 is £81.6 million (2024: £81.5 million).

Most of the Group's investments were held in a bond portfolio managed by New England Asset Management Limited ("NEAM").

The tables below explain how the retained surplus and claims and reinsurance reserves have moved during the year.

Profit and loss account

	<i>£m</i>	<i>£m</i>
Profit and loss account at 1st April 2024		81.5
Investment return less expenses	0.1	
Reassessment of:		
Claims	(132.7)	
Reinsurances	132.7	
Profit for the year before tax		0.1
Corporation tax		-
Profit and loss account at 31st March 2025		81.6

A comprehensive actuarial review was conducted at the end of August 2024 which was updated to reflect movements to 31st March 2025. The techniques used are described in note 2 on pages 37 to 39. The largest contributing factor to the reassessment of £132.7 million was a significant number of new sexual abuse claims from the United States and worse than expected experience in respect of US asbestos claims. In addition, reserves decreased owing to GB Pounds strengthening against the US Dollar during the year.

The liabilities of £4,556 million are shown in the table below and are covered by the reinsurance from National Indemnity.

Provision for claims outstanding

	<i>Claims £m</i>	<i>Reinsurance £m</i>	<i>Net £m</i>
Provisions at 1st April 2024	4,755	(4,755)	-
Payments, receipts and accruals	(230)	230	-
Reassessment of liabilities and reinsurances	133	(133)	-
Exchange movements	(102)	102	-
Provisions at 31st March 2025	4,556	(4,556)	-

The provisions do not include any operating expense reserves since operating expenses are met by National Indemnity.

Performance measurement

The key measures of the Group's performance are shown in the table below.

Key measure	What does it show?
Additional reinsurance cover available	The total amount of reinsurance cover remaining less the gross undiscounted claims outstanding. It represents the margin available to cover future reserve deterioration.
Reinsurance cover percentage	The total amount of reinsurance cover remaining as a percentage of the gross reserves. It represents the margin available to cover future deteriorations measured in relation to our current reserves.
Percentage utilisation of additional reinsurance cover	The proportion of the \$7 billion cover provided by National Indemnity that has been utilised to cover reserve deteriorations since 1 st April 2006.
Projected remaining reinsurance cover	The amount of reinsurance cover remaining projected 10 years into the future based on the preceding 5 years experience.
Retained profit / surplus	The surplus available to fund the Group expenses in monitoring the run-off and for further return of premium and to provide regulatory capital.
Provision for claims outstanding	The expected total remaining liabilities before any deduction for reinsurance on an undiscounted basis.

The Group's key performance measures as defined above for the year to 31st March 2025 are set out in the table below, there has been no significant change in the performance of the Group:

	2025	2024
	\$m	\$m
Additional reinsurance cover remaining	2,970	3,129
Reinsurance cover percentage	149%	150%
Percentage utilisation of additional cover	57.6%	55.3%
Projected remaining reinsurance cover	176	281
	£m	£m
Retained profit / surplus	81.6	81.5
	£m	£m
Provision for claims outstanding	4,556	4,755

All measures of the reinsurance cover from National Indemnity are expressed in US Dollars in accordance with the reinsurance contract. The exchange rates used to calculate the cover are fixed at the rates prevailing on 31st March 2006.

Principal risks and uncertainties

The principal risk facing the Group has always been the ability to meet the reinsured liabilities (and since 2009 the assumed liabilities) as they fall due in the light of the significant uncertainties as to the accuracy of the provision for claims outstanding shown in the balance sheet. This risk was significantly reduced by the completion of both phases of the reinsurance transaction with National Indemnity, which provided an additional \$7.0 billion of reinsurance cover above that needed to meet the reserves at 31st March 2006.

The principal risk now facing the Group is that liabilities come to exceed the reinsurance cover purchased. There is also the risk that the financial security of National Indemnity deteriorates, though there are provisions in the contract to mitigate such changes which are outlined on page 4 and page 14. Although the percentage of utilisation of the additional cover has increased, the Board of Equitas believes that the prospect of Equitas failing is low, although some risk of failure inevitably remains given the inherent uncertainties which exist when dealing with the types of liabilities that were originally reinsured by the Group.

Conclusion

The two phase transaction with National Indemnity and the transfer of the liabilities from the Names have fixed the strategy of the Company. The transaction with National Indemnity has transformed the level of resources available to meet any uncertainties. The successful transfer of business means that reinsured Names are no longer liable under English law, and all jurisdictions of the EEA, for any future claims by policyholders on their 1992 and prior business.

Statement by the directors in performance of statutory duties in accordance with s172(1) Companies Act 2006

Introduction

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

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

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

To support the directors in the discharge of their duties, and whilst making decisions on behalf of the Company, the directors have access to reports on the operations and performance of the Group, and

regular reports from the audit committee and the investment managers to identify matters which may have an impact on the proposed decision including, where relevant, the section 172 factors outlined above. To ensure the efficiency and effectiveness of engagement with key stakeholders identified by the Company, certain stakeholder engagement is led by the Group, particularly where the impact of a decision may impact the Group's reputation.

Stakeholders

The directors believe that engagement with key stakeholder groups play a vital role in the ongoing success of the Group. The following outlines key stakeholders identified by the Group, and how their interests were taken into consideration during the decision making process where appropriate.

Our People

The Group employs one member of staff who is a Director to monitor the activities carried out by the staff employed by Resolute Management Services Limited ("RMSL") and Resolute Management Inc. ("RMI") under a shared services agreement; investment management services are provided by New England Asset Management ("NEAM"); and direct US APH claims handling services are provided by Resolute Management Inc ("RMI") a NICO subsidiary based in Boston, Massachusetts.

NICO and its subsidiaries has adequate systems to address financial crime risks, and 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.

Community and environment

The directors continue to consider the impact the Company has on the environment. The Group and its affiliates strive to reduce the levels of recyclable and non-recyclable waste, encouraging the reduction in consumption of single use paper cups. The Group and its affiliates encourage optimising the use of technology to reduce the environmental footprint of the Group's activities.

Policyholders

The Company does not retain a licence 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.

During the year the directors considered and approved the underwriting reserves held by the Group underwriting entities, strengthening the reserves set aside to settle all valid current and future liabilities as they become due.

In considering these key factors and in approving the final reserving position, the directors were mindful of the importance of maintaining the Group's policy of reserving on a conservative basis. This policy provides robust security to our policyholders.

Shareholders and reinsured Names

The immediate parent and ultimate controlling party is the Equitas Trust, the trustees of which are non-executive directors of the Group acting in the interests of the reinsured Names.

During the year the directors approved the financial statements for the year ended 31st March 2024 on the 13th June 2024.

Geopolitical risk

The Group is not exposed to insurance losses from the Russian invasion of Ukraine on the 24th February 2022, nor the Israel/Palestinian conflict or any widening escalation in the Middle East. The Group continues to monitor 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 Group's IT infrastructure the Group relies on advice, via RMSL from an external cyber risk monitoring supplier to ensure we have effective threat monitoring and practices and processes to manage this risk.

Operational resilience

RMSL IT have a robust disaster recovery plan, and put in place systems and processes to enable staff to work from anywhere, to ensure that staff continue to deliver a high level of service and are responsive to stakeholders.

The disaster recovery plan was actioned in August 2023 following the damage caused to the office after the sprinkler system was activated from the floor above our office, with IT systems unavailable for less than 48 hours, all staff had full access to all systems with no loss of data.

Stress and sensitivity testing analysis

Management continue to review the Group and Company's assets to determine any potential impact any external factors may have on their value and recoverability. Management consider the value ascribed to the Company's assets on the balance sheet remains appropriate. In particular the financial strength of National Indemnity continues to remain high. Management have factored into the reserves the higher recent levels of inflation and the market view of likely future inflation in both the near term and long term.

Regulation

The Group 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.

Compliance and control risks

Compliance services are provided by RMSL to ensure that all applicable laws are followed by the Group, its employee and its agents, any breaches could be damaging to its reputation, and could result in litigation, regulatory action and penalties.

Treasury activities

All treasury activities are provided by RMSL/RML staff and overseen by the CEO to minimise financial loss, business disruption, regulatory intervention or damage to the Group's reputation.

Reporting

Failure to accurately report the Group's data could lead to regulatory action, legal liability and reputational damage.

Financial risk management

The Group is exposed to a number of different financial risks arising from natural business exposures including market risks relating to interest rates; credit risk; and liquidity risk, further details on financial risks are described in note 3 on pages 40 to 42.

Going Concern

The financial position of the Group and capital structure remains stable.

Having taken into account the risks and uncertainties disclosed in note 2 and note 3 on pages 37 to 42, the performance of the business and after making enquiries, the directors have a reasonable expectation that the Group 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 Group is not aware of any post balance sheet events which materially impact the financial information disclosed.

The Directors conclude that there is no impact on the going concern status of the Group. The Group's investment income is in excess of the operating costs of the Group and it has sufficient reinsurance asset to meet all insurance liabilities as they fall due.

This report was approved by the Board of Directors on 12th June 2025 and signed on its behalf by:



Jeremy Heap
Chief Executive
26th June 2025

Board of Directors

David Shipley	Chairman and Trustees' Nominated Director
Jeremy Heap	Chief Executive Officer
Glenn Brace	Non-Executive Director
Michael Deeny	Trustees' Nominated Director
Richard Spooner	Trustees' Nominated Director
Kees van der Klugt	Trustees' Nominated Director
Christine Dandridge	Non-Executive Director
Sarah Wilton	Non-Executive Director
Charles Franks	Lloyd's Nominated Director

Directors' report

for the year ended 31st March 2025

Company registration number 3136296

The directors present their annual report and the audited consolidated financial statements for the financial year ended 31st March 2025.

Principal activities

Background to the Group

The Group was formed as part of the Lloyd's Reconstruction and Renewal Plan to reinsure the liabilities of Lloyd's of London syndicates allocated to the 1992 and prior underwriting years of account, other than life syndicates, and to perform the run-off of these liabilities. Equitas Reinsurance Limited ("ERL") completed the reinsurance of the 1992 and prior underwriting years' business, except business previously reinsured by Lioncover Insurance Company Limited ("Lioncover business"), with effect from 3rd September 1996 and reinsured the Lioncover business with effect from 18th December 1997. It retroceded these businesses to Equitas Limited. Equitas Reinsurance Limited and Equitas Limited are authorised and regulated under the Financial Services and Markets Act 2000 by the PRA and the FCA.

During 2009, a newly formed company, Equitas Insurance Limited ("Equitas Insurance"), accepted the transfer of Lloyd's Names 1992 and prior underwriting years' business pursuant to the Part VII transfer described on page 2. It is a wholly owned subsidiary of the Company and is authorised and regulated under the Financial Services and Markets Act 2000 by the Prudential Regulation Authority and the Financial Conduct Authority. It is only authorised to effect and carry out the business that was transferred to it pursuant to the Part VII transfer and cannot accept any new business.

The National Indemnity transaction

On 30th March 2007, Equitas Limited entered into a whole account retrocession agreement with National Indemnity Company, a member of the Berkshire Hathaway group.

That transaction, and its implications for the Group, is outlined in the strategic report on pages 2 to 7.

Reinsurance and run-off contract

The reinsurance and run-off contract ("RROC") pursuant to which reinsured Names' liabilities in September 1996 permits ERL to require Names to confirm their addresses. Following the Part VII transfer of Names' liabilities to Equitas Insurance Limited, this is no longer a requirement although Names' may wish to keep the Company informed of any change in address to facilitate the payment of any further return premium.

Future outlook

The Group will continue to focus on monitoring the run-off, which is managed by RMSL as agent for Equitas Insurance Limited (formerly reinsured Names). In addition, the Group aspires to pay a further return premium although this is not likely in the foreseeable future. The Group has no plans to achieve recognition of the Part VII transfer outside the EEA at this time.

Regulatory regime and capital requirement

Solvency II came into force on 1st January 2016. The Pillar 1 quantitative requirements and Pillar 2 qualitative requirements have been embedded into our operations using the standard formula model. As expected, the capital requirements have not been met with a regulatory solvency deficit of £(107.7) million (2024: £(102.8) million) and it is unlikely that the requirement will be met in the foreseeable

future. The key reason for not meeting the regulatory capital requirements is the calculation of technical provisions. Under Solvency II, the technical provisions must include an expected value for all potential scenarios, including some which are considered remote. Once a prescribed risk margin is added, this increases technical provisions to a position whereby Solvency II net assets do not meet the capital requirement. This position has been discussed with the PRA. The Group was formed under the less onerous capital requirements of Solvency I and has no means of raising additional capital. Nevertheless, the Board believes that the substantial unutilised reinsurance cover available makes the prospect of the failure of the Group low. Equitas Insurance Limited is subject to the requirements of the Solvency II directive and Equitas Holdings Limited is required to report under Solvency II as the group holding company. Equitas Limited and Equitas Reinsurance Limited whilst not subject to Solvency II do have to report solvency criteria in line with the rules in the Non-Solvency II firms sector of the PRA Rulebook. Equitas Limited and Equitas Reinsurance Limited continues to satisfy the less onerous capital requirements for non-directive firms. The Solvency and Financial Condition Report (“SFCR”) as at 31st March 2025 will provide further details regarding the Group’s solvency capital position and will be published on the Company website.

Share capital and dividends

The share capital of the Company comprises two ordinary shares of £50 each, which were issued at par on incorporation and which are fully paid, and one deferred share of £1, which was allotted on 2nd September 1996 and which is fully paid. The ordinary shares carry voting rights, but no dividends may be paid on these shares. The deferred share carries neither voting nor dividend rights. The Company's Articles of Association do not permit the payment of a dividend.

Substantial shareholding

Ownership of the entire issued ordinary share capital of the Company was transferred on 3rd September 1996 from the Corporation of Lloyd's to the then seven trustees of The Equitas Trust jointly. The current trustees are Michael Deeny (chairman), David Shipley, Richard Spooner, Kees van der Klugt. The Corporation of Lloyd's owns the one deferred share in the capital of the Company, which carries the right to nominate one Director.

Directors

The names of the directors at the date of this report are listed on page 11. Except where indicated on page 11, all directors held office throughout the year and up to the date of signing these financial statements.

Michael Deeny, David Shipley, Richard Spooner, Kees van der Klugt are the trustees’ nominated directors. Charles Franks is the current Lloyd’s nominated director appointed on the 11th December 2023.

All directors of the Company also hold office as directors of Equitas Reinsurance Limited, Equitas Limited and Equitas Insurance Limited.

Qualifying third party indemnities

During the year each director had the benefit of a standard indemnity under the Articles of Association of the Company, Equitas Limited, Equitas Reinsurance Limited and Equitas Insurance Limited in respect of liabilities (including legal fees and expenses) incurred in defending proceedings, whether civil or criminal, in which he is acquitted, judgment is given in his favour or certain other relief is granted. These indemnities do not cover liability attaching to a director in connection with any finding of negligence, default, breach of duty or breach of trust by him in relation to the Company, Equitas Limited, Equitas Insurance Limited or Equitas Reinsurance Limited.

Financial instruments and risk management

The Group remains exposed to financial risk through its reinsurance assets, financial assets and liabilities. The Group recognises the importance of having efficient and effective risk management systems in place to identify, manage and monitor those risks. The Group's cash flow risk is covered under the credit and liquidity risk sections.

The external investment manager, NEAM, is not permitted to use derivative financial instruments. The Fund is held to invest the long term ongoing capital reserves of the Group.

Capital management

The Group's objectives in managing its capital are to hold sufficient funds to support the regulatory capital requirements as far as is possible, and to provide sufficient returns to meet the ongoing expenses of the Group. The capital is available to meet obligations to policyholders should the reinsurance cover provided by National Indemnity become exhausted; finally, when all future claims have been settled, a further return premium may be paid to former reinsured Names.

These are long term objectives which are reflected in the mandate given to NEAM where capital preservation is the main objective. All of the Group's assets are committed to support externally imposed capital requirements; as explained on page 12, under the Solvency II regime such requirements were not met at 31st March 2025 nor at 31st March 2024.

Credit risk

Following the reinsurance agreement with National Indemnity, responsibility for paying claims and collecting reinsurance falls to RMSL. As a result, the Group's key area of risk is the ability of National Indemnity to pay amounts as they fall due under the retrocession agreement. The rating by Standard and Poor's of National Indemnity is AA+, its second highest available rating. National Indemnity currently carries the second highest credit rating of Moody's, AM Best and Fitch.

To manage the Group's risk in this area, the Group is entitled to require National Indemnity to post a letter of credit or to establish a trust fund equal to 102% or 125% of its net liabilities under the agreement (providing that this does not exceed the reinsurance cover purchased) plus estimated operating expenses, if National Indemnity's rating drops below Standard and Poor's AA- or A- ratings, respectively.

The risk to the policyholders is further mitigated by the continuing existence of the trust fund arrangements in United States, Canada and Australia. These trust funds ring fence assets to match a large proportion of the liabilities that Equitas reinsures.

The Group is exposed to credit risk on its portfolio of investments. The mandate for the external fund manager places controls over investment quality and restricts the level of exposure to each non-government counterparty. Further information in respect of the credit quality of the portfolio is included in note 11 "Investments: Other financial investments" on page 45.

Insurance risk

As described in note 3 on page 40, the insurance provisions in the Group's financial statements are subject to significant uncertainty and are based on estimates of future events, which are not all within the Group's control. The additional reinsurance protection purchased by the Group mitigates this risk to a substantial degree.

Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated with interest rates, liabilities to policyholders are subject to interest rate risk.

The Group holds fixed interest securities in its investment portfolio managed by NEAM whose performance is closely monitored. There is some restriction imposed on the duration of the portfolio. An increase or decrease of 100 basis points in interest yields would have an impact of approximately £5.1 million (2024: £4.6 million) on the value of the portfolio.

The Group monitors claims inflation as part of its actuarial assessments. The additional reinsurance protection purchased by the Group mitigates this risk to a substantial degree.

Price risk

The Group is exposed to price risk through its holdings in fixed interest investments. The mandate given to the external manager reflects the low risk appetite of the Group for capital loss. The external manager's performance is closely monitored.

Liquidity risk

The Group actively manages its liquidity in order to maintain sufficient financial resources to meet obligations as they fall due. The investment portfolio generates sufficient investment income to meet the operational costs of the group, and thus the liquidity risk is low. National Indemnity is responsible for settling insurance claims.

Foreign currency exchange risk

The Group's insurance liabilities are denominated in a number of foreign currencies. The reinsurance contract with National Indemnity fixes the US Dollar and Canadian Dollar rates of exchange to be used to calculate the cover at those prevailing on 31st March 2006. Through this mechanism, National Indemnity bears nearly all of the currency risk that might arise on settlement of the insurance liabilities of the Group.

The investment assets of the Group are denominated in GB Pounds and thus carry no significant currency risk.

Foreign currency risk is low because of the high level of reinsurance cover remaining and the financial strength of National Indemnity.

Directors' responsibilities statement

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". 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Charitable and political donations

The Group has not made any charitable or political donations in the year and will not make any political donations. The directors do not intend to make any charitable donations, but will keep this under review.

Engagement with suppliers, customers and others

The directors have detailed the engagement with suppliers, customers and others within the Strategic Report on pages 2 to 10.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors

Deloitte LLP acted as the Group auditor during the year under review. Pursuant to section 485 of the Companies Act 2006, the auditor will be deemed reappointed and Deloitte will therefore continue in office.

This report was approved by the Board of Directors on 12th June 2025 and signed on its behalf by:



Jeremy Heap
Chief Executive
26th June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITAS HOLDINGS LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion, the financial statements of Equitas Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's 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 consolidated profit and loss account;
- the consolidated balance sheet;
- the company balance sheet;
- the statements of changes in equity;
- the consolidated cash flow statement and;
- the related notes 1 to 23.

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" (United Kingdom Generally Accepted Accounting Practice) and Financial Reporting Standard 103, "Insurance Contracts".

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 group and the parent 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

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

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none"> Valuation of technical provisions for claims outstanding
Materiality	<p>The materiality that we used for the group financial statements was £45.6 million which was determined on the basis of 1% of the gross technical provisions for claims outstanding.</p>
Scoping	<p>We have applied a risk-based approach to our group audit scoping for the consolidated financial statements. Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement. All subsidiaries were subject to audit of financial information.</p>
Significant changes in our approach	<p>There have been no significant changes in our audit approach for the current year.</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 group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessing management's identification and assessment of the risks relevant to going concern;
- Assessing the liquid cash and investments available to meet operating expenses;
- Assessing the appropriateness of the going concern disclosures in the financial statements;
- Assessing the available headroom on the group's reinsurance contract with National Indemnity Company ("NICO");
- Evaluating the current financial strength and credit rating of National Indemnity Company ("NICO");
- Obtaining and inspecting correspondence with the Prudential Regulation Authority (the "PRA") to consider whether any matters have been raised by the PRA regarding the capital position of the group; and
- As stated in note 1 the group does not meet either Solvency Capital Requirement or Minimum Capital Requirement of Solvency II. We have assessed whether this impacts the going concern of the group by considering the level of unutilised reinsurance cover with National Indemnity Company ("NICO").

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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 technical provisions for claims outstanding

Key audit matter description

At 31 March 2025, the technical provisions for claims outstanding amounted to £4,556m (2024: £4,755m) as disclosed on page 47 in note 16.

The group is exposed to insurance risk and estimates the technical provisions for claims outstanding resulting from this risk. There is inherent uncertainty in the valuation of technical provisions for claims outstanding 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. Management produce an annual reserve report regarding the technical provisions balance within the year, including key developments and movements within the year.

Due to the subjective and judgemental nature of these estimates and the potential for management bias, we have determined that there was a potential for fraud through manipulation of this balance.

The uncertainties relating to the gross estimated technical provision for claims outstanding are significantly greater than for typical claims outstanding in other insurance companies, particularly due to the group's exposure to US asbestos, US pollution and health hazard and US historical abuse and molestation claims, where the settlement of claims outstanding occurs over a long period of time and the claims are open to adjustment through developments in individual cases, legislation and judicial actions which may result in material adjustments in the future. Due to the above, we identified valuation of technical provisions for claims outstanding as a key audit matter, focusing our key audit matter to the US asbestos, US pollution and health hazard and US historical abuse and molestation reserves. The directors disclose the uncertainties in relation to technical provisions for claims outstanding on page 7 in the strategic report and in note 2 to the financial statements on page 37. The accounting policy is on page 35 in note 1(b).

How the scope of our audit responded to the key audit matter

Our audit procedures included:

- Obtaining an understanding of and testing the relevant controls related to claim and reserves business processes.
- Assessing the appropriateness of management's methodologies and the reasonableness of assumptions to estimate the claims outstanding by considering the consistency with recent claims experience and more widely available market data and trends.
- Testing of data integrity utilised in the estimation process.
- Performing substantive testing on a selection of assured estimates for direct US asbestos, and US pollution and US abuse classes of business. Given developments in exposures for abuse and molestation claims in the year we

also performed detailed testing of the reserves for such exposures. The detailed testing consisted of:

- Discussions with relevant personnel for each assured to understand management's approach, methodology, and assumptions;
 - Assessing the reasonableness of the inputs in management's models and claim file documents that support the data and assumptions;
 - Inspecting the application of the methodology within the models to assess whether they are operating as intended;
 - Performing sensitivity tests of management's estimates, where necessary; and
 - Using internal models developed by our actuarial specialists to determine independent estimates for certain direct asbestos assureds.
- Inspecting management's annual reserve report and making enquiries of relevant personnel in respect of movements of interest.
 - Assessing management's analysis of overall actual versus estimates claims experience in reserves in the light of current year incurred development.
 - Assessing the appropriateness of the disclosures relating to the significant estimation uncertainty over the valuation of the technical provisions.

Key observations

Whilst we note the significant estimation uncertainty regarding the technical provision of outstanding claims, based on the work performed, we considered the valuation of technical provisions for claims outstanding to be reasonable.

6. Our application of materiality

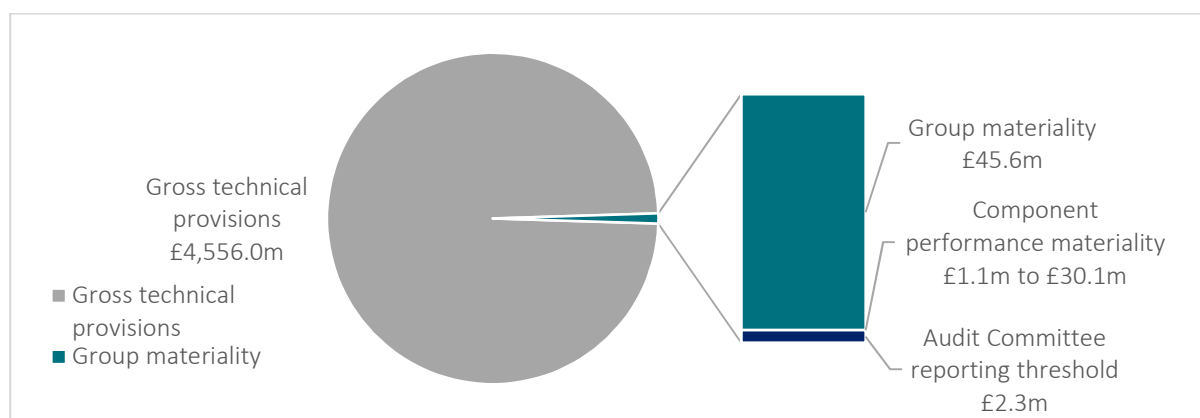
6.1. Materiality

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:

	Group financial statements	Parent company financial statements
Materiality	£45.6 million (2024: £47.0 million)	£1.5 million (2024: £1.5 million)
Basis for determining materiality	1% of gross technical provisions for claims outstanding (FY24: 1%)	3% of net assets (FY24: 3%)
Rationale for the benchmark applied	The principal activity of the group is the run-off of insurance business. A focus area of the users of the accounts is the gross technical provisions for claims outstanding which represents the amount that the group has provided to fulfil its remaining	The principal activity of the parent company is a holding company. We have elected to use net assets as our basis for determining materiality given the purpose of the entity is a holding company.

obligations to settle all known and unknown claims.



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.

	Group financial statements	Parent company financial statements
Performance materiality	70% of group materiality (2024: 70%)	70% of parent company materiality (2024: 70%)
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ol style="list-style-type: none"> the quality of the control environment and whether we were able to rely on controls; there have been no significant changes in business structure or operations in the current year; there has been a low level of corrected and uncorrected misstatements identified in previous audits; and the volume of transactions for the subsidiary entities is low due to the run-off nature of the group. 	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2.3 million (2023: £2.3 million), 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. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement.

The group consists of four components, all of which were subject to audits of financial information, giving us a coverage of 100% of the group's net assets. Our audit work at these components, excluding the parent company, was executed to a component performance materiality of £30.1 million (2023: £31.5 million). The parent performance materiality was determined at £1.1 million (2023:1.0 million).

7.2. Our consideration of the control environment

In conjunction with our IT specialists, we performed the following procedures associated with the internal claims processing system:

- Tested GITCs related to change management, access security, and operations for the SUN, MAX and MIS applications, including their underlying operating systems and databases.
- Tested relevant internal controls over the completeness and accuracy of information.
- Tested the appropriateness of users with administrative access.

We tested relevant controls over claims, reserving business processes and claim liabilities, including those over the critical reserving assumptions, and adopted a control reliance approach.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements. With reference to note 2, the directors do not consider that climate change risk is currently a key source of estimation uncertainty nor that it presents a material impact to the judgements made in the financial statements.

We considered the impact of climate related risks as part of our risk assessment on the account balances and classes of transactions.

7.4. Working with other auditors

Our collaboration with the overseas auditors included directing overseas auditors on the control and substantive testing of claims and reserves through formal referral instructions, maintaining regular communication via calls throughout the year, and reviewing their final working papers.

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 group's and the parent 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 group or the parent 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.

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 group's remuneration policies;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;

- any matters we identified having obtained and reviewed the group'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. As stated in note 1 the group does not meet the Solvency Capital Requirement or Minimum Capital Requirement of Solvency II, nevertheless the substantial unutilised reinsurance cover with National Indemnity Company ("NICO") mitigates the going concern risk;
 - 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, overseas auditors and relevant internal specialists, including actuarial and IT 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 technical provisions for claims outstanding, and especially in relation to the US asbestos, US pollution and health hazard and US historical abuse and molestation reserves. 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 group 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 and UK tax 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 group's ability to operate or to avoid a material penalty. This included Prudential Regulatory Authority (PRA) and regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of technical provisions for claims outstanding 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.

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 and the audit committee 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 PRA;
- in respect of the non-compliance with the Solvency Capital Requirement and Minimum Capital Requirement of Solvency II, the going concern section of our report describes our response to the matter; 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 overseas auditors 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

12. 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 group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

13.1. 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. 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.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the company on 30 September 2021 to audit the financial statements for the year ending 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 March 2022 to 31 March 2025.

14.2. 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).

15. 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.



Kirstie Hanley (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 June 2025

Consolidated profit and loss account

for the year ended 31st March 2025

Technical account – general business

	<i>Notes</i>	2025 £m	2024 £m
Claims paid			
Gross amount		(229.9)	(169.4)
Reinsurers' share		229.9	169.4
Net claims paid		-	-
 Change in the provision for claims			
Gross amount		97.2	(83.0)
Reinsurers' share		(97.2)	83.0
Change in the net provision for claims		-	-
 Claims incurred, net of reinsurance		-	-
 Other technical charges, net of reinsurance		-	-
 Balance on the technical account for general business		-	-

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements.

Consolidated profit and loss account

for the year ended 31st March 2025

Non-technical account	Note	2025 £m	2024 £m
Balance on the general business technical account		-	-
Income from other financial investments		2.5	1.8
Losses on the realisation of investments		(0.5)	(2.1)
Unrealised gain on investments		-	5.3
Unrealised loss on investments		(0.7)	-
		1.3	5.0
Allocated investment return transferred to the general business technical account		-	-
		1.3	5.0
Net operating expenses		(1.2)	(1.3)
Profit before tax		0.1	3.7
Tax on profit	10	-	-
Profit for the year	15	0.1	3.7

The Group has no Other Comprehensive Income

The Group has no discontinued activities.

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements.

Consolidated balance sheetas at 31st March 2025

Company registration number: 3136296

	<i>Note</i>	<i>2025 £m</i>	<i>2024 £m</i>
Assets			
Investments			
Other financial investments	<i>11</i>	79.5	80.2
Reinsurers' share of technical provisions			
Claims outstanding	<i>16</i>	4,556.0	4,755.3
Debtors			
Debtors	<i>13</i>	0.0	0.1
Prepayments and accrued income	<i>13</i>	1.2	1.1
Other assets			
Cash at bank and in hand		1.1	0.3
Total assets		4,637.8	4,837.0

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements. The Company's balance sheet is shown on page 31.

Consolidated balance sheetas at 31st March 2025

Company registration number: 3136296

	<i>Note</i>	<i>2025 £m</i>	<i>2024 £m</i>
Liabilities			
Capital and reserves			
Called up share capital	14	0.0	0.0
Profit and loss account	15	81.6	81.5
Total equity		81.6	81.5
Technical provisions			
Claims outstanding	16	4,556.0	4,755.3
Creditors			
Creditors arising out of reinsurance operations		0.1	0.1
Other Creditors		0.1	0.1
Total liabilities		4,556.2	4,755.5
Total equity and liabilities		4,637.8	4,837.0

The financial statements on pages 27 to 51 were approved by the Board on 12th June 2025 and signed on its behalf by:



David Shipley
Chairman



Jeremy Heap
Chief Executive

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements. The Company's balance sheet is shown on page 31.

Company balance sheet

as at 31st March 2025

Company registration number: 3136296


	<i>Note</i>	<i>2025</i> £	<i>2024</i> £
Assets			
Investments			
Investments in group undertakings	20	16,500,100	16,500,100
Loan to subsidiary	21	27,866,785	26,772,971
Debtors			
Amounts due from group undertakings		5,821,134	5,956,688
Other debtors		55,332	71,653
Other assets			
Cash at bank and in hand		109,486	4,800
Total assets		50,352,837	49,306,212
Liabilities			
Capital and reserves			
Called up share capital	14	101	101
Profit and loss account	15	50,352,536	49,305,911
Total equity		50,352,637	49,306,012
Creditors – amounts falling due after more than one year			
Amounts owed to group undertakings		200	200
Total liabilities		200	200
Total equity and liabilities		50,352,837	49,306,212

The investment in group undertaking has been reclassified into the value of shares in subsidiary held at cost less impairment £16,500,100 (2024: £16,500,100) and Loan to subsidiary £27,866,785 (2024: £26,772,971).

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's surplus for the financial year was £1.0 million (2024: £1.0 million).

The financial statements on pages 27 to 51 were approved by the Board on 12th June 2025 and were signed on its behalf by:


David Shipley
Chairman


Jeremy Heap
Chief Executive

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements.

Statements of changes in equity

for the year ended 31st March 2025

Group – consolidated	<i>Note</i>	<i>Called-up share capital</i> <i>£m</i>	<i>Profit and loss account</i> <i>£m</i>	<i>Total</i> <i>£m</i>
Balance at 1 st April 2023		-	77.8	77.8
Profit for the year		-	3.7	3.7
Total comprehensive expense for the year		-	3.7	3.7
Balance at 31st March 2024		-	81.5	81.5
Balance at 1 st April 2024		-	81.5	81.5
Profit for the year		-	0.1	0.1
Total comprehensive income for the year		-	81.6	81.6
Balance at 31st March 2025	<i>15</i>	-	81.6	81.6

Company	<i>Note</i>	<i>Called-up share capital</i> <i>£</i>	<i>Profit and loss account</i> <i>£</i>	<i>Total</i> <i>£</i>
Balance at 1 st April 2023		101	48,301,605	48,301,706
Profit for the year		-	1,004,306	1,004,306
Total comprehensive income for the year		-	1,004,306	1,004,306
Balance at 31st March 2024		101	49,305,911	49,306,012
Balance at 1 st April 2024		101	49,305,911	49,306,012
Profit for the year		-	1,046,625	1,046,625
Total comprehensive income for the year	<i>15</i>	-	1,046,625	1,046,625
Balance at 31st March 2025		101	50,352,536	50,352,637

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements.

Consolidated cash flow statement

for the year ended 31st March 2025

	2025		2024	
	£m	£m	£m	£m
Cash flow from operating activities				
Result on ordinary activities before tax		0.1		3.7
Adjustment for investment income	(1.3)		(5.0)	
Increase in reinsurers' share of technical provisions - claims outstanding	(132.7)		(252.4)	
Increase in gross provision for claims outstanding	132.7		252.4	
Decrease in creditors	0.0		0.0	
Decrease in other debtors	0.0		0.0	
Increase in other prepayments and accrued income	(0.0)		0.0	
		(1.3)		(5.0)
Net cash inflow/(outflow) from operating activities		1.2		(1.3)
Cash flow from investing activities				
Proceeds from sale of investments		21.5		39.1
Investment Income Received		2.4		1.4
Purchase of investments		(21.9)		(40.7)
Net cash inflow/(outflow) from financing activities		2.0		(0.2)
Net increase/(decrease) in cash		0.8		(1.5)
Cash at the beginning of the year		0.3		1.8
Cash at the end of the year		1.1		0.3
Net increase/(decrease) in cash		0.8		(1.5)

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption not to present the Company statement of cash flows.

The accounting policies and notes on pages 34 to 51 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31st March 2025

The Company is registered in England and Wales with registration number 3136296. It was incorporated on 5th December 1995 in the UK as a private limited liability company.

1. Accounting policies

No changes in respect of accounting policies have been made this year.

Going concern

The financial statements have been prepared on a going concern basis.

Significant uncertainties exist as to the accuracy of the provision for claims outstanding established by Equitas Insurance Limited. Adjustments to claims outstanding due to the uncertainties highlighted in note 2 may be material. Because of the terms of the reinsurance agreement with National Indemnity, The Group is not exposed to movements in claims outstanding provided these remain within the limits of the reinsurance cover purchased. As discussed on page 2 the unused additional reinsurance cover is currently substantial.

As discussed on page 12 of the directors report, the Group does not meet either the Solvency Capital Requirement nor the Minimum Capital Requirement of Solvency II, however in view of the financial strength of National Indemnity and the size of the additional reinsurance cover available to the Group following the completion of both phases of the National Indemnity transaction, in overall terms and relative to the size of the provision for claims outstanding, the directors have concluded that it continues to be appropriate to prepare the financial statements on a going concern basis.

Basis of presentation

The Group financial statements have been prepared under the provision of Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (“SI2008/410”) relating to insurance groups.

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” and Financial Reporting Standard 103, “Insurance Contracts”.

The Company has taken advantage of the exception in section 408 of the Companies Act and does not disclose its individual Profit and Loss.

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption not to present the Company statement of cash flows.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries drawn up to 31st March each year. Uniform accounting policies have been adopted across the Group and profits/losses have been eliminated from intra Group transactions.

1. Accounting policies (continued)

Other accounting policies

A summary of the significant accounting policies is set out below. The accounting policies have been applied consistently.

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain assets and liabilities. An annual basis of accounting has been adopted.

(b) Claims and related reinsurance recoveries

The provision for claims outstanding in the consolidated balance sheet is based upon the estimated ultimate cost of all claims, including those incurred but not reported (“IBNR”) at the balance sheet date. Provisions for claims outstanding are stated gross of recoveries to be made on reinsurance contracts purchased by the reinsured syndicates and the Group.

Claims incurred include deductions for salvage and other recoveries. Additional premiums receivable and payable by syndicates in respect of risks accepted under the reinsurance and run-off contract are included within the movement of claims incurred.

(c) The reinsurance contract with National Indemnity

The reinsurance recoveries received and receivable from National Indemnity are reported through the technical account.

Reinsurance recoveries on claims outstanding represent the amount recoverable under the reinsurance contract from National Indemnity and equate to the gross claims outstanding. The additional cover over and above these reserves provided by the reinsurance agreement is not reported in the balance sheet until such time as it is required.

(d) Discounting

The liabilities accepted and reinsurance assets ceded are not discounted.

(e) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences. Deferred tax, which is calculated at the rates at which it is expected that the tax will arise, is recognised in the profit and loss account for the period. Deferred tax balances are not discounted. The deferred tax asset is not recognised on the balance sheet if the amount is not expected to be utilised in the foreseeable future.

(f) Investments

Investments are classified at fair value through the profit and loss account as investments that are held for trading. Listed investments are stated at bid prices quoted by the relevant exchanges.

Purchases and sales of investments are accounted for on a trade date basis.

(g) Investment return

The return from investments is reported on an accruals basis and includes realised gains and losses and movements on unrealised gains and losses. The investment return is retained in the non-technical account.

1. Accounting policies (continued)

(h) Foreign exchange

The Group and Company's functional and presentational currency is GB Pounds.

Monetary assets and liabilities are translated into GB Pounds at the rates of exchange prevailing at the balance sheet date and the exchange differences taken to the profit and loss account. Transactions during the period are translated into GB Pounds using the rate of exchange prevailing at the time of the transaction, with the exchange differences taken to the profit and loss account.

(i) Pension costs

The Group provides no post-retirement benefits to its employee.

(j) Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are held at cost less impairment, reflecting the directors' belief that the carrying value of the investments is supported by their underlying net assets.

(k) Cash

Cash includes cash in hand and deposits held at call with banks.

(l) Share capital

Ordinary shares are classified as equity.

(m) Debtors, prepayments and accrued income

The Company has chosen to adopt the recognition and measurement provisions of FRS 9 as adopted for use in the UK together with the disclosure and presentation requirements of Sections 11 and 12 of FRS 102. Debtors, prepayments and accrued income are measured at amortised cost.

(n) Creditors

The Company has chosen to adopt the recognition and measurement provisions of FRS 9 as adopted for use in the UK together with the disclosure and presentation requirements of Sections 11 and 12 of FRS 102. Creditors are initially recorded at transaction price and subsequently measured at amortised cost. There is no significant amortisation change.

2. Critical accounting judgments and sources of estimation uncertainty

There are no critical accounting judgements.

The key source of estimation uncertainty in the assessment of technical provisions for the financial statements are explained below.

Introduction

The last comprehensive actuarial review was undertaken at 31st August 2024, the figures were rolled forward to 31st March 2025.

(a) Carrying amount

Insurance liabilities (gross of reinsurance) at 31st March comprised:

Liability class	2025		2024	
	£m	%	£m	%
Asbestos, Pollution & Health Hazard (“APH”)	3,769	81	3,965	82
Other claims (“Non-APH”)	900	19	888	18
Liability 31st August	4,669	100	4,853	100
Claims paid	(113)		(99)	
Other creditors	(0)		1	
Liability 31st March	4,556		4,755	
NICO RI	(4,556)		(4,755)	
Net liability 31st March	0		0	

The risks associated with general insurance contracts are complex and do not readily lend themselves to meaningful sensitivity analysis. Given the range of assumptions used, the Group’s profit or loss is relatively insensitive to changes to an individual assumption used for an underwriting year/class combination.

The Group’s profit or loss is potentially more sensitive to a systematic change in assumptions that affect many classes, such as judicial changes. The impact of an unreported event could lead to a significant increase in the Group’s loss reserves. The Group believes that the loss reserves established are adequate, however a 5% increase in estimated losses would lead to a £228m (2024: £238m) increase in gross loss reserves and a £0m (2024: £0m) in net loss reserves.

The core estimation techniques described below are expected to be followed in future years.

Because of the uncertainties inherent in the Company’s liabilities, there are many assumptions and estimation techniques described below which individually could have a material impact on the amount of liabilities and the related reinsurance assets. Actual experience will often vary from these assumptions, and any consequential adjustments to amounts previously reported will be reflected in the results of the year in which they are identified. The gross provision for claims is derived through extensive analysis by an in-house reserving team. Whilst the directors consider that the gross provision for claims is fairly stated on the basis of the information currently available to them, there is inherent uncertainty in relation to the ultimate liability. Therefore estimation techniques based upon actuarial and other studies of the ultimate cost of liabilities including exposure based and statistical estimation techniques are employed to assist in determining the ultimate liability.

2. Critical accounting judgments and sources of estimation uncertainty (continued)

This uncertainty is generated by delays which occur in the notification and settlement of certain classes of business where it might take some time for the claim to crystallise. Where delays are experienced in the notification and settlement of certain claims, a substantial measure of experience and judgment is involved in making the assumptions for assessing outstanding liabilities. Accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. The gross provision for claims is estimated on the basis of information currently available.

The provision for claims outstanding includes significant amounts in respect of notified and potential IBNR claims for long tail liabilities. The settlement of these claims is not expected to occur for many years, and there is considerable uncertainty as to the amounts at which they will be settled.

Where a claim is disputed, the validity of the claim is ultimately an issue that can only be determined by the courts. The provisions for disputed claims are based on the Company's view as to the expected outcomes of such court decisions.

Whilst the directors consider that the gross provision for claims are fairly stated on the basis of the information currently available to them, the ultimate gross liability as disclosed in note 16 of £4,556 million, as at 31 March 2025. (2024: £4,755 million) may vary as a result of unforeseen changes in the legal, judicial, technological or social environment, which may increase or decrease the cost, frequency or reporting of claims. The potential for new sources or types of claim to emerge may ultimately result in significant adjustments to the amounts provided, particularly for asbestos and other industrial disease claims.

(b) APH

Asbestos claims

In estimating asbestos liabilities, the Company follows a highly developed actuarial framework. The majority of asbestos reserves are estimated by modelling the expected claims from policyholders.

The number of future claims is projected for direct policyholders based on past claims experience combined with the results of epidemiological and other relevant studies that predict the incidence of asbestos related diseases into the future. This is then combined with estimates of the average cost of settling different types of claims for each policyholder to give a total value of claims to the relevant underlying policyholders. The results of these projections are then applied to the insurance coverage available for those policyholders, resulting in an estimation of the Company's liabilities arising from claims against those policyholders. The results are then adjusted to take into account liabilities in respect of policyholders that are not modelled explicitly, including an amount for those liabilities of which the Company may be currently unaware.

For inwards reinsurance a survival ratio approach is used for the majority of the liabilities. To derive the appropriate survival ratios the starting point is the work done on the projected liabilities for underlying policyholders. The cash flow patterns are then adjusted to reflect the estimated overall impact of the insurance coverage provided by our cedants and the reinsurance coverage provided to these cedants by Lloyd's, together with an allowance for the time taken to present and agree claims at each stage of the process.

2. Critical accounting judgments and sources of estimation uncertainty (continued)

The techniques described above include a number of important assumptions, including:

- the projected level of future valid claims filings for each policyholder by disease type;
- future levels of claims settlement values;
- the impact of bankruptcy of policyholders on the amount and timing of claims payments;
- the legal interpretation of insurance policies and the outcome of litigation, based upon legal advice received; and
- the period between the filing and payment of claims.

Pollution and health hazard claims

Pollution liabilities are estimated for policyholders by evaluating the expected costs to be incurred by the policyholders in cleaning up polluted sites and then applying these costs to the insurance coverage available. Allowance is then made for liabilities in respect of policyholders for which either the liabilities are expected to be too small to warrant modelling individually, sufficient information is unavailable to carry out the above analysis, or which have not yet been identified.

The pollution liabilities expected by means of inwards reinsurance are evaluated using an aggregate approach based primarily upon estimates of the expected future level of incurred development relative to recent experience.

The majority of the health hazard liabilities relate to the risk that liabilities from existing known health hazards could be much greater than currently anticipated or that new latent claim types could arise. This reserve is set judgmentally based upon the perceived degree of risk for known health hazards and the observed past experience for existing health hazards.

(c) Other claims

The other liabilities comprise a wide range of claim types. They are analysed into a number of homogenous subgroups with the estimation approach chosen to reflect the nature of the liabilities and the information available. The approaches used include calendar year and development year projections, and in some cases this includes modelling the outcome for individual claims.

(d) Unallocated loss expenses

National Indemnity is responsible for current and future unallocated loss expenses for as long as the net claims paid by National Indemnity are less than the total cover available; therefore no provision is required.

(e) Reinsurance recoveries

The Company retroceded the business it reinsured to Equitas Limited. Reinsurance recoveries on claims outstanding represent the reinsurance recoverable from Equitas Limited. Any change in the provision for claims outstanding will be matched by an equivalent, but opposite, movement in reinsurer's share of technical provisions. Reinsurance recoveries are considered recoverable in full.

(f) Climate related risks

The Group has assessed the impact of climate-related risks on the financial statements. The Group does not consider there to be a material impact of climate-related risks on its judgements and estimates.

3. Financial instruments and risk management

The Group remains exposed to financial risk through its reinsurance assets, financial assets and liabilities. The Group recognises the importance of having efficient and effective risk management systems in place to identify, manage and monitor those risks. The Group's cash flow risk is covered under the credit and liquidity risk sections.

The external investment manager, NEAM, is not permitted to use derivative financial instruments. The Fund is held to invest the long term ongoing capital reserves of the Group.

The retrocession agreement with NICO has mitigated some of the risk facing the Company prior to the agreement, the main risks faced by the Group that remain are as follows:

a) Insurance risk

The Group is in run-off and considers insurance risk within its general insurance activity to be the management of claims and adequacy of the reserves. The risk relates to the inherent uncertainty around the level of reserves held. Actuarial claims reserving is conducted by RMSL, on a prudent basis, however there remains a reasonable possibility that the final outcome will show that reserves are understated and possibly by a material margin; the Group therefore has a moderate reserving risk. The additional reinsurance protection purchased by the Group from National Indemnity mitigates this risk to a substantial degree, providing substantial protection in excess of the current gross liabilities. The adequacy of the Group's reserves is overseen by the Board.

b) 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 Group has financial investments of £79.5m of which £42.2m are invested in assets which have AA and above per S&P rating agency, to meet the non-insurance liabilities of the Group. Under the terms of the retrocession agreement with National Indemnity, responsibility for paying claims and collecting reinsurance falls to RMSL. As a result, the Group's key area of risk is the ability of National Indemnity to pay amounts as they fall due. The rating by Standard and Poor's of National Indemnity is AA+, its second highest available rating. National Indemnity currently carries the second highest credit rating of Moody's, AM Best and Fitch. National Indemnity reported surplus assets of greater than US\$241bn and total assets of US\$381bn and is rated AA+ by S&P rating agency.

To manage the Group's risk in this area, the Group is entitled to require National Indemnity to post a letter of credit or to establish a trust fund equal to 102% or 125% of its net liabilities under the agreement (providing that this does not exceed the reinsurance cover purchased) plus estimated operating expenses, if National Indemnity's rating drops below Standard and Poor's AA- or A- ratings, respectively.

The risk to the policyholders is further mitigated by the continuing existence of the trust fund arrangements in United States, Canada and Australia. These trust funds ring fence assets to match a large proportion of the liabilities that Equitas reinsures.

The Group is exposed to credit risk on its portfolio of investments. The mandate for the external fund manager places controls over investment quality and restricts the level of exposure to each non-government counterparty. Further information in respect of the credit quality of the portfolio is included in note 11 "Investments: Other financial investments" on page 45.

3. Financial instruments and risk management (continued)

c) Liquidity risk

The Group actively manages its liquidity in order to maintain sufficient financial resources to meet obligations as they fall due. The investment portfolio generates sufficient investment income to meet the operational costs of the group, and thus the liquidity risk is low. National Indemnity is responsible for settling insurance claims.

d) 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.

i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated with interest rates, liabilities to policyholders are subject to interest rate risk.

The Group holds fixed interest securities in its investment portfolio managed by NEAM whose performance is closely monitored. There is some restriction imposed on the duration of the portfolio. An increase or decrease of 100 basis points in interest yields would have an impact of approximately £5.1 million (2024: £4.6 million) on the value of the portfolio.

The Group monitors claims inflation as part of its actuarial assessments. The additional reinsurance protection purchased by the Group mitigates this risk to a substantial degree.

The Company has no off-balance sheet transactions and does not invest in derivative contracts.

ii) Price risk

The Group is exposed to price risk through its holdings in fixed interest investments. The mandate given to the external manager reflects the low risk appetite of the Group for capital loss. The external manager's performance is closely monitored.

iii) Foreign currency exchange risk

The Group's insurance liabilities are denominated in a number of foreign currencies. The reinsurance contract with National Indemnity fixes the US Dollar and Canadian Dollar rates of exchange to be used to calculate the cover at those prevailing on 31st March 2006. Through this mechanism, National Indemnity bears nearly all of the currency risk that might arise on settlement of the insurance liabilities of the Group.

The investment assets of the Group are denominated in GB Pounds and thus carry no significant currency risk.

Foreign currency risk is low because of the high level of reinsurance cover remaining and the financial strength of National Indemnity.

e) 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 by RMSL and reported to the RMSL risk committee.

3. Financial instruments and risk management (continued)

f) Climate change risk

Climate change risk is the risk of an adverse financial impact to the technical reserves of the Group as result of significant changes in the climate. These risks have been mitigated by the retrocession agreement entered into in 2007 with NICO, and that the last policies written were in 1992.

Sensitivity, Scenario and Stress Testing

The profit on ordinary activities before tax is not sensitive to the annual reserve reassessment as all business is reinsured by NICO.

The results of the sensitivity for reinsurance credit risk by substituting the current reinsurer credit rating with the credit rating of A has an impact on the ORSA ultimate capital requirement, but a relatively low effect on the Solvency II requirements to the 88.7% probability of meeting liabilities over a one year timeframe. This is because the potential for default in the following year remains small. Such a change to the current reinsurer rating would represent a substantial re-rating of NICO by the rating agencies.

4. Segmental information

Gross claims incurred and reinsurance balance by class of business were as follows:

	Gross claims incurred		Reinsurance	
	2025	2024	2025	2024
	£m	£m	£m	£m
Third party liability	153	253	(153)	(253)
Other	(20)	(1)	20	1
Total	133	252	(133)	(252)

All business was written in the UK.

5. Release of reinsurance liabilities

Following completion of the reinsurance agreement between Equitas Limited and National Indemnity, the Group accrued an aggregate return premium of £50 million on 31st March 2007. The first distribution in respect of this amount was made in June 2007.

At 31st March 2025, 28,110 (2024: 28,110) of those entitled to a return premium had been paid their entitlement. This accounted for £44.4 million (2024: £44.4 million) of the total return premium. The balance remains payable to the remaining reinsured Names or their estates on satisfaction by them of outstanding procedural requirements.

A review was carried out by the CEO in year to 31st March 2018, which identified that only £168 thousand of return premium had been reissued and paid in the prior 8 year period, which were originally issued in 2009 but never cashed. The board concluded that the return premium provision should be reduced by £5.5 million, leaving a residual £0.1 million liability. The Board noted that this release of provision was not a barrier to premium refunds in excess of this amount being paid in the future should such previously 'missing' Names come forward. The liability at both 31st March 2024 and 31st March 2025 was £0.1 million.

6. Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	<i>Group 2025 £000</i>	<i>Group 2024 £000</i>
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	27	25
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	259	250
Audit-related assurance services, including the audit of the regulatory returns	53	51
	339	326

In addition to the above, an affiliate of the auditor was paid Australian \$14,350 (2024: Australian \$13,650) by RMSL for regulatory reporting in respect of Australian trust funds.

7. Regulatory fees

The PRA & FCA regulatory fees for the year amounted to £208,700 (2024: £210,614).

8. Employees

The Company and Group, employed 1 person, the executive director, during the year ended 31st March 2025 (2024: 1), who was engaged in providing run-off and related activities to the Group.

Total staff costs, including those for directors, comprised the following:

	<i>Group 2025 £000</i>	<i>Group 2024 £000</i>
Wages and salaries (including directors' fees)	430	425
Social security costs	34	41
	464	466

9. Directors' emoluments

The aggregate remuneration of the directors was as follows:

	<i>Group 2025 £000</i>	<i>Group 2024 £000</i>
Executive director	160	160
Non-executive directors	270	265
	430	425

The executive director was the highest paid director. There is no compensation for loss of office.

10. Tax on profit**Analysis of charge/(credit) in the year**

	<i>Group 2025 £m</i>	<i>Group 2024 £m</i>
United Kingdom corporation tax at 25% (2024: 25%)		
Current tax	-	-
Deferred tax – origination and reversal of timing differences	-	-
	-	-

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK:

	<i>Group 2025 £m</i>	<i>Group 2024 £m</i>
Profit before tax	0.1	3.7
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	0.0	0.9
Effects of:		
Losses brought forward	(0.0)	(0.9)
Non taxable income	(0.0)	(0.0)
Losses carried forward	0.0	0.0
Current tax credit for the year	-	-

There is an unrecognised deferred tax asset £271 million at the standard rate of Corporation tax in the UK of 25% (2024: £271 million) arising on losses carried forward within the Group, which is not expected to be utilised in the foreseeable future.

11. Investments: Other financial investments

	<i>Group 2025</i>		<i>Group 2024</i>	
	<i>Market Value £m</i>	<i>Cost £m</i>	<i>Market Value £m</i>	<i>Cost £m</i>
Shares and other variable yield securities and units in unit trusts	-	-	-	-
Debt securities and other fixed interest securities	79.5	80.5	80.2	80.6
	79.5	80.5	80.2	80.6

11. Investments: Other financial investments (continued)

The Group has adopted FRS 102. This requires, for financial instruments held at fair value in the balance sheet, disclosure of fair value measurement by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly;
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table presents the Group's assets and liabilities measured at fair value at 31st March:

	Level 1		Level 2		Level 3		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	£m	£m	£m	£m	£m	£m	£m	£m
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-	-	-
Debt securities and other fixed interest securities	79.5	80.2	-	-	-	-	79.5	80.2
Total	79.5	80.2	-	-	-	-	79.5	80.2

The Company has no financial investments other than investments in group undertakings disclosed in note 20.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	2025	2024
	£m	£m
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed interest securities	79.5	80.2
Cash at bank and in hand	1.1	0.3
	80.6	80.5
AAA	2.5	7.1
AA	39.9	27.2
A	22.1	28.9
BBB	15.0	17.0
BB	-	-
Not Rated	1.1	0.3
	80.6	80.5

Further disclosures relating to financial instruments and financial risk management are included in the Directors' report on pages 12 to 16.

12. Trust funds

A significant amount of the Group's liabilities in the United States, Canada and Australia were backed by assets held in trust funds. Following the transaction with National Indemnity, the Group no longer has an economic interest in the assets within those trust funds and therefore they are no longer recorded in the Group's balance sheet in compliance with Financial Reporting Standard 102.

13. Debtors, prepayments and accrued income

Prepayments and accrued income and other debtors of £1.2 million (2024: £1.2 million) do not include any amount due after more than one year.

14. Called up share capital

	<i>Company 2025 £</i>	<i>Company 2024 £</i>
Authorised, allotted and fully paid		
1 deferred share of £1	1	1
2 ordinary shares of £50 each	100	100
	101	101

All of these shares were issued at par and are fully paid.

The deferred share carries the right to nominate and remove one director of the Company (who will also serve as a director of Equitas Reinsurance Limited, Equitas Insurance Limited and Equitas Limited) and is held by the Corporation of Lloyd's. On winding up, the deferred share carries no rights to any portion of surplus assets of the Company other than a return of the par value. Accordingly, it is a non-equity share.

The ordinary shares bear the right to nominate and remove the remaining directors of the Company and to decide all matters reserved for decision by shareholders. The Articles of Association do not permit the payment of a dividend on the ordinary shares. Accordingly, these are non-equity shares.

(a) Capital Management

The Group's objectives in managing its capital are to hold sufficient funds to support the regulatory capital requirements as far as is possible, and to provide sufficient returns to meet the ongoing expenses of the Group. The capital is available to meet obligations to policyholders should the reinsurance cover provided by National Indemnity become exhausted; finally, when all future claims have been settled, a further return premium may be paid to former reinsured Names.

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

The capital structure of the Group and Company consists of equity attributable to shareholders, comprising of ordinary shares and retained earnings as disclosed above and in the statement of changes in equity.

(b) Capital adequacy (Audited)

The Group's capital is mainly used to support the ongoing regulatory capital requirements of its PRA regulated subsidiaries. This is considered to be a long-term obligation so most of the Group's resources have been invested in a bond portfolio managed by NEAM for long term growth and return. A total of £79.5 million (2024: £80.2 million) of the Group's capital is invested by regulated subsidiaries.

The capital requirements have not been met with a regulatory solvency deficit of £(107.7) million (2024: £(102.8) million) and it is unlikely that the requirement will be met in the foreseeable future. The key reason for not meeting the regulatory capital requirements is the calculation of technical provisions. Under Solvency II, the technical provisions must include an expected value for all potential scenarios, including some which are considered remote. Once a prescribed risk margin is added, this increases technical provisions to a position whereby Solvency II net assets do not meet the capital requirement.

15. Profit and loss account

	<i>Company £m</i>	<i>Group £m</i>
At 1 st April 2024	49.3	81.5
Profit for the financial year	1.1	0.1
At 31st March 2025	50.4	81.6

The retained profit is not distributable by way of dividend.

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's surplus for the financial year was £1.1 million (2024: £1.0 million).

16. Provision for claims outstanding

	<i>Claims £m</i>	<i>Reinsurance £m</i>	<i>Net £m</i>
Provisions at 1st April 2023	4,762	(4,762)	-
Payments, receipts and accruals	(169)	169	-
Reassessment of liabilities and reinsurances	252	(252)	-
Exchange movements	(90)	90	-
Provisions at 31st March 2024	4,755	(4,755)	-
	<i>Claims £m</i>	<i>Reinsurance £m</i>	<i>Net £m</i>
Provisions at 1st April 2024	4,755	(4,755)	-
Payments, receipts and accruals	(230)	230	-
Reassessment of liabilities and reinsurances	133	(133)	-
Exchange movements	(102)	102	-
Provisions at 31st March 2025	4,556	(4,556)	-

(a) Claims and reinsurance recoveries

Claims and reinsurance recoveries are stated after elimination of inter-syndicate transactions.

16. Provision for claims outstanding (continued)***(b) Estimation techniques and uncertainties***

Details of the estimation techniques employed in the setting of the provision for claims outstanding and the associated uncertainties appear in note 2 on pages 37 to 39.

Gross claims outstanding are sensitive to actuarial judgements, most notably future inflation rates and asbestos filing patterns. However, due to the whole account retrocession agreement between National Indemnity and the Company, any change in estimate will affect the gross claims liability and reinsurance recoverable on the balance sheet, but will have no impact on the Profit and Loss account.

The geographical concentration of insurance liabilities by industry sector and the development of estimated ultimate claims costs are shown in the following tables.

Geographic concentration:

Territory		Accident and health	Third-party liability	Fire & other property damage	General	Total
2025		£m	£m	£m	£m	£m
United Kingdom	Gross	-	365	-	-	365
	Net	-	-	-	-	-
USA	Gross	37	4,080	-	-	4,117
	Net	-	-	-	-	-
Australia	Gross	-	26	-	-	26
	Net	-	-	-	-	-
Other	Gross	-	42	6	-	48
	Net	-	-	-	-	-
Total						
	Gross	37	4,513	6	-	4,556
	Net	-	-	-	-	-

Territory		Accident and health	Third-party liability	Fire & other property damage	General	Total
2024		£m	£m	£m	£m	£m
United Kingdom	Gross	-	396	-	-	396
	Net	-	-	-	-	-
USA	Gross	60	4,208	-	-	4,268
	Net	-	-	-	-	-
Australia	Gross	-	28	-	-	28
	Net	-	-	-	-	-
Other	Gross	-	57	6	-	63
	Net	-	-	-	-	-
Total						
	Gross	60	4,689	6	-	4,755
	Net	-	-	-	-	-

16. Provision for claims outstanding (continued)**Claims development since the transaction with National Indemnity:**

	Exchange	Reserve strengthening	Gross claims estimate of ultimate	Net claims estimate of ultimate
	£m	£m	£m	£m
Discounted 31 st March 2006 reserves			4,176	-
Reserve adjustments*			1,321	-
Undiscounted 31 st March 2006 reserves			5,497	-
Development year 1 – 7	760	672	6,929	-
Development year 8	(386)	176	6,719	-
Development year 9	368	538	7,625	-
Development year 10	121	189	7,935	-
Development year 11	593	29	8,557	-
Development year 12	(445)	92	8,204	-
Development year 13	271	13	8,488	-
Development year 14	190	162	8,840	-
Development year 15	(382)	239	8,697	-
Development year 16	169	251	9,117	-
Development year 17	246	242	9,605	-
Development year 18	(90)	252	9,767	-
Development year 19	(102)	133	9,798	-
Current estimate of cumulative claims	1,313	2,988	9,798	-
Cumulative claims payments			(5,242)	-
Liability recognised in the balance sheet			4,556	-

*Reserve adjustments include; unwind of discount and expense reserve now the responsibility of National.

In line with FRS 103, it is not necessary to provide liability maturity analyses if estimated timing of the net cash outflows resulting from recognised insurance liabilities is disclosed. However, as National Indemnity is responsible for settling insurance claims directly as part of the whole account retrocession agreement, net cash outflows for the foreseeable future are expected to be nil.

17. Creditors arising out of reinsurance operations

Following completion of the reinsurance agreement with National Indemnity in 2007, the Group declared an intention to pay an aggregate return premium of £50 million. The first payments in respect of this amount were made in June 2007. As detailed in note 5, £5.5 million was released to Reserves in March 2018, leaving a residual £0.1 million liability at 31st March 2025, (2024: £0.1 million).

All creditors arising out of reinsurance operations are payable within one year.

18. Reconciliation of movements in Group shareholders' funds

	<i>Group 2025 £m</i>	<i>Group 2024 £m</i>
Opening shareholders' funds	81.5	77.8
Profit for the financial year (see note 15)	0.1	3.7
Closing shareholders' funds	81.6	81.5

19. Contingent liabilities and assets

The Group has granted certain indemnities to trustees, directors and employees.

The Group had no other material contingent liabilities or assets outside the normal course of business at the balance sheet date.

20. Investments in group undertakings**Group**

	<i>Class and proportion of shares held</i>	<i>Country of incorporation</i>	<i>Business activities</i>
Equitas Reinsurance Limited*	Ordinary 100%	England	Reinsurance
Equitas Limited*	Ordinary 100%	England	Reinsurance run-off
Equitas Insurance Limited	Ordinary 100%	England	General insurance
Equitas Policyholders Trustee Limited	Ordinary 100%	England	Trustee

**Held via a subsidiary*

The Holding Company, a private company limited by shares, and subsidiaries are all based at the Registered Office, as detailed on page 52.

Company

Shares in Group undertakings

	<i>2025 £</i>	<i>2024 £</i>
Equitas Insurance Limited	16,500,000	16,500,000
Equitas Policyholders Trustee Limited	100	100
Investments in group undertakings	16,500,100	16,500,000

The shares in subsidiary undertakings are held at cost less impairment, reflecting the directors' belief that the carrying value of the investments is supported by their underlying net assets.

No dividends may be paid or capital distributions made by Equitas Reinsurance Limited or Equitas Limited. The return premium of £50 million provided for in 2007 is being paid by Equitas Reinsurance Limited to reinsured Names as outlined in the Group strategic report for the year on page 2 and in notes 5 and 17.

21. Loan to subsidiary

In July 2010 the Company entered into a subordinated loan agreement with a subsidiary company, Equitas Insurance Limited. The loan is subordinated to all creditors and liabilities of the Company and is for an indefinite period of time. No security was given for the loan.

Company

Loans to Group undertakings

	2025 £	2024 £
Equitas Insurance Limited	27,866,785	26,772,971

During the year Equitas Holdings Limited capitalised interest of £1,093,814 due on the subordinated loan to Equitas Insurance Limited. The 4% per annum loan is for an indefinite period and is repayable at such time as Equitas Insurance Limited may determine.

22. Financial commitments

The Group had no ongoing financial commitments (2024: nil).

23. The Equitas trustees

The immediate parent and ultimate controlling party is The Equitas Trust. The Equitas Trust is independent, and not a member of the Group, the consolidated financial statements of Equitas Holdings Limited do not include the Equitas Trust.

The Trust Deed constituting The Equitas Trust contains provisions entitling the trustees to remuneration and the discharge of expenses properly incurred by them in acting as trustees. These are met by the Group and are defined as related party transactions under Financial Reporting Standard 102.

	Group 2025 £	Group 2024 £
Trustees' fees	83,000	83,000
Expense allowance	24,000	24,000
Other costs	6,433	6,433
Total	113,433	113,433

		Group 2025 £		Group 2024 £	
Trustee	Fees		Expenses		
Michael Deeny	35,000		20,000	35,000	20,000
David Shipley	16,000		-	16,000	-
Richard Spooner	16,000		2,000	16,000	2,000
Kees van der Klugt	16,000		2,000	16,000	2,000
Total	83,000		24,000	83,000	24,000

Equitas Holdings Limited

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Registered in England; Registered Number 3136296