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IFRS 17
Insurance Contracts

"Any reporting entity - not just insurance companies - could be caught in the IFRS 17 net, if it has a contract that includes an insurance element that's not within the scope of another standard."

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IFRS 17 - Insurance Contracts

This publication is a complimentary resource provided by Accurri Pty Limited and its related entities and is intended to assist those who are dealing with the impact of IFRS 17 Insurance Contracts.

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Contents

Disclaimer

The impact of IFRS 17 Insurance Contracts is not limited to just insurance companies

New standard changes how insurance contracts are accounted for, with focus on the contract, not the insurer. Many non-insurance companies will likely be impacted.

The IFRS 17 Insurance Contracts standard, which applies to annual reporting periods on or after 1 January 2023, may be deceptively complex. On the surface, it's a change to the way insurance contracts are recognised, measured and disclosed, something the insurance industry has already spent much time preparing for. The complexity arises because the new standard will also impact many companies that don't consider themselves insurance companies or part of the insurance industry.

The new standard focuses on the contract rather than the type of entity that issues it, with the following stated definition of an insurance contract.

> A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Accordingly, any reporting entity could be caught in the IFRS 17 net if it has a contract that includes an insurance element that's not within the scope of another standard.

Examples of IFRS 17 applying to non-insurance companies

Contracts must be analysed to establish whether an insurance contract exists, and if it meets the criteria for exclusion. Some examples of non-insurance company contracts where IFRS 17 would apply include:

- a landholder issues a contract to a farmer containing clauses regarding reduced crop yields from below average rain in monsoon months
- a third party (not the manufacturer, retailer or dealer) provides extended warranty cover on goods
- fixed priced service contracts (e.g. motor vehicle servicing) where the price reflects an assessment of risk with an individual customer
- a management services provider has a contract with a hotel that obligates it to make payments to cover the shortfall if the actual EBITDA is below 85% of the projected EBITDA
- a reverse mortgage with a 'no negative equity' guarantee
- a loan with a death waiver (or where IFRS 9 can be applied).

"Any reporting entity could be caught in the IFRS 17 net, if it has a contract that includes an insurance element that's not within the scope of another standard."

Does an insurance contract exist?

To establish if there's an insurance contract (written, oral or implied), it's important to consider the three most important criteria:

1. Any uncertain event has to adversely affect the policyholder. This might include compensation to a building owner for damage.

2. The risks transferred aren't just financial in nature. If a company issues a reverse mortgage with a guarantee of no negative equity, the potential exists for additional risks.

3. The insurance risk is significant. In this instance, even if the odds of an event such as a natural disaster occurring are slim, the payouts would be substantial.

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The impact of IFRS 17 Insurance Contracts continued

What else is new?

The accounting treatments for revenue recognition and liability valuation have been clarified, with provision for three measurement approaches.

- General Measurement Model
- Premium Allocation Approach
- Variable Fee Approach

It also introduces a raft of new disclosures (highlighted in green in the following example), including:

- Statement of profit or loss and other comprehensive income: results based profit or loss format (Insurance service result, Investment income, Insurance financial result and Other income) and new items for finance income and expenses in OCI
- Statement of financial position: classifications for insurance and reinsurance contracts assets and liabilities
- New or amended Accounting Standards and Interpretations adopted - IFRS 17 Insurance Contracts
- Material accounting policy information: Revenue recognition, Insurance finance revenue and expenses, Insurance and reinsurance contracts
- Critical accounting judgements, estimates and assumptions: Fulfilment cash flows, Risk adjustment for non-financial risk, Insurance discount rates, Investment component, Contractual service margin, Insurance finance revenue and expenses
- Insurance revenue note
- Investment income and insurance financial result note
- Issued capital: Minimum regulatory capital requirements
- Reserves: Insurance finance reserve
- Insurance and reinsurance contracts note
- Financial instruments: Insurance risk, Price risk, Credit risk, Liquidity risk

Transitioning to IFRS 17

When adopting IFRS 17, there's an impact to opening balances (or comparatives) on the transition date, resulting in two possible approaches.

1. Modified retrospective approach
   Adjustments to the numbers are applied to the current period only, with any impact on the opening balances of equity disclosed in the statement of changes in equity.
   The effective entries are between the current period opening retained earnings adjustments and the statement of financial position items (e.g. insurance contracts issued that are assets and insurance contracts issued that are liabilities), using a fair value approach if reasonable and supportable information cannot be obtained.

2. Full retrospective approach
   Adjustments to the numbers are applied to the comparatives (e.g. insurance contracts issued that are assets or liabilities, income/revenue, expenses and comparative period opening retained earnings), and flow through to the opening balances of the current period. The details of the adjustments are disclosed in the restatement of comparatives note, and there is not necessarily a need for a third statement of financial position (a third column is increasingly becoming the exception rather than the norm).

For the first year of adoption, based on the full retrospective approach, the restatement disclosures (highlighted in red in the example) include:

- Statement of financial position: 3rd column for opening comparative financial position
- Statement of changes in equity: restated comparative opening balance
- Restatement of comparatives note
- Retained profits: restated comparative opening balance

Important exclusions

Even if the definition of an 'insurance contract' is met, it doesn't automatically follow that a particular contract is covered by the new guideline.

The following are excluded from IFRS 17 as they're covered by other standards.

1. Warranties by manufacturers, retailers and dealers on goods and services (IFRS 15)
2. Employee benefit plan assets and liabilities (IFRS 2 and IAS 19)
3. Retirement benefit obligations (IAS 19)
4. Contractual rights or obligations on the future use of a non-financial item (IFRS 15, 16 and IAS 38)
5. Financial guarantee contracts (IFRS 7)
6. Contingent consideration, payable or receivable, on a business combination (IFRS 3)

Assumptions and conventions used in the example

Assumptions

As mentioned earlier, the example in the following pages assumes that the original General Purpose financial statements (the one to be converted) complied with the disclosure requirements.

Conventions

For illustrative purposes the conventions that apply to the following example are:

- Content that formed part of the original General Purpose financial statements and that remains unchanged, is presented as black text
- Content that has been added or edited as a consequence of IFRS 17 is presented as green text (as in the image below)
- Restatements occurring as a consequence of IFRS 17 are presented as red text (as in the image below)
- The cover page and the placeholder pages reserved for the auditor's independence declaration and the independent auditor's report have been intentionally omitted

Pinnacle IFRS Insurance UK PLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 £'000	2022 £'000
Insurance service result			
Insurance revenue	7	199,337	184,257
Insurance service expenses		(164,020)	(154,372)
Net expenses from reinsurance contracts		(11,332)	(9,307)
Insurance service result		23,985	20,578
Investment income			
Dividends	8	10,581	9,834
Interest revenue calculated using the effective interest method	8	1,089	544
Rent	8	3,623	3,310
Net fair value gain on financial assets	8	8,218	7,728
Net fair value gain/(loss) on investment properties	8	(600)	1,500
Net gain on disposal of financial assets	8	4,765	4,109
Impairment of investments	8	(500)	-
Other investment income	8	3,522	1,664
Investment income		30,698	28,689
Insurance financial result			
Finance income from reinsurance contracts	8	1,436	1,028
Finance expenses from insurance contracts	8	(13,515)	(12,957)
Insurance financial result		(12,079)	(11,929)
Other income			
Share of profit - associates		3,211	2,661
Other income		1,065	2,125
Other finance expenses		(7,813)	(7,795)
Other expenses		(4,513)	(4,252)
Other income		(8,050)	(7,261)
Profit before income tax expense		34,554	30,077
Income tax expense	9	(6,400)	(5,588)
Profit after income tax expense for the year		28,154	24,489
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		1,424	1,212
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		(3)	(9)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(9)	(21)
Net finance expenses from insurance contracts		(270)	(259)
Net finance income from reinsurance contracts		29	21
Foreign currency translation		(257)	(218)
Other comprehensive income for the year, net of tax		914	726
Total comprehensive income for the year		29,068	25,215

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Statement of financial position
As at 31 December 2023

	Note	Consolidated 2023 £'000	2022 £'000	1 Jan 2022 £'000
Assets				
Cash and cash equivalents	10	43,783	31,696	7,574
Insurance contracts issued that are assets	34	2,524	2,144	2,567
Reinsurance contracts held that are assets	34	12,213	12,328	12,320
Financial assets at fair value through profit or loss	11	297,097	316,568	262,557
Financial assets at fair value through other comprehensive income	12	142,720	136,967	113,352
Investments accounted for using the equity method	13	34,192	30,981	28,320
Investment properties	14	46,900	47,500	46,000
Property, plant and equipment	15	64,639	70,383	86,528
Right-of-use assets	16	4,263	4,716	5,210
Intangibles	17	10,567	10,871	11,175
Deferred tax	18	5,971	5,679	5,299
Other	19	2,435	2,383	2,478
Total assets		667,304	672,216	583,380
Liabilities				
Trade and other payables	20	20,004	17,306	17,763
Insurance contracts issued that are liabilities	34	321,665	341,482	337,588
Reinsurance contracts held that are liabilities	34	5,976	3,071	2,576
Borrowings	21	-	1,273	4,397
Lease liabilities	22	3,894	4,302	4,753
Derivative financial instruments	23	122	107	69
Income tax	24	2,419	2,105	1,790
Employee benefits	25	19,501	18,997	18,001
Provisions	26	2,315	1,575	1,548
Deferred tax	27	9,867	7,979	5,879
Other	28	1,143	927	1,279
Total liabilities		386,906	399,124	395,643
Net assets		280,398	273,092	187,737
Equity				
Issued capital	29	212,953	212,678	134,922
Reserves	30	922	8	(718)
Retained profits	31	49,615	43,640	36,996
Equity attributable to the owners of Pinnacle IFRS Insurance UK PLC		263,490	256,326	171,200
Non-controlling interest	32	16,908	16,766	16,537
Total equity		280,398	273,092	187,737

Refer to note 3 for detailed information on Restatement of comparatives.

Brad Example
Director

Daniel Example
Director

24 February 2024

The above statement of financial position should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Strategic report
31 December 2023

The directors present their strategic report on the consolidated entity for the year ended 31 December 2023.

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of underwriting insurance for life risk, life savings, participating and non-life contracts; and obtaining reinsurance to mitigate risks.

Review of operations
The consolidated entity is an insurer and across our business we directly employ over 500 people. Our customers are largely represented by individual consumers and small to medium sized businesses.

The consolidated entity operates in highly competitive market. Our business strategy relies upon the following key elements:
- Efficient claims process so that administration is minimal.
- Customer contact points: Telephone and online serve as our primary customer contact points, however the extension of our Business Centres has seen full insurance solutions being sought by our increasing SME business base.
- Innovative product: Our innovation teams continue to strive to produce better insurance products through listening and analysing the needs of our growing customer base and identifying trends in international markets. Our consultants regularly provide feedback to our strategy team for new product ideas.
- Key relationships: In order to maintain record repair times, we have long term contracts with a range of tradepeople and repairers.

The continued implementation of strategies to ensure that the business is capable of supporting our growth objectives, whilst maintaining a focus on both innovation and profitability across our divisions will benefit shareholders through continued payment of dividends and share price growth.

	2023 £'000	2022 £'000	Change £'000	Change %
Insurance revenue	199,337	184,257	15,080	8%
Insurance service result	23,985	20,578	3,407	17%
Investment income	30,698	28,689	2,009	7%
Profit after income tax expense	28,154	24,489	3,665	15%
Total assets	667,304	672,216	(4,912)	(1%)
Total equity	280,398	273,092	7,306	3%
Average number of employees	514	503	11	2%

All four of the consolidated entity's divisions improved their profit results. The life risk division further increased its profit following the re-engineering of its processes, which has resulted in improved claims handling. The participating division delivered improved returns on its investments. The non-life division had a 6.6% increase in revenue largely from specialty insurance.

The financial position of the consolidated entity is strong with excellent liquidity and a large asset base, which is being fully utilised. With the predicted continued profitability of the consolidated entity, dividend payments are expected to increase during the year ending 31 December 2024.

Principal risks and uncertainties
The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

Competitive risks
The consolidated entity operates in a highly competitive market. Innovation is constant and superior insurance products that may be released to the market places pricing pressures on our product and causes our product to be repositioned by the market. We manage this risk through maintaining product development teams that are highly experienced and remain abreast of latest insurance trends and implications for our current and future products. We also continue to invest in our brand which continues to be well regarded within the United Kingdom.

Our strategy to expand our business customer base has led to four Business Centres now being open to provide full insurance solutions to the SME business market segment. Greater sales leverage is achievable with business customers as multiple insurance solutions are packaged.

Pinnacle IFRS Insurance UK PLC
Strategic report
31 December 2023

Our online strategy has expanded our customer base and raised product awareness around the world. Sales can be generated without significant overhead and is this therefore a more attractive customer contact point when compared to costs associated with retail store expansion. We will be looking to increase the range of insurance products available online once we can secure adequate repairer networks.

Environmental risks
The consolidated entity is subject to environmental regulation. Refer to the non-financial and sustainability information statement for more information.

Operational risks
The consolidated entity has many operational risks, including changing regulations, natural disasters, unforeseen events, cybersecurity and business continuity. Management is constantly assessing trends and attempts for foresee anything that will potentially harm the business.

Financial risks
The consolidated entity's activities expose it to a variety of insurance risks (including underwriting risk, policyholder persistency risk and expense risk) and financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on ensuring compliance with the company constitution. It also seeks to maximise the financial returns and minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Use of derivatives
The consolidated entity has entered into forward foreign exchange contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Exposure to price, credit, liquidity and cash flow risk
The consolidated entity's exposure to equity price risk arises from investments in equity securities to the extent that the consolidated entity is exposed to changes in market prices. The consolidated entity holds equity securities for participating contracts and the underlying assets are held in accordance with the contractual arrangement with policyholders, and the consolidated entity has limited risk management capacity for these underlying assets. However, the financial risk from such equities is primarily passed to policyholders. There are no significant concentrations of equity price risk and the consolidated entity is not exposed to any other significant price risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly Cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Likely future developments
There has been a squeeze on the margins of property insurance and a strong demand for specialty insurance. Management plans to increase its focus on specialty insurance, both in the types of insurance coverage and its range of target customers.

As the economic environment continues to improve and the increased range of insurance being sold, management are confident that the prospects of the consolidated entity will continue to improve in the foreseeable future.

Pinnacle IFRS Insurance UK PLC
Strategic report
31 December 2023

Gender diversity
The number of males and females in the consolidated entity as at 31 December 2023 is as follows:

	Male	Female	Total
Directors	3	2	5
Senior management	18	11	29
Employees	210	304	514

Non-financial and sustainability information statement
The following is a summary of non-financial and sustainability information.

The consolidated entity recognises that good governance is essential to delivering on our strategic and environmental goals. There are various processes, controls and procedures in place to ensure good governance, underpinned by the Code of Conduct and policies in place. These ensure that our employees understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

Environmental matters
The consolidated entity is subject to environmental regulation. The relevant authorities are kept updated and, to the best of the directors' knowledge and belief, all responsibilities under the regulations have been discharged and there have been no breaches of any environmental regulation.

Environmental matters are considered in our Pinnacle Planet plan, including:
- Our policies are designed to ensure employees comply with the relevant environmental legislation
- What natural resources are used in the consolidated entity's parts replacement, where they originate from, how they are sourced, if there is a synthetic alternative and the recyclable elements
- The waste management and pollution caused in the entire life cycle of our parts replacement
- The consolidated entity has science based targets for each region in which it operates, including the aim of halving emissions by 2030 (Scope 1) and achieving net zero by 2040 (Scope 2)
- Switch to renewable energy sources of electricity by 2027
- Energy efficiency targets are implemented at a local level
- How the consolidated entity and its suppliers will reduce the overall carbon footprint

During the financial year, the consolidated entity stopped using Rapid Repairs, as they were improperly disposing of parts and contaminated soil on multiple properties.

The carbon dioxide emissions by the consolidated entity during the year ended 31 December 2023 were as follows:

	Consolidated	
	2023	**2022**
Fuel combustion	5,897	6,237
Facility operation	1,672	1,433
Purchased electricity	7,645	7,816
Scope 1 - Tonnes of carbon dioxide emitted	15,214	15,486
Scope 2 - Tonnes of carbon dioxide emitted	76,153	78,819
Scope 3 - Tonnes of carbon dioxide emitted	104,367	108,542

The future carbon dioxide emissions targets for the consolidated entity are as follows:

	2024	2025	2026	2030	2040
Scope 1 - Tonnes of carbon dioxide emitted	14,500	13,400	12,100	7,600	1,900
Scope 2 - Tonnes of carbon dioxide emitted	72,000	67,000	60,000	38,000	9,500
Scope 3 - Tonnes of carbon dioxide emitted	99,000	92,000	83,000	52,000	13,000

Pinnacle IFRS Insurance UK PLC
Strategic report
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The greenhouse gas emissions are categorised as follows:

- Scope 1: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity
- Scope 2: Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity
- Scope 3: Indirect emissions outside of Scope 2 emissions that occur in the value chain of an entity, including both upstream and downstream emissions

The waste produced and water consumed by the consolidated entity during the year ended 31 December 2023 was as follows:

	Consolidated 2023	Consolidated 2022
Landfill	988	1,167
Recycled	894	835
Secure paper recycled	797	896
Tonnes of waste produced	2,679	2,898
Kilolitres of water used	188,677	216,102

Employees
The consolidated entity aims to ensure that it has a safe operating environment with an inclusive and diverse culture and the best talent and skills for our future success.

The following policies are in place:

- Code of Conduct
- Recruitment and retention
- Inclusion and diversity
- Parents returning to work
- Education and training
- Health and safety
- Whistleblowing

The proportion of females in the consolidated entity is as follows:

	Consolidated 2023 %	Consolidated 2022 %
Directors	40.0%	40.0%
Senior management	37.9%	34.5%
Employees	59.1%	58.7%

The age diversity in the consolidated entity is as follows:

	Consolidated 2023 %	Consolidated 2022 %
Under 25 years	7.1%	6.9%
25-34 years	32.3%	30.7%
35-44 years	32.5%	32.4%
45-54 years	18.6%	19.9%
55-64 years	8.1%	8.9%
Over 65 years	1.4%	1.2%

Pinnacle IFRS Insurance UK PLC
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31 December 2023

The other diversity dimensions in the consolidated entity are as follows:

	Consolidated 2023 %	Consolidated 2022 %
Indigenous workforce (ancestry)	1.3%	1.2%
Employees who identify as having a disability	7.1%	6.5%
Employees who identify as LGBTIQ+	4.8%	4.9%
Employees who identify as non-binary	0.5%	0.4%

Information on disabled employees and employee engagement is disclosed in the directors' report.

Information on the Chief Executive Officer's pay ratio is disclosed in the directors' remuneration report.

Social matters
Social matters cover a vast range of potential issues including responsible business policies. Our policies set out our commitment to high social standards and the requirements for our supply chain.

The following policies are in place:
- Code of Conduct
- Corporate social responsibility
- Data protection and data privacy
- Information security
- Competition and anti-trust
- Conflicts of interest
- Privacy
- Disaster recovery and business continuity
- Tax strategy

The consolidated entity recognises that a social contribution is an important part of its role in society and it actively balances the needs of shareholders, employees, customers and communities in which it operates. The consolidated entity diverts free products and resources to communities via the 'Computers for the Community Charity' program, where hundreds of new computers are provided free-of-charge every year to community groups. There is always greater demand than supply, but the consolidated entity strives to lessen this gap over time.

Information on business relationships is disclosed in the directors' report.

Human rights
The consolidated entity is committed to operating in accordance with the International Bill of Human Rights and embraces, supports and respects the human rights of everyone it works with and complies with the appropriate human rights legislation in the countries in which it operates.

The following policies are in place:
- Human rights
- Modern slavery and human trafficking
- Discrimination and harassment

During the financial year, the consolidated entity stopped sourcing parts from a Bodiland supplier who had breached the modern slavery and human trafficking policy.

Anti-bribery and corruption
It is important that the consolidated entity operates to high ethical standards and complies with all applicable laws. Employees and supply chain partners are made aware of the consolidated entity's strategy and how their behaviours affect delivery.

The following policies are in place:
- Anti-bribery and corruption
- Anti-money laundering

Pinnacle IFRS Insurance UK PLC
Strategic report
31 December 2023

Section 172(1) statement
The directors act in good faith to continually balance the success of the consolidated entity and the rewards to its shareholders against many other factors, including ensuring that:

- Business is conducted morally and ethically, in line with the consolidated entity's Code of Conduct
- Short-term gains do not have an adverse consequence on the consolidated entity's long-term strategy, success and benefits
- Employee welfare, training and interests are taken care of
- Customer and supplier relationships are strong, mutually beneficial and comply with the consolidated entity's policies (such as anti-bribery and corruption, anti-slavery and human trafficking and corporate social responsibility)
- Any community and environmental impacts as a result of the consolidated entity's operations are considered

During the financial year, the consolidated entity:

- Stopped sourcing parts from a Bodiland supplier who had breached the anti-slavery and human trafficking policy
- Stopped using Rapid Repair, as they were improperly disposing of parts and contaminated soil on multiple properties
- Reduced the supplier payment terms from 45 days to 30 days
- Introduced a new training programme for parents returning to work
- Acted on feedback from its customer focus groups
- Continued its research and development on fire alarms and motion detection cameras

This report is made in accordance with a resolution of directors.

On behalf of the directors

___________________________	___________________________
Brad Example	Daniel Example
Director	Director

24 February 2024

Pinnacle IFRS Insurance UK PLC
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pinnacle IFRS Insurance UK PLC (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023.

Directors
The following persons were directors of Pinnacle IFRS Insurance UK PLC during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example (resigned on 18 February 2024)

Foreign branches
The consolidated entity has branches in France, Germany and the Republic of Ireland.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Final dividend for the year ended 31 December 2022 (2022: 31 December 2021) of 10 pence (2022: 8 pence) per ordinary share	14,691	11,744
Interim dividend for the year ended 31 December 2023 (2022: 31 December 2022) of 5 pence (2022: 4 pence) per ordinary share	7,346	5,872
	22,037	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2023 of 17 pence per ordinary share to be paid on [date], a total estimated distribution of £24,975,000 based on the number of ordinary shares on issue as at [date].

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to £28,012,000 (31 December 2022: £24,260,000).

Information on the review of operations is disclosed in the strategic report

Going concern
The financial statements have been prepared on a going concern basis as there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Matters subsequent to the end of the financial year
Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely future developments
Information on likely future developments of the consolidated entity are disclosed in the strategic report.

Research and development
The consolidated entity works with a number of technology companies on research and development projects. The current focus is on fire safety, including fire alarms and alert systems, and crime prevention, including motion detection cameras.

Financial instruments
Information on the consolidated entity's financial instruments are disclosed in the strategic report.

Pinnacle IFRS Insurance UK PLC
Directors' report
31 December 2023

Charitable and political donations
No charitable or political donations were made during the year.

Disabled employees
The consolidated entity gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the consolidated entity's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee engagement
The consolidated entity operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the consolidated entity has been continued through the newsletter 'Pinnacle News' in which employees have also been encouraged to present their suggestions and views on the consolidated entity's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the consolidated entity's profit sharing schemes and are encouraged to invest in the consolidated entity through participation in share option schemes.

Business relationships
The consolidated entity fosters business relationships with its customers by acting on feedback from its customer focus groups (such as the increasing the types of coverage for specialty insurance) and reducing the claim handling timeframes (due to re-engineering of processes).

The consolidated entity fosters business relationships with its suppliers by working together to develop new products (research and development on motion detection cameras continues), ensuring the relationship is mutually beneficial and paying invoices as quickly as possible (further reduced to within 30 days).

Directors' interests
The directors' had the following interests in the issued capital of the company:

Name	At 1 January 2023	At 31 December 2023
Brad Example	4,246,200 ordinary shares	5,886,200 ordinary shares
Christina Example	39,569 ordinary shares	73,569 ordinary shares
Daniel Example	15,000,000 ordinary shares	20,500,000 ordinary shares
Elizabeth Example	2,550,000 ordinary shares	2,550,000 ordinary shares

Indemnity of directors
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Purchase of own shares
There are no agreements in place that allows the company to purchase its own shares.

Pinnacle IFRS Insurance UK PLC
Directors' report
31 December 2023

Substantial shareholdings
Substantial shareholders in the company as at 31 December 2023 are set out below:

	Ordinary shares Number held	% of total shares issued
Madison Capital	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.95
Federation Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Insurance Workers Credit Union Superannuation Fund	15,000,000	10.21
Blizzard Growth Solutions Limited	6,684,293	4.55
Andrew Brown Superannuation Fund	6,462,912	4.40
BE No 2 Superannuation Fund (Brad Example)	5,886,200	4.01
Egan and Forsyth Investments Limited	4,500,000	3.06

Controlling shareholder
The company does not have a controlling shareholder.

Contracts of significance
During the financial year, payments for marketing services from BE Promotions Limited (director-related entity of Brad Example) of £81,000 were made. The current trade payable balance as at 31 December 2023 was £7,000. All transactions were made on normal commercial terms and conditions and at market rates.

The consolidated entity has not entered into any other contracts of significance.

Takeover Directive requirements
There are no agreements in place between the consolidated entity and its directors and employees for compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs as a result of a takeover bid.

Greenhouse gas emissions
Information on greenhouse gas emissions is disclosed in the strategic report.

Notice of annual general meeting
The details of the annual general meeting of Pinnacle IFRS Insurance UK PLC are:
10th Floor
Universal Administration Building
12 Highland Street
London EC1
[time] on [day] [date]

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the consolidated entity's auditor, each director has taken all the steps that they are obliged to take as a director in order to made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
The auditor Accounting Firm 123 continues in office.

Pinnacle IFRS Insurance UK PLC
Directors' report
31 December 2023

This report is made in accordance with a resolution of directors.

On behalf of the directors

___________________________	___________________________
Brad Example	Daniel Example
Director	Director

24 February 2024

Pinnacle IFRS Insurance UK PLC
Directors' remuneration report
31 December 2023

The directors present their remuneration report on the consolidated entity for the year ended 31 December 2023.

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Pinnacle IFRS Insurance UK PLC
Directors' remuneration report
31 December 2023

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2023.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Link to performance' below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 91% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of directors remuneration is set out below:

2023	Cash salary and fees £'000	Cash bonus £'000	Non-monetary £'000	Super-annuation £'000	Long service leave £'000	Equity-settled £'000	Total £'000
Non-Executive Directors:							
Anthony Example (Chairman)	75	-	-	-	-	-	75
Daniel Example	40	-	-	-	-	-	40
Elizabeth Example	40	-	-	-	-	-	40
Executive Directors:							
Brad Example	326	150	13	19	9	100	617
Christina Example	196	45	1	19	4	85	350
	677	195	14	38	13	185	1,122

Pinnacle IFRS Insurance UK PLC
Directors' remuneration report
31 December 2023

2022	Cash salary and fees £'000	Cash bonus £'000	Non-monetary £'000	Super-annuation £'000	Long service leave £'000	Equity-settled £'000	Total £'000
Non-Executive Directors:							
Anthony Example (Chairman)	70	-	-	-	-	-	70
Daniel Example	38	-	-	-	-	-	38
Elizabeth Example	38	-	-	-	-	-	38
Executive Directors:							
Brad Example	302	130	12	19	8	-	471
Christina Example	185	45	1	19	4	-	254
	633	175	13	38	12	-	871

Chief Executive Officer's pay ratio
The Chief Executive Officer's pay ratio in relation to employees is set out below:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 December 2023	Option A	14:1	7:1	5:1
31 December 2022	Option A	11:1	5:1	4:1

The consolidated entity chose Option A as the information was readily available and it is more statistically accurate.

The employee pay details used to calculate the pay ratio is set out below:

	25th percentile		Median		75th percentile	
Year	Total pay and benefits £	Salary component £	Total pay and benefits £	Salary component £	Total pay and benefits £	Salary component £
31 December 2023	43,735	37,044	87,471	74,089	113,712	96,316
31 December 2022	43,554	36,896	87,108	73,793	113,240	95,930

The increase in the ratios from 2022 to 2023 is largely attributable to the equity-settled benefits received by the Chief Executive Officer. The consolidated entity believes that the median pay ratio is fair and reasonable, as 7:1 is not high compared to the expertise and risk of the Chief Executive Officer.

Service contracts
Remuneration and other terms of employment for directors are formalised in service contracts. Details of these contracts are as follows:

Name:	Brad Example
Title:	Managing Director and Chief Executive Officer
Contract commenced:	[date]
Term of contract:	5 years
Details:	Base salary for the year ending 31 December 2024 of £350,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party, cash bonus of 5-50% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Pinnacle IFRS Insurance UK PLC
Directors' remuneration report
31 December 2023

Name:	Christina Example
Title:	Finance Director
Contract commenced:	[date]
Term of contract:	4 years
Details:	Base salary for the year ending 31 December 2024 of £205,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party, cash bonus of 5-30% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Directors have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors as part of compensation during the year ended 31 December 2023 are set out below:

Name	Date	Shares	Issue price	£
Brad Example	[date]	40,000	£2.50	100,000
Christina Example	[date]	34,000	£2.50	85,000

Options
There were no options over ordinary shares granted to or vested by directors as part of compensation during the year ended 31 December 2023.

Link to performance
The earnings of the consolidated entity for the five years to 31 December 2023 are summarised below:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Insurance revenue	199,337	184,257	178,729	171,581	162,144
Result	46,880	42,124	38,208	35,315	30,862
Profit after income tax	28,154	24,489	21,919	19,750	16,639

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (£)	2.85	2.47	2.21	1.89	1.71
Total dividends declared (pence per share)	15.00	12.00	10.50	9.00	8.00
Basic earnings per share (pence per share)	19.07	17.21	16.52	14.87	12.51

Additional disclosures

Shareholding
The number of shares in the company held during the financial year by each director of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Brad Example	4,246,200	40,000	1,600,000	-	5,886,200
Christina Example	39,569	34,000	-	-	73,569
Daniel Example	15,000,000	-	5,500,000	-	20,500,000
Elizabeth Example	2,550,000	-	-	-	2,550,000
	21,835,769	74,000	7,100,000	-	29,009,769

Pinnacle IFRS Insurance UK PLC
Directors' remuneration report
31 December 2023

This report is made in accordance with a resolution of directors.

On behalf of the directors

___________________________	___________________________
Brad Example	Daniel Example
Director	Director

24 February 2024

Pinnacle IFRS Insurance UK PLC
Directors' responsibilities statement
31 December 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'). 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 consolidated entity and the profit or loss of the consolidated entity for that year.

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 International Financial Reporting Standards ('IFRS') 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 consolidated entity will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the consolidated entity's transactions and disclose with reasonable accuracy at any time the financial position of the consolidated entity 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 consolidated entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pinnacle IFRS Insurance UK PLC
Contents
31 December 2023

General information

The financial statements cover Pinnacle IFRS Insurance UK PLC as a consolidated entity consisting of Pinnacle IFRS Insurance UK PLC and the entities it controlled at the end of, or during, the year. The financial statements are presented in Pound sterling, which is Pinnacle IFRS Insurance UK PLC's functional and presentation currency.

Pinnacle IFRS Insurance UK PLC is a listed public company limited by shares, incorporated and domiciled in the United Kingdom. Its registered office and principal place of business are:

Registered office	**Principal place of business**
10th Floor	5th Floor
Universal Administration Building	Pinnacle Business Centre
12 Highland Street	247 Edward Street
London EC1	London EC1

A description of the nature of the consolidated entity's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2024. The directors have the power to amend and reissue the financial statements.

Pinnacle IFRS Insurance UK PLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 £'000	2022 £'000
Insurance service result			
Insurance revenue	7	199,337	184,257
Insurance service expenses		(164,020)	(154,372)
Net expenses from reinsurance contracts		(11,332)	(9,307)
Insurance service result		23,985	20,578
Investment income			
Dividends	8	10,581	9,834
Interest revenue calculated using the effective interest method	8	1,089	544
Rent	8	3,623	3,310
Net fair value gain on financial assets	8	8,218	7,728
Net fair value gain/(loss) on investment properties	8	(600)	1,500
Net gain on disposal of financial assets	8	4,765	4,109
Impairment of investments	8	(500)	-
Other investment income	8	3,522	1,664
Investment income		30,698	28,689
Insurance financial result			
Finance income from reinsurance contracts	8	1,436	1,028
Finance expenses from insurance contracts	8	(13,515)	(12,957)
Insurance financial result		(12,079)	(11,929)
Other income			
Share of profit - associates		3,211	2,661
Other income		1,065	2,125
Other finance expenses		(7,813)	(7,795)
Other expenses		(4,513)	(4,252)
Other income		(8,050)	(7,261)
Profit before income tax expense		34,554	30,077
Income tax expense	9	(6,400)	(5,588)
Profit after income tax expense for the year		28,154	24,489
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		1,424	1,212
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		(3)	(9)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(9)	(21)
Net finance expenses from insurance contracts		(270)	(259)
Net finance income from reinsurance contracts		29	21
Foreign currency translation		(257)	(218)
Other comprehensive income for the year, net of tax		914	726
Total comprehensive income for the year		29,068	25,215

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 £'000	2022 £'000
Profit for the year is attributable to:			
Non-controlling interest		142	229
Owners of Pinnacle IFRS Insurance UK PLC	31	28,012	24,260
		28,154	24,489
Total comprehensive income for the year is attributable to:			
Non-controlling interest		142	229
Owners of Pinnacle IFRS Insurance UK PLC		28,926	24,986
		29,068	25,215
		Pence	**Pence**
Basic earnings per share	48	19.07	17.21
Diluted earnings per share	48	19.07	17.21

Refer to note 3 for detailed information on Restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Statement of financial position
As at 31 December 2023

	Note	2023 £'000	Consolidated 2022 £'000	1 Jan 2022 £'000
Assets				
Cash and cash equivalents	10	43,783	31,696	7,574
Insurance contracts issued that are assets	34	2,524	2,144	2,567
Reinsurance contracts held that are assets	34	12,213	12,328	12,320
Financial assets at fair value through profit or loss	11	297,097	316,568	262,557
Financial assets at fair value through other comprehensive income	12	142,720	136,967	113,352
Investments accounted for using the equity method	13	34,192	30,981	28,320
Investment properties	14	46,900	47,500	46,000
Property, plant and equipment	15	64,639	70,383	86,528
Right-of-use assets	16	4,263	4,716	5,210
Intangibles	17	10,567	10,871	11,175
Deferred tax	18	5,971	5,679	5,299
Other	19	2,435	2,383	2,478
Total assets		667,304	672,216	583,380
Liabilities				
Trade and other payables	20	20,004	17,306	17,763
Insurance contracts issued that are liabilities	34	321,665	341,482	337,588
Reinsurance contracts held that are liabilities	34	5,976	3,071	2,576
Borrowings	21	-	1,273	4,397
Lease liabilities	22	3,894	4,302	4,753
Derivative financial instruments	23	122	107	69
Income tax	24	2,419	2,105	1,790
Employee benefits	25	19,501	18,997	18,001
Provisions	26	2,315	1,575	1,548
Deferred tax	27	9,867	7,979	5,879
Other	28	1,143	927	1,279
Total liabilities		386,906	399,124	395,643
Net assets		280,398	273,092	187,737
Equity				
Issued capital	29	212,953	212,678	134,922
Reserves	30	922	8	(718)
Retained profits	31	49,615	43,640	36,996
Equity attributable to the owners of Pinnacle IFRS Insurance UK PLC		263,490	256,326	171,200
Non-controlling interest	32	16,908	16,766	16,537
Total equity		280,398	273,092	187,737

Refer to note 3 for detailed information on Restatement of comparatives.

____
Brad Example
Director

____
Daniel Example
Director

24 February 2024

The above statement of financial position should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Statement of changes in equity
For the year ended 31 December 2023

Consolidated	Issued capital £'000	Reserves £'000	Retained profits £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2022	134,922	388	40,928	16,572	192,810
Adjustment for change in accounting policy - IFRS 9 (note 3)	-	173	(550)	-	(377)
Adjustment for change in accounting policy - IFRS 17 (note 3)	-	(1,279)	(3,382)	(35)	(4,696)
Balance at 1 January 2022 - restated	134,922	(718)	36,996	16,537	187,737
Profit after income tax expense for the year	-	-	24,260	229	24,489
Other comprehensive income for the year, net of tax	-	726	-	-	726
Total comprehensive income for the year	-	726	24,260	229	25,215
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 29)	77,756	-	-	-	77,756
Dividends paid (note 33)	-	-	(17,616)	-	(17,616)
Balance at 31 December 2022	212,678	8	43,640	16,766	273,092

Consolidated	Issued capital £'000	Reserves £'000	Retained profits £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2023	212,678	8	43,640	16,766	273,092
Profit after income tax expense for the year	-	-	28,012	142	28,154
Other comprehensive income for the year, net of tax	-	914	-	-	914
Total comprehensive income for the year	-	914	28,012	142	29,068
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 29)	25	-	-	-	25
Share-based payments (note 49)	250	-	-	-	250
Dividends paid (note 33)	-	-	(22,037)	-	(22,037)
Balance at 31 December 2023	212,953	922	49,615	16,908	280,398

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Statement of cash flows
For the year ended 31 December 2023

	Note	Consolidated 2023 £'000	2022 £'000
Cash flows from operating activities			
Receipts from customers		179,140	188,574
Payments to suppliers and employees		(154,691)	(148,367)
		24,449	40,207
Dividends received		10,581	9,834
Interest received		2,554	1,593
Other revenue		7,499	8,407
Interest and other finance costs paid		(21,513)	(20,949)
Income taxes paid		(4,843)	(3,423)
Net cash from operating activities		18,727	35,669
Cash flows from investing activities			
Payments for investments		(24,808)	(88,116)
Payments for property, plant and equipment		(12,275)	(3,048)
Proceeds from sale of investments		53,289	23,843
Proceeds from sale of property, plant and equipment		1,200	250
Proceeds from release of security deposits		155	-
Net cash from/(used in) investing activities		17,561	(67,071)
Cash flows from financing activities			
Proceeds from issue of shares		25	78,750
Share issue transaction costs		-	(1,420)
Dividends paid	33	(22,037)	(17,616)
Repayment of lease liabilities		(928)	(1,074)
Net cash from/(used in) financing activities		(22,940)	58,640
Net increase in cash and cash equivalents		13,348	27,238
Cash and cash equivalents at the beginning of the financial year		30,423	3,177
Effects of exchange rate changes on cash and cash equivalents		12	8
Cash and cash equivalents at the end of the financial year	10	43,783	30,423

The above statement of cash flows should be read in conjunction with the accompanying notes

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

IFRS 17 Insurance Contracts
The consolidated entity has adopted IFRS 17 from 1 January 2023. The standard replaces IFRS 4 'Insurance Contracts' and has clarified the accounting treatments for revenue recognition and liability valuation. The standard provides three measurement approaches for the accounting of insurance contracts: the General Measurement Model (GMM or building block approach), the Premium Allocation Approach (PAA or simplified approach) and the Variable Fee Approach (VFA). It has also introduced new disclosures including a new layout for the statement of profit or loss and other comprehensive income, insurance finance revenue and expenses differentiated from that associated with investments, analysis of insurance revenue, reconciliations of the net carrying value of contracts and inputs, assumptions and estimation techniques used.

Basis of preparation
These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the Companies Act 2006, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pinnacle IFRS Insurance UK PLC ('company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. Pinnacle IFRS Insurance UK PLC and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Pound sterling, which is Pinnacle IFRS Insurance UK PLC's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Pound sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
For contracts not measured under the premium allocation approach, the consolidated entity's insurance revenue recognised in a period depicts the transfer of promised services at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for those services. The total consideration for a group of contracts covers the amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The contractual service margin
- Amounts related to insurance acquisition cash flows

For contracts measured under the premium allocation approach, the consolidated entity's insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. The consolidated entity allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information (continued)

Insurance finance revenue and expenses
Insurance finance revenue and expenses are disaggregated between profit or loss and other comprehensive income over the duration of the group of contracts. Other comprehensive income is accumulated in reserves and if a contract is derecognised, the balance for the contract is reclassified to profit or loss. All other finance costs are expensed in the period in which they are incurred.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Insurance and reinsurance contracts
Insurance contracts are contracts under which the consolidated entity accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The consolidated entity uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the consolidated entity has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The consolidated entity recognises a group of insurance contracts it issues from the earliest of the following:
- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

There are three measurement approaches for the accounting of insurance contracts:
- General Measurement Model (GMM)
- Premium Allocation Approach (PAA)
- Variable Fee Approach (VFA)

On initial recognition, the consolidated entity measures a group of insurance contracts under the General Measurement Model as the total of:
- The fulfilment cash flows, which comprise: (i) estimates of future cash flows; (ii) an adjustment to reflect the time value of money and the financial risks related to the future cash flows; and (iii) a risk adjustment for non-financial risk.
- The contractual service margin.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information (continued)

The carrying amounts of a group of insurance contracts under the General Measurement Model are subsequently remeasured at the end of each reporting period as the total of:

- The liability for remaining coverage comprising: (i) the fulfilment cash flows related to future service allocated to the group at that date; (ii) the contractual service margin of the group at that date.
- The liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at that date.

Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which the consolidated entity promises an investment return based on underlying items. At inception these insurance contracts meet the following criteria:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The consolidated entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The consolidated entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The consolidated entity uses reinsurance to mitigate its risk exposures. A reinsurance contract is issued by one entity (the reinsurer) to compensate the consolidated entity for claims arising from one or more underlying insurance contracts issued by the consolidated entity.

The consolidated entity uses different measurement approaches, depending on the type of contracts, as follows:

	Product classification	Measurement approach
Insurance contracts issued		
Term life insurance contracts	Insurance contracts	GMM
Universal life insurance contracts	Insurance contracts without direct participation features	GMM
Direct participating contracts	Insurance contracts with direct participation features	VFA
Investment contracts with discretionary participating features	Insurance contracts without direct participation features	GMM
Automobile insurance for one year or less	Insurance contracts	PAA
Property insurance for one year or less	Insurance contracts	PAA
Reinsurance contracts held		
Term life	Reinsurance contract held	GMM
Automobile third party liability - excess of loss reinsurance	Reinsurance contract held	PAA

The consolidated entity has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in liabilities on the statement of financial position.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Pinnacle IFRS Insurance UK PLC
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Note 1. Material accounting policy information (continued)

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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Note 1. Material accounting policy information (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 1. Material accounting policy information (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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Notes to the financial statements
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Note 1. Material accounting policy information (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 1. Material accounting policy information (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 1. Material accounting policy information (continued)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle IFRS Insurance UK PLC, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Pinnacle IFRS Insurance UK PLC
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Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fulfilment cash flows
Insurance contracts without direct participation features give the consolidated entity discretion over the timing and the amount of cash flows to be paid to policyholders. At the inception of the contract, the consolidated entity specifies the basis on which it expects to determine its commitment under the contract, being either a fixed interest rate or an asset rate of return.

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is the compensation that the consolidated entity requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The consolidated entity has estimated the risk adjustment using a confidence level approach at the 75th percentile. The consolidated entity disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance revenue or expenses.

Insurance discount rates
All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The consolidated entity generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curves that were used to discount the estimates of future cash flows are as follows:

	2023				2022			
	1 year %	5 years %	10 years %	20 years %	1 year %	5 years %	10 years %	20 years %
Life								
US dollars	0.38%	0.55%	1.16%	1.81%	0.32%	0.50%	1.11%	1.77%
Euros	1.29%	2.16%	2.62%	3.02%	1.15%	2.02%	2.54%	2.98%
Chinese yuan	1.69%	2.48%	2.83%	3.13%	1.55%	2.37%	2.74%	3.10%
Participating								
US dollars	0.96%	1.13%	1.70%	2.39%	0.86%	1.02%	1.63%	2.28%
Euros	2.18%	3.05%	3.51%	3.91%	2.07%	2.96%	3.46%	3.89%
Chinese yuan	2.67%	3.46%	3.81%	4.11%	2.46%	3.28%	3.64%	3.96%
Non-life								
US dollars	0.09%	0.26%	0.87%	1.52%	0.06%	0.24%	0.85%	1.50%
Euros	0.92%	1.79%	2.25%	2.65%	0.81%	1.68%	2.20%	2.63%
Chinese yuan	1.04%	1.83%	2.18%	2.48%	0.96%	1.78%	2.14%	2.46%

Investment component
An investment component is an amount that an insurance contract requires the consolidated entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The consolidated entity issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. Investment components are excluded from insurance revenue and insurance service expenses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Contractual service margin
The contractual service margin is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract services under the insurance contracts in the group. The contractual service margin of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Insurance finance revenue and expenses
The consolidated entity disaggregates insurance finance revenue and expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance revenue or expenses over the duration of the group of contracts.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Restatement of comparatives

Change in accounting policy
The consolidated entity has adopted IFRS 17 'Insurance Contracts' using the full retrospective approach of adoption and comparatives have been restated. The standard replaces IFRS 4 'Insurance Contracts' and has clarified the accounting treatments for revenue recognition and liability valuation. The standard provides three measurement approaches for the accounting of insurance contracts: the General Measurement Model (GMM or building block approach), the Premium Allocation Approach (PAA or simplified approach) and the Variable Fee Approach (VFA). It has also introduced new disclosures including a new layout for the statement of profit or loss and other comprehensive income, insurance finance revenue and expenses differentiated from that associated with investments, analysis of insurance revenue, reconciliations of the net carrying value of contracts and inputs, assumptions and estimation techniques used.

The consolidated entity has also adopted IFRS 9 'Financial Instruments', using the full retrospective approach of adoption and comparatives have been restated. The adoption of this standard was deferred since 2018 as a result of an exemption within IFRS 17.

The consolidated entity has applied the transition provisions in the standards and has not disclosed the impact of the adoption on each financial statement line item. The effects of adopting IFRS 17 and IFRS 9 on the financial statements as at 1 January 2022 are presented in the statement of changes in equity and the 1 January 2022 balances are presented as a third column in the statement of financial position.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into four operating segments based on different insurance contracts issued: life risk, life savings, participating and non-life. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Other segments represent the investment property holdings and rental income of the consolidated entity.

The CODM reviews the segment result. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

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Note 4. Operating segments (continued)

Types of products and services
The principal products and services of each of these operating segments are as follows:

Life risk	Offers term life insurance contacts over 10 to 30 year terms to provide protection against risk of premature death, disability or critical illness. Once the term has ended, the insurance contract is terminated.
Life savings	Offers a range of universal life insurance products with non-guaranteed life annuity options over 10 to 30 year terms. These insurance contracts offer a fixed and guaranteed amount of death benefits equal to the face value of the policy, plus the accumulated account value, which is payable on death or on policy maturity.
Participating	Offers a variety of direct participating contracts where an insurer shares the performance of underlying items with policyholders. Direct participating contracts include fixed and guaranteed death benefits for the first five years of the contract term and also provide to policyholders an investment return.
Non-life	Offers motor, property, public liability, employers liability and specialty insurance contracts over one year terms to consumers, landlords and businesses.

Operating segment information

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Revenue					
Insurance revenue	31,793	9,149	26,875	131,520	199,337
Other revenue	425	320	128	192	1,065
Total revenue	32,218	9,469	27,003	131,712	200,402
Result	6,868	3,155	19,966	16,891	46,880
Other finance expenses					(7,813)
Other expenses					(4,513)
Profit before income tax expense					34,554
Income tax expense					(6,400)
Profit after income tax expense					28,154
Material items include:					
Share of profits of associates	-	-	3,211	-	3,211
Assets					
Segment assets	109,613	83,822	257,914	209,984	661,333
Unallocated assets:					
Deferred tax asset					5,971
Total assets					667,304
Total assets includes:					
Investments in associates	-	-	34,192	-	34,192
Acquisition of non-current assets	365	5,027	-	9,091	14,483
Liabilities					
Segment liabilities	71,178	67,432	176,071	59,939	374,620
Unallocated liabilities:					
Provision for income tax					2,419
Deferred tax liability					9,867
Total liabilities					386,906

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Note 4. Operating segments (continued)

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Revenue					
Insurance revenue	29,929	7,752	23,194	123,382	184,257
Other revenue	849	637	256	383	2,125
Total revenue	30,778	8,389	23,450	123,765	186,382
Result	5,800	2,204	19,444	14,676	42,124
Other finance expenses					(7,795)
Other expenses					(4,252)
Profit before income tax expense					30,077
Income tax expense					(5,588)
Profit after income tax expense					24,489
Material items include:					
Share of profits of associates	-	-	2,661	-	2,661
Assets					
Segment assets	111,112	84,969	261,442	209,014	666,537
Unallocated assets:					
Deferred tax asset					5,679
Total assets					672,216
Total assets includes:					
Investments in associates	-	-	30,981	-	30,981
Acquisition of non-current assets	230	4,436	-	716	5,382
Liabilities					
Segment liabilities	73,918	70,027	182,849	62,246	389,040
Unallocated liabilities:					
Provision for income tax					2,105
Deferred tax liability					7,979
Total liabilities					399,124

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
United Kingdom	65,101	60,059	39,879	41,967
Ireland	29,023	26,176	17,778	18,291
Europe	7,918	7,319	4,850	5,115
North America	27,044	25,496	16,566	17,816
Asia Pacific	10,508	9,927	6,437	6,937
Rest of the World	59,743	55,280	36,596	38,628
	199,337	184,257	122,106	128,754

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

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Note 5. Average number of employees and employee benefits expense

The average number of employees during the year was as follows:

	Consolidated 2023	2022
Life risk	82	80
Life savings	24	23
Participating	49	47
Non-life	359	353
Average number of employees	514	503

The employee benefits expense during the year was as follows:

	Consolidated 2023 £'000	2022 £'000
Wages and salaries	38,141	37,059
Social security costs	3,851	3,773
Other pension costs	2,988	2,914
Share-based payments	250	-
Total employee benefits expense	45,230	43,746

Note 6. Directors' remuneration

Details of directors' remuneration is set out below:

	Consolidated 2023	2022
Number of directors who exercised share options	2	1
Number of directors who received shares under long-term incentive schemes in respect of qualifying services	2	2
Number of directors accruing benefits under pension schemes in respect of qualifying services	3	3
Number of directors accruing benefits under money purchase schemes in respect of qualifying services	1	1

	Consolidated 2023 £'000	2022 £'000
Aggregate remuneration in respect of qualifying services	1,149	892
Aggregate gains made by directors on the exercise of share options	61	32
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	185	76
Aggregate amounts of contributions to pension schemes in respect of qualifying services	65	61
Aggregate amounts of contributions to money purchase schemes in respect of qualifying services	50	42
Highest paid director - aggregate remuneration	641	491
Highest paid director - accrued pension at the end of the year	43	39
Highest paid director - accrued lump sum at the end of the year	195	152

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Note 7. Insurance revenue

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Contracts not measured under the PAA					
Amounts relating to the changes in the liability for remaining coverage:					
Insurance service expenses	25,887	1,271	2,369	-	29,527
Change in the risk adjustment for non-financial risk	918	44	73	-	1,035
Contractual service margin	2,432	5,278	17,080	-	24,790
Other amounts	29	-	378	-	407
Recovery of insurance acquisition cash flows	2,527	2,556	6,975	-	12,058
Insurance revenue from contracts not measured under the PAA	31,793	9,149	26,875	-	67,817
Contracts measured under the PAA					
Insurance revenue from contracts measured under the PAA	-	-	-	131,520	131,520
Total insurance revenue	31,793	9,149	26,875	131,520	199,337

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Contracts not measured under the PAA					
Amounts relating to the changes in the liability for remaining coverage:					
Insurance service expenses	24,462	854	2,107	-	27,423
Change in the risk adjustment for non-financial risk	887	33	65	-	985
Contractual service margin	2,353	4,573	14,769	-	21,695
Other amounts	22	-	293	-	315
Recovery of insurance acquisition cash flows	2,205	2,292	5,960	-	10,457
Insurance revenue from contracts not measured under the PAA	29,929	7,752	23,194	-	60,875
Contracts measured under the PAA					
Insurance revenue from contracts measured under the PAA	-	-	-	123,382	123,382
Total insurance revenue	29,929	7,752	23,194	123,382	184,257

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Note 8. Investment income and insurance financial result

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Investment income					
Dividends	2,222	2,857	4,021	1,481	10,581
Interest revenue calculated using the effective interest method	436	566	54	33	1,089
Rent	-	-	3,623	-	3,623
Net fair value gain	1,715	2,205	2,554	1,144	7,618
Net gain on disposal	1,001	1,287	1,810	667	4,765
Impairment	-	-	(500)	-	(500)
Other investment income	564	740	1,831	387	3,522
Investment income	5,938	7,655	13,393	3,712	30,698
Insurance financial result					
Finance expenses from insurance contracts	(4,325)	(6,352)	-	(2,838)	(13,515)
Amounts recognised in other comprehensive income	(87)	(127)	-	(56)	(270)
Insurance financial result	(4,412)	(6,479)	-	(2,894)	(13,785)
Reinsurance financial result					
Finance income from reinsurance contracts	1,005	431	-	-	1,436
Amounts recognised in other comprehensive income	20	9	-	-	29
Reinsurance financial result	1,025	440	-	-	1,465
Total investment income, insurance financial result and reinsurance financial result	2,551	1,616	13,393	818	18,378
Representing:					
Amounts recognised in profit or loss	2,618	1,734	13,393	874	18,619
Amounts recognised in other comprehensive income	(67)	(118)	-	(56)	(241)
	2,551	1,616	13,393	818	18,378

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Note 8. Investment income and insurance financial result (continued)

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Investment income					
Dividends	2,065	2,655	3,737	1,377	9,834
Interest revenue calculated using the effective interest method	218	283	27	16	544
Rent	-	-	3,310	-	3,310
Net fair value gain	1,623	2,086	4,437	1,082	9,228
Net gain on disposal	863	1,110	1,561	575	4,109
Other investment income	266	349	865	184	1,664
Investment income	5,035	6,483	13,937	3,234	28,689
Insurance financial result					
Finance expenses from insurance contracts	(4,146)	(6,090)	-	(2,721)	(12,957)
Amounts recognised in other comprehensive income	(83)	(122)	-	(54)	(259)
Insurance financial result	(4,229)	(6,212)	-	(2,775)	(13,216)
Reinsurance financial result					
Finance income from reinsurance contracts	720	308	-	-	1,028
Amounts recognised in other comprehensive income	14	6	-	-	20
Reinsurance financial result	734	314	-	-	1,048
Total investment income, insurance financial result and reinsurance financial result	1,540	585	13,937	459	16,521
Representing:					
Amounts recognised in profit or loss	1,609	701	13,937	513	16,760
Amounts recognised in other comprehensive income	(69)	(116)	-	(54)	(239)
	1,540	585	13,937	459	16,521

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Note 9. Income tax expense

	Consolidated 2023 £'000	Consolidated 2022 £'000
Income tax expense		
Current tax	5,188	3,920
Deferred tax - origination and reversal of temporary differences	1,186	1,660
Adjustment recognised for prior periods	26	8
Aggregate income tax expense	6,400	5,588
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 18)	(346)	(136)
Increase in deferred tax liabilities (note 27)	1,532	1,796
Deferred tax - origination and reversal of temporary differences	1,186	1,660
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	34,554	30,077
Tax at the statutory tax rate of 20%	6,911	6,015
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share of profits - associates	(642)	(532)
Sundry items	105	97
	6,374	5,580
Adjustment recognised for prior periods	26	8
Income tax expense	6,400	5,588

	Consolidated 2023 £'000	Consolidated 2022 £'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 18)	54	(244)
Deferred tax liabilities (note 27)	356	304
	410	60

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Note 10. Cash and cash equivalents

	Consolidated 2023 £'000	Consolidated 2022 £'000
Cash on hand	123	107
Cash at bank	31,760	31,189
Cash on deposit	11,900	400
	43,783	31,696

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 £'000	2022 £'000
Balances as above	43,783	31,696
Bank overdraft (note 21)	-	(1,273)
Balance as per statement of cash flows	43,783	30,423

Note 11. Financial assets at fair value through profit or loss

	Consolidated 2023 £'000	Consolidated 2022 £'000
Listed ordinary shares	206,715	199,556
Bills of exchange	7,037	12,699
Debentures	6,817	8,844
Government bonds	76,528	95,469
	297,097	316,568

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 £'000	2022 £'000
Opening fair value	316,568	262,557
Additions	16,167	61,688
Disposals	(43,856)	(15,405)
Revaluation increments	8,218	7,728
Closing fair value	297,097	316,568

Refer to note 36 for further information on fair value measurement.

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Note 12. Financial assets at fair value through other comprehensive income

	Consolidated	
	2023 £'000	2022 £'000
Unlisted ordinary shares	37,384	31,747
Bills of exchange	7,697	6,803
Debentures	9,676	7,710
Government bonds	87,963	90,707
	142,720	136,967

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 £'000	2022 £'000
Opening fair value	136,967	113,352
Additions	8,641	26,428
Disposals	(4,668)	(4,329)
Revaluation increments	1,780	1,516
Closing fair value	142,720	136,967

Refer to note 36 for further information on fair value measurement.

Note 13. Investments accounted for using the equity method

	Consolidated	
	2023 £'000	2022 £'000
Investment in associate	34,192	30,981

Refer to note 44 for further information on interests in associates.

Note 14. Investment properties

	Consolidated	
	2023 £'000	2022 £'000
Investment properties - at independent valuation	46,900	47,500

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 £'000	2022 £'000
Opening fair value	47,500	46,000
Revaluation increments	-	1,500
Revaluation decrements	(600)	-
Closing fair value	46,900	47,500

Refer to note 36 for further information on fair value measurement.

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Note 14. Investment properties (continued)

Lessor commitments

	Consolidated 2023 £'000	Consolidated 2022 £'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	34,306	37,886

Note 15. Property, plant and equipment

	Consolidated 2023 £'000	Consolidated 2022 £'000
Leasehold improvements - at cost	33,585	27,185
Less: Accumulated depreciation	(18,401)	(13,120)
	15,184	14,065
Plant and equipment - at cost	105,607	100,362
Less: Accumulated depreciation	(56,152)	(44,044)
	49,455	56,318
	64,639	70,383

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Balance at 1 January 2022	17,478	69,050	86,528
Additions	2,308	740	3,048
Disposals	-	(58)	(58)
Depreciation expense	(5,721)	(13,414)	(19,135)
Balance at 31 December 2022	14,065	56,318	70,383
Additions	6,400	6,425	12,825
Disposals	-	(1,089)	(1,089)
Depreciation expense	(5,281)	(12,199)	(17,480)
Balance at 31 December 2023	15,184	49,455	64,639

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Note 16. Right-of-use assets

	Consolidated	
	2023 £'000	2022 £'000
Land and buildings - right-of-use	5,636	5,636
Less: Accumulated depreciation	(2,332)	(1,768)
	3,304	3,868
Plant and equipment - right-of-use	2,363	1,843
Less: Accumulated depreciation	(1,404)	(995)
	959	848
	4,263	4,716

Additions to the right-of-use assets during the year were £520,000.

The consolidated entity leases land and buildings for its offices under agreements of between five to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

For impairment testing, the right-of-use assets have been allocated to the life risk and non-life cash-generating units. Refer to note 17 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 17. Intangibles

	Consolidated	
	2023 £'000	2022 £'000
Goodwill	9,908	9,908
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	96	128
Customer contracts - at cost	1,250	1,250
Less: Accumulated amortisation	(729)	(479)
	521	771
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	42	64
	10,567	10,871

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Note 17. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill £'000	Patents and trademarks £'000	Customer contracts £'000	Software £'000	Total £'000
Balance at 1 January 2022	9,908	160	1,021	86	11,175
Amortisation expense	-	(32)	(250)	(22)	(304)
Balance at 31 December 2022	9,908	128	771	64	10,871
Amortisation expense	-	(32)	(250)	(22)	(304)
Balance at 31 December 2023	9,908	96	521	42	10,567

Impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated 2023 £'000	**Consolidated 2022 £'000**
Life risk	9,200	9,200
Non-life	708	708
	9,908	9,908

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the life risk division:
- 18% (2022: 18%) pre-tax discount rate;
- 2% (2022: 5%) per annum projected revenue growth rate;
- 5% (2022: 8%) per annum increase in operating costs and overheads.

The discount rate of 18% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the life risk division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the life risk division.

Based on the above, the recoverable amount of the life risk division exceeded the carrying amount by £500,000.

The following key assumptions were used in the discounted cash flow model for the non-life division:
- 17% (2022: 18%) pre-tax discount rate;
- 5% (2022: 5%) per annum projected revenue growth rate.

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Note 17. Intangibles (continued)

The discount rate of 17% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the non-life division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

There were no other key assumptions for the non-life division.

Based on the above, the recoverable amount of the non-life division exceeded the carrying amount by £1,250,000.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 1% for the non-life division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1% for the non-life division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the non-life division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge for goodwill.

Note 18. Deferred tax

	Consolidated	
	2023 £'000	**2022 £'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Insurance and reinsurance contracts	1,175	1,122
Employee benefits	3,900	3,799
Provision for legal claims	122	101
Provision for lease make good	341	214
Accrued expenses	229	185
	5,767	5,421
Amounts recognised in equity:		
Transaction costs on share issue	180	237
Derivative financial instruments	24	21
	204	258
Deferred tax asset	5,971	5,679
Movements:		
Opening balance	5,679	5,299
Credited to profit or loss (note 9)	346	136
Credited/(charged) to equity (note 9)	(54)	244
Closing balance	5,971	5,679

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Note 19. Other

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Prepayments	1,110	903
Security deposits	1,325	1,480
	2,435	2,383

Note 20. Trade and other payables

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Trade payables	18,070	15,711
Other payables	1,934	1,595
	20,004	17,306

Refer to note 35 for further information on financial instruments.

Note 21. Borrowings

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Bank overdraft	-	1,273

Refer to note 35 for further information on financial instruments.

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's assets.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	40,000
	45,000	45,000
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	-	-
	-	1,273
Unused at the reporting date		
Bank overdraft	5,000	3,727
Bank loans	40,000	40,000
	45,000	43,727

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Note 22. Lease liabilities

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Lease liability	3,894	4,302

Refer to note 35 for further information on financial instruments.

Note 23. Derivative financial instruments

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Forward foreign exchange contracts - cash flow hedges	122	107

Refer to note 35 for further information on financial instruments.

Refer to note 36 for further information on fair value measurement.

Note 24. Income tax

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Provision for income tax	2,419	2,105

Note 25. Employee benefits

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Employee benefits	19,501	18,997

Amounts not expected to be settled within the next 12 months
The provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Employee benefits obligation expected to be settled after 12 months	12,752	12,146

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Note 26. Provisions

	Consolidated 2023 £'000	Consolidated 2022 £'000
Lease make good	1,705	1,070
Legal claims	610	505
	2,315	1,575

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Legal claims
The provision represents fees for a number of ongoing legal cases. These cases are expected to be settled in the next financial year and the outcome is not expected to exceed the amount provided for, based on independent legal advice.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2023	Lease make good £'000	Legal claims £'000
Carrying amount at the start of the year	1,070	505
Additional provisions recognised	550	782
Amounts used	-	(632)
Unwinding of discount	85	-
Unused amounts reversed	-	(45)
Carrying amount at the end of the year	1,705	610

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Note 27. Deferred tax

	Consolidated 2023 £'000	Consolidated 2022 £'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	74	83
Financial assets at fair value through profit or loss	7,327	5,683
Prepayments	222	181
Customer contracts	104	154
Net fair value gain on investment properties	180	300
Insurance and reinsurance contracts	1,073	1,047
	8,980	7,448
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	887	531
Deferred tax liability	9,867	7,979
Movements:		
Opening balance	7,979	5,879
Charged to profit or loss (note 9)	1,532	1,796
Charged to equity (note 9)	356	304
Closing balance	9,867	7,979

Note 28. Other

	Consolidated 2023 £'000	Consolidated 2022 £'000
Accrued expenses	1,143	927

Note 29. Issued capital

	Consolidated 2023 Shares	Consolidated 2022 Shares	Consolidated 2023 £'000	Consolidated 2022 £'000
Ordinary shares - fully paid	146,910,000	146,800,000	212,953	212,678

Movements in ordinary share capital

Details	Date	Shares	Issue price	£'000
Balance	1 January 2022	111,800,000		134,922
Issue of shares	[date]	35,000,000	£2.25	78,750
Share issue transaction costs, net of tax	[date]			(994)
Balance	31 December 2022	146,800,000		212,678
Issue of shares on the exercise of options	[date]	10,000	£2.50	25
Issue of shares to key management personnel	[date]	100,000	£2.50	250
Balance	31 December 2023	146,910,000		212,953

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Note 29. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The consolidated entity operates in a regulated industry and is subject to meeting minimum regulatory capital requirements as follows:

	Consolidated	
	2023 £'000	2022 £'000
Total equity	280,398	273,092
Adjustments onto a regulatory basis	(19,714)	(18,977)
Total regulatory capital	260,684	254,115
Minimum regulatory capital requirements	182,641	181,688

The capital risk management policy remains unchanged from the 31 December 2022 Annual Report.

Note 30. Reserves

	Consolidated	
	2023 £'000	2022 £'000
Financial assets at fair value through other comprehensive income reserve	3,546	2,122
Foreign currency reserve	(769)	(512)
Hedging reserve - cash flow hedges	(97)	(85)
Insurance finance reserve	(1,758)	(1,517)
	922	8

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Note 30. Reserves (continued)

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Insurance finance reserve
This reserve is used to recognise the accumulative insurance finance income and expenses through other comprehensive income.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Financial assets at fair value through OCI £'000	Foreign currency £'000	Hedging £'000	Insurance finance £'000	Total £'000
Balance at 1 January 2022	910	(294)	(55)	(1,279)	(718)
Revaluation - gross	1,516	-	(38)	-	1,478
Deferred tax	(304)	-	8	-	(296)
Foreign currency translation	-	(218)	-	-	(218)
Net finance expense	-	-	-	(238)	(238)
Balance at 31 December 2022	2,122	(512)	(85)	(1,517)	8
Revaluation - gross	1,780	-	(15)	-	1,765
Deferred tax	(356)	-	3	-	(353)
Foreign currency translation	-	(257)	-	-	(257)
Net finance expense	-	-	-	(241)	(241)
Balance at 31 December 2023	3,546	(769)	(97)	(1,758)	922

Note 31. Retained profits

	Consolidated 2023 £'000	**Consolidated 2022 £'000**
Retained profits at the beginning of the financial year	43,640	40,928
Adjustment for change in accounting policy - IFRS 9 (note 3)	-	(550)
Adjustment for change in accounting policy - IFRS 17 (note 3)	-	(3,382)
Retained profits at the beginning of the financial year - restated	43,640	36,996
Profit after income tax expense for the year	28,012	24,260
Dividends paid (note 33)	(22,037)	(17,616)
Retained profits at the end of the financial year	49,615	43,640

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Note 32. Non-controlling interest

	Consolidated 2023 £'000	Consolidated 2022 £'000
Issued capital	16,000	16,000
Retained profits	908	766
	16,908	16,766

The non-controlling interest has a 10% (2022: 10%) equity holding in Pinnacle Life Limited.

Note 33. Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2023 £'000	Consolidated 2022 £'000
Final dividend for the year ended 31 December 2022 (2022: 31 December 2021) of 10 pence (2022: 8 pence) per ordinary share	14,691	11,744
Interim dividend for the year ended 31 December 2023 (2022: 31 December 2022) of 5 pence (2022: 4 pence) per ordinary share	7,346	5,872
	22,037	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2023 of 17 pence per ordinary share to be paid on [date], a total estimated distribution of £24,975,000 based on the number of ordinary shares on issue as at [date].

Note 34. Insurance and reinsurance contracts

Net position
The net position of insurance and reinsurance contracts is as follows:

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Insurance contracts					
Insurance contract assets	(362)	(498)	(1,319)	(345)	(2,524)
Insurance contract liabilities	46,112	63,419	168,131	44,003	321,665
Net insurance liabilities	45,750	62,921	166,812	43,658	319,141
Reinsurance contracts					
Reinsurance contract assets	(1,751)	(2,408)	(6,384)	(1,670)	(12,213)
Reinsurance contract liabilities	857	1,178	3,124	817	5,976
Net reinsurance assets	(894)	(1,230)	(3,260)	(853)	(6,237)

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Insurance contracts					
Insurance contract assets	(307)	(423)	(1,121)	(293)	(2,144)
Insurance contract liabilities	48,953	67,326	178,490	46,713	341,482
Net insurance liabilities	48,646	66,903	177,369	46,420	339,338
Reinsurance contracts					
Reinsurance contract assets	(1,767)	(2,431)	(6,444)	(1,686)	(12,328)
Reinsurance contract liabilities	440	605	1,605	421	3,071
Net reinsurance assets	(1,327)	(1,826)	(4,839)	(1,265)	(9,257)

Reconciliation of remaining coverage and incurred claims - Life risk
The reconciliation of remaining coverage and incurred claims is as follows:

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(325)	11	7	(307)
Insurance contract liabilities	46,538	1,449	966	48,953
Balance at 1 January 2023 - net insurance liabilities	46,213	1,460	973	48,646
Insurance revenue	(31,793)	-	-	(31,793)
Insurance service expenses:				
Incurred claims and other expenses	-	(504)	21,741	21,237
Amortisation of insurance acquisition cash flows	2,064	-	-	2,064
Changes that relate to past service	-	(153)	-	(153)
Changes that relate to future service	-	-	27	27
Investment components	(2,709)	-	2,709	-
Insurance finance expenses	4,109	130	86	4,325
Exchange differences	(1,260)	(51)	(21)	(1,332)
Cash flows:				
Premiums received	28,654	-	-	28,654
Insurance acquisition cash flows	(1,947)	-	-	(1,947)
Claims and other expenses paid	-	-	(23,978)	(23,978)
Balance at 31 December 2023 - net insurance liabilities	43,331	882	1,537	45,750
Representing:				
Insurance contract assets	(383)	12	9	(362)
Insurance contract liabilities	43,714	870	1,528	46,112
	43,331	882	1,537	45,750

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(568)	18	12	(538)
Insurance contract liabilities	43,926	1,387	925	46,238
Balance at 1 January 2022 - net insurance liabilities	43,358	1,405	937	45,700
Insurance revenue	(29,929)	-	-	(29,929)
Insurance service expenses:				
Incurred claims and other expenses	-	(474)	20,188	19,714
Amortisation of insurance acquisition cash flows	1,827	-	-	1,827
Changes that relate to past service	-	168	-	168
Changes that relate to future service	-	-	(33)	(33)
Investment components	(2,643)	-	2,643	-
Insurance finance expenses	3,939	124	83	4,146
Exchange differences	2,589	237	6	2,832
Cash flows:				
Premiums received	28,926	-	-	28,926
Insurance acquisition cash flows	(1,854)	-	-	(1,854)
Claims and other expenses paid	-	-	(22,851)	(22,851)
Balance at 31 December 2022 - net insurance liabilities	46,213	1,460	973	48,646
Representing:				
Insurance contract assets	(325)	11	7	(307)
Insurance contract liabilities	46,538	1,449	966	48,953
	46,213	1,460	973	48,646

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(1,804)	12	25	(1,767)
Reinsurance contract liabilities	410	13	17	440
Balance at 1 January 2023 - net reinsurance liabilities/(assets)	(1,394)	25	42	(1,327)
Reinsurance expenses	1,813	-	-	1,813
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(12)	(752)	(764)
Changes that relate to past service	-	15	(1)	14
Changes that relate to future service	-	8	(3)	5
Investment components	(14)	-	14	-
Reinsurance finance revenue	(1,005)	-	-	(1,005)
Exchange differences	(31)	(8)	(3)	(42)
Cash flows:				
Premiums paid	(339)	-	-	(339)
Amounts received	-	-	751	751
Balance at 31 December 2023 - net reinsurance liabilities/(assets)	(970)	28	48	(894)
Representing:				
Reinsurance contract assets	(1,783)	5	27	(1,751)
Reinsurance contract liabilities	813	23	21	857
	(970)	28	48	(894)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(1,757)	14	29	(1,714)
Reinsurance contract liabilities	358	14	21	393
Balance at 1 January 2022 - net reinsurance liabilities/(assets)	(1,399)	28	50	(1,321)
Reinsurance expenses	1,489	-	-	1,489
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(9)	(717)	(726)
Changes that relate to past service	-	13	(2)	11
Changes that relate to future service	-	(4)	(5)	(9)
Investment components	(12)	-	12	-
Reinsurance finance revenue	(720)	-	-	(720)
Exchange differences	(25)	(3)	(2)	(30)
Cash flows:				
Premiums paid	(727)	-	-	(727)
Amounts received	-	-	706	706
Balance at 31 December 2022 - net reinsurance liabilities/(assets)	(1,394)	25	42	(1,327)
Representing:				
Reinsurance contract assets	(1,804)	12	25	(1,767)
Reinsurance contract liabilities	410	13	17	440
	(1,394)	25	42	(1,327)

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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of remaining coverage and incurred claims - Life savings
The reconciliation of remaining coverage and incurred claims is as follows:

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(467)	25	19	(423)
Insurance contract liabilities	64,760	1,396	1,170	67,326
Balance at 1 January 2023 - net insurance liabilities	64,293	1,421	1,189	66,903
Insurance revenue	(9,149)	-	-	(9,149)
Insurance service expenses:				
Incurred claims and other expenses	-	(98)	8,441	8,343
Amortisation of insurance acquisition cash flows	674	-	-	674
Changes that relate to past service	-	64	-	64
Changes that relate to future service	-	-	(136)	(136)
Investment components	812	-	(812)	-
Insurance finance expenses	6,203	87	62	6,352
Exchange differences	(1,864)	(21)	(17)	(1,902)
Cash flows:				
Premiums received	4,614	-	-	4,614
Insurance acquisition cash flows	(5,228)	-	-	(5,228)
Claims and other expenses paid	-	-	(7,614)	(7,614)
Balance at 31 December 2023 - net insurance liabilities	60,355	1,453	1,113	62,921
Representing:				
Insurance contract assets	(552)	31	23	(498)
Insurance contract liabilities	60,907	1,422	1,090	63,419
	60,355	1,453	1,113	62,921

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(540)	21	17	(502)
Insurance contract liabilities	60,136	1,612	1,008	62,756
Balance at 1 January 2022 - net insurance liabilities	59,596	1,633	1,025	62,254
Insurance revenue	(7,752)	-	-	(7,752)
Insurance service expenses:				
Incurred claims and other expenses	-	(172)	8,784	8,612
Amortisation of insurance acquisition cash flows	1,344	-	-	1,344
Changes that relate to past service	-	(83)	-	(83)
Changes that relate to future service	-	-	21	21
Investment components	702	-	(702)	-
Insurance finance expenses	5,949	84	57	6,090
Exchange differences	(1,778)	(41)	(12)	(1,831)
Cash flows:				
Premiums received	8,106	-	-	8,106
Insurance acquisition cash flows	(1,874)	-	-	(1,874)
Claims and other expenses paid	-	-	(7,984)	(7,984)
Balance at 31 December 2022 - net insurance liabilities	64,293	1,421	1,189	66,903
Representing:				
Insurance contract assets	(467)	25	19	(423)
Insurance contract liabilities	64,760	1,396	1,170	67,326
	64,293	1,421	1,189	66,903

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(2,480)	6	43	(2,431)
Reinsurance contract liabilities	562	17	26	605
Balance at 1 January 2023 - net reinsurance liabilities/(assets)	(1,918)	23	69	(1,826)
Reinsurance expenses	1,198	-	-	1,198
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(12)	(571)	(583)
Changes that relate to past service	-	23	5	28
Changes that relate to future service	-	(4)	12	8
Investment components	(23)	-	23	-
Reinsurance finance revenue	(431)	-	-	(431)
Exchange differences	(18)	(4)	(3)	(25)
Cash flows:				
Premiums paid	(141)	-	-	(141)
Amounts received	-	-	542	542
Balance at 31 December 2023 - net reinsurance liabilities/(assets)	(1,333)	26	77	(1,230)
Representing:				
Reinsurance contract assets	(2,458)	4	46	(2,408)
Reinsurance contract liabilities	1,125	22	31	1,178
	(1,333)	26	77	(1,230)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(2,301)	17	32	(2,252)
Reinsurance contract liabilities	398	15	23	436
Balance at 1 January 2022 - net reinsurance liabilities/(assets)	(1,903)	32	55	(1,816)
Reinsurance expenses	465	-	-	465
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(14)	(657)	(671)
Changes that relate to past service	-	17	(8)	9
Changes that relate to future service	-	(6)	15	9
Investment components	(18)	-	18	-
Reinsurance finance revenue	(308)	-	-	(308)
Exchange differences	(22)	(6)	(2)	(30)
Cash flows:				
Premiums paid	(132)	-	-	(132)
Amounts received	-	-	648	648
Balance at 31 December 2022 - net reinsurance liabilities/(assets)	(1,918)	23	69	(1,826)
Representing:				
Reinsurance contract assets	(2,480)	6	43	(2,431)
Reinsurance contract liabilities	562	17	26	605
	(1,918)	23	69	(1,826)

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of remaining coverage and incurred claims - Participating
The reconciliation of remaining coverage and incurred claims is as follows:

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(1,162)	18	23	(1,121)
Insurance contract liabilities	174,232	2,339	1,919	178,490
Balance at 1 January 2023 - net insurance liabilities	173,070	2,357	1,942	177,369
Insurance revenue	(26,875)	-	-	(26,875)
Insurance service expenses:				
Incurred claims and other expenses	-	367	2,569	2,936
Amortisation of insurance acquisition cash flows	2,780	-	-	2,780
Changes that relate to past service	-	(146)	-	(146)
Changes that relate to future service	-	28	41	69
Investment components	(13,647)	-	13,647	-
Exchange differences	(799)	(48)	(36)	(883)
Cash flows:				
Premiums received	29,906	-	-	29,906
Insurance acquisition cash flows	(2,367)	-	-	(2,367)
Claims and other expenses paid	-	-	(15,977)	(15,977)
Balance at 31 December 2023 - net insurance liabilities	162,068	2,558	2,186	166,812
Representing:				
Insurance contract assets	(1,367)	21	27	(1,319)
Insurance contract liabilities	163,435	2,537	2,159	168,131
	162,068	2,558	2,186	166,812

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Insurance contract assets	(1,117)	12	14	(1,091)
Insurance contract liabilities	175,641	3,641	1,564	180,846
Balance at 1 January 2022 - net insurance liabilities	174,524	3,653	1,578	179,755
Insurance revenue	(23,194)	-	-	(23,194)
Insurance service expenses:				
Incurred claims and other expenses	-	(894)	2,614	1,720
Amortisation of insurance acquisition cash flows	3,060	-	-	3,060
Changes that relate to past service	-	(315)	-	(315)
Changes that relate to future service	-	-	55	55
Investment components	(12,366)	-	12,366	-
Exchange differences	(1,354)	(87)	(30)	(1,471)
Cash flows:				
Premiums received	34,931	-	-	34,931
Insurance acquisition cash flows	(2,531)	-	-	(2,531)
Claims and other expenses paid	-	-	(14,641)	(14,641)
Balance at 31 December 2022 - net insurance liabilities	173,070	2,357	1,942	177,369
Representing:				
Insurance contract assets	(1,162)	18	23	(1,121)
Insurance contract liabilities	174,232	2,339	1,919	178,490
	173,070	2,357	1,942	177,369

Consolidated - 2023	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(6,592)	57	91	(6,444)
Reinsurance contract liabilities	1,544	33	28	1,605
Balance at 1 January 2023 - net reinsurance liabilities/(assets)	(5,048)	90	119	(4,839)
Reinsurance expenses	2,290	-	-	2,290
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(18)	(871)	(889)
Changes that relate to past service	-	(12)	(8)	(20)
Changes that relate to future service	-	37	(23)	14
Investment components	(91)	-	91	-
Exchange differences	(28)	(6)	(3)	(37)
Cash flows:				
Premiums paid	(601)	-	-	(601)
Amounts received	-	-	822	822
Balance at 31 December 2023 - net reinsurance liabilities/(assets)	(3,478)	91	127	(3,260)
Representing:				
Reinsurance contract assets	(6,532)	53	95	(6,384)
Reinsurance contract liabilities	3,054	38	32	3,124
	(3,478)	91	127	(3,260)

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Loss component £'000	Incurred claims £'000	Total £'000
Reinsurance contract assets	(6,798)	57	89	(6,652)
Reinsurance contract liabilities	1,235	31	20	1,286
Balance at 1 January 2022 - net reinsurance liabilities/(assets)	(5,563)	88	109	(5,366)
Reinsurance expenses	1,210	-	-	1,210
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(15)	(908)	(923)
Changes that relate to past service	-	41	(14)	27
Changes that relate to future service	-	(22)	47	25
Investment components	(89)	-	89	-
Exchange differences	(47)	(2)	(5)	(54)
Cash flows:				
Premiums paid	(559)	-	-	(559)
Amounts received	-	-	801	801
Balance at 31 December 2022 - net reinsurance liabilities/(assets)	(5,048)	90	119	(4,839)
Representing:				
Reinsurance contract assets	(6,592)	57	91	(6,444)
Reinsurance contract liabilities	1,544	33	28	1,605
	(5,048)	90	119	(4,839)

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of remaining coverage and incurred claims - Non-life (PAA)
The reconciliation of remaining coverage and incurred claims is as follows:

Consolidated - 2023	Remaining coverage £'000	Incurred claims - present value of future cash flows £'000	Incurred claims - risk adjustment for non-financial risk £'000	Total £'000
Insurance contract assets	(367)	41	33	(293)
Insurance contract liabilities	18,118	26,957	1,638	46,713
Balance at 1 January 2023 - net insurance liabilities	17,751	26,998	1,671	46,420
Insurance revenue	(131,520)	-	-	(131,520)
Insurance service expenses:				
Incurred claims and other expenses	-	108,364	(78)	108,286
Amortisation of insurance acquisition cash flows	7,268	-	-	7,268
Insurance finance expenses	1,126	1,712	-	2,838
Exchange differences	(487)	(14)	(22)	(523)
Cash flows:				
Premiums received	129,656	-	-	129,656
Insurance acquisition cash flows	(9,103)	-	-	(9,103)
Claims and other expenses paid	-	(109,664)	-	(109,664)
Balance at 31 December 2023 - net insurance liabilities	14,691	27,396	1,571	43,658
Representing:				
Insurance contract assets	(426)	43	38	(345)
Insurance contract liabilities	15,117	27,353	1,533	44,003
	14,691	27,396	1,571	43,658

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Incurred claims - present value of future cash flows £'000	Incurred claims - risk adjustment for non-financial risk £'000	Total £'000
Insurance contract assets	(501)	38	27	(436)
Insurance contract liabilities	21,313	24,650	1,785	47,748
Balance at 1 January 2022 - net insurance liabilities	20,812	24,688	1,812	47,312
Insurance revenue	(123,382)	-	-	(123,382)
Insurance service expenses:				
Incurred claims and other expenses	-	103,647	(122)	103,525
Amortisation of insurance acquisition cash flows	7,164	-	-	7,164
Insurance finance expenses	1,245	1,476	-	2,721
Exchange differences	(514)	(12)	(19)	(545)
Cash flows:				
Premiums received	122,510	-	-	122,510
Insurance acquisition cash flows	(10,084)	-	-	(10,084)
Claims and other expenses paid	-	(102,801)	-	(102,801)
Balance at 31 December 2022 - net insurance liabilities	17,751	26,998	1,671	46,420
Representing:				
Insurance contract assets	(367)	41	33	(293)
Insurance contract liabilities	18,118	26,957	1,638	46,713
	17,751	26,998	1,671	46,420

Consolidated - 2023	Remaining coverage £'000	Incurred claims - present value of future cash flows £'000	Incurred claims - risk adjustment for non-financial risk £'000	Total £'000
Reinsurance contract assets	(1,305)	(324)	(57)	(1,686)
Reinsurance contract liabilities	386	13	22	421
Balance at 1 January 2023 - net reinsurance assets	(919)	(311)	(35)	(1,265)
Reinsurance expenses	7,479	-	-	7,479
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(12)	(3)	(15)
Exchange differences	(6)	(1)	(2)	(9)
Cash flows:				
Premiums paid	(7,150)	-	-	(7,150)
Amounts received	-	107	-	107
Balance at 31 December 2023 - net reinsurance assets	(596)	(217)	(40)	(853)
Representing:				
Reinsurance contract assets	(1,374)	(232)	(64)	(1,670)
Reinsurance contract liabilities	778	15	24	817
	(596)	(217)	(40)	(853)

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Remaining coverage £'000	Incurred claims - present value of future cash flows £'000	Incurred claims - risk adjustment for non-financial risk £'000	Total £'000
Reinsurance contract assets	(1,205)	(450)	(47)	(1,702)
Reinsurance contract liabilities	431	11	19	461
Balance at 1 January 2022 - net reinsurance assets	(774)	(439)	(28)	(1,241)
Reinsurance expenses	6,143	-	-	6,143
Amounts recoverable for insurance service expenses:				
Incurred claims and other expenses	-	(7)	(6)	(13)
Exchange differences	(8)	(3)	(1)	(12)
Cash flows:				
Premiums paid	(6,280)	-	-	(6,280)
Amounts received	-	138	-	138
Balance at 31 December 2022 - net reinsurance assets	(919)	(311)	(35)	(1,265)
Representing:				
Reinsurance contract assets	(1,305)	(324)	(57)	(1,686)
Reinsurance contract liabilities	386	13	22	421
	(919)	(311)	(35)	(1,265)

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance and reinsurance contracts - Life risk
The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(261)	(9)	(37)	(307)
Insurance contract liabilities	42,988	1,161	4,804	48,953
Balance at 1 January 2023 - net insurance liabilities	42,727	1,152	4,767	48,646
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(3,825)	(3,825)
Change in the risk adjustment for non-financial risk	-	(933)	-	(933)
Experience adjustments	615	-	-	615
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(834)	(21)	855	-
Changes in estimates that do not adjust the contractual service margin	(204)	(42)	-	(246)
Effects of contracts initially recognised	(5,834)	705	900	(4,229)
Insurance finance expenses	3,676	-	649	4,325
Exchange differences	(1,131)	(33)	(168)	(1,332)
Cash flows:				
Premiums received	28,654	-	-	28,654
Insurance acquisition cash flows	(1,947)	-	-	(1,947)
Claims and other expenses paid	(23,978)	-	-	(23,978)
Balance at 31 December 2023 - net insurance liabilities	41,744	828	3,178	45,750
Representing:				
Insurance contract assets	(308)	(11)	(43)	(362)
Insurance contract liabilities	42,052	839	3,221	46,112
	41,744	828	3,178	45,750

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(476)	(18)	(44)	(538)
Insurance contract liabilities	39,404	1,267	5,567	46,238
Balance at 1 January 2022 - net insurance liabilities	38,928	1,249	5,523	45,700
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(2,315)	(2,315)
Change in the risk adjustment for non-financial risk	-	(802)	-	(802)
Experience adjustments	(4,527)	-	-	(4,527)
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(435)	27	408	-
Changes in estimates that do not adjust the contractual service margin	(118)	(12)	-	(130)
Effects of contracts initially recognised	(1,541)	612	450	(479)
Insurance finance expenses	3,731	-	415	4,146
Exchange differences	2,468	78	286	2,832
Cash flows:				
Premiums received	28,926	-	-	28,926
Insurance acquisition cash flows	(1,854)	-	-	(1,854)
Claims and other expenses paid	(22,851)	-	-	(22,851)
Balance at 31 December 2022 - net insurance liabilities	42,727	1,152	4,767	48,646
Representing:				
Insurance contract assets	(261)	(9)	(37)	(307)
Insurance contract liabilities	42,988	1,161	4,804	48,953
	42,727	1,152	4,767	48,646

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(1,577)	(7)	(183)	(1,767)
Reinsurance contract liabilities	497	(12)	(45)	440
Balance at 1 January 2023 - net reinsurance assets	(1,080)	(19)	(228)	(1,327)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	52	52
Change in the risk adjustment for non-financial risk	-	(8)	-	(8)
Experience adjustments	692	-	-	692
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(8)	5	3	-
Changes in estimates that do not adjust the contractual service margin	31	6	-	37
Effects of contracts initially recognised	301	(10)	4	295
Reinsurance finance expenses	(901)	-	(104)	(1,005)
Exchange differences	(33)	(2)	(7)	(42)
Cash flows:				
Premiums paid	(339)	-	-	(339)
Amounts received	751	-	-	751
Balance at 31 December 2023 - net reinsurance assets	(586)	(28)	(280)	(894)
Representing:				
Reinsurance contract assets	(1,501)	(12)	(238)	(1,751)
Reinsurance contract liabilities	915	(16)	(42)	857
	(586)	(28)	(280)	(894)

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Notes to the financial statements
31 December 2023

Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(1,528)	(18)	(168)	(1,714)
Reinsurance contract liabilities	441	(7)	(41)	393
Balance at 1 January 2022 - net reinsurance assets	(1,087)	(25)	(209)	(1,321)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	41	41
Change in the risk adjustment for non-financial risk	-	3	-	3
Experience adjustments	395	-	-	395
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(5)	2	3	-
Changes in estimates that do not adjust the contractual service margin	28	5	-	33
Effects of contracts initially recognised	288	(3)	8	293
Reinsurance finance revenue	(651)	(1)	(68)	(720)
Exchange differences	(27)	-	(3)	(30)
Cash flows:				
Premiums paid	(727)	-	-	(727)
Amounts received	706	-	-	706
Balance at 31 December 2022 - net reinsurance assets	(1,080)	(19)	(228)	(1,327)
Representing:				
Reinsurance contract assets	(1,577)	(7)	(183)	(1,767)
Reinsurance contract liabilities	497	(12)	(45)	440
	(1,080)	(19)	(228)	(1,327)

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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance and reinsurance contracts - Life savings
The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(317)	(21)	(85)	(423)
Insurance contract liabilities	61,328	997	5,001	67,326
Balance at 1 January 2023 - net insurance liabilities	61,011	976	4,916	66,903
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(2,614)	(2,614)
Change in the risk adjustment for non-financial risk	-	317	-	317
Experience adjustments	308	-	-	308
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(1,518)	(12)	1,530	-
Changes in estimates that do not adjust the contractual service margin	(218)	(66)	-	(284)
Effects of contracts initially recognised	2,069	-	-	2,069
Insurance finance expenses	5,717	-	635	6,352
Exchange differences	(1,839)	(28)	(35)	(1,902)
Cash flows:				
Premiums received	4,614	-	-	4,614
Insurance acquisition cash flows	(5,228)	-	-	(5,228)
Claims and other expenses paid	(7,614)	-	-	(7,614)
Balance at 31 December 2023 - net insurance liabilities	57,302	1,187	4,432	62,921
Representing:				
Insurance contract assets	(362)	(35)	(101)	(498)
Insurance contract liabilities	57,664	1,222	4,533	63,419
	57,302	1,187	4,432	62,921

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(407)	(15)	(80)	(502)
Insurance contract liabilities	55,108	1,574	6,074	62,756
Balance at 1 January 2022 - net insurance liabilities	54,701	1,559	5,994	62,254
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(2,154)	(2,154)
Change in the risk adjustment for non-financial risk	-	(417)	-	(417)
Experience adjustments	122	-	-	122
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(471)	(23)	494	-
Changes in estimates that do not adjust the contractual service margin	(177)	(85)	-	(262)
Effects of contracts initially recognised	4,853	-	-	4,853
Insurance finance expenses	5,481	-	609	6,090
Exchange differences	(1,746)	(58)	(27)	(1,831)
Cash flows:				
Premiums received	8,106	-	-	8,106
Insurance acquisition cash flows	(1,874)	-	-	(1,874)
Claims and other expenses paid	(7,984)	-	-	(7,984)
Balance at 31 December 2022 - net insurance liabilities	61,011	976	4,916	66,903
Representing:				
Insurance contract assets	(317)	(21)	(85)	(423)
Insurance contract liabilities	61,328	997	5,001	67,326
	61,011	976	4,916	66,903

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(2,215)	(12)	(204)	(2,431)
Reinsurance contract liabilities	674	(21)	(48)	605
Balance at 1 January 2023 - net reinsurance assets	(1,541)	(33)	(252)	(1,826)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	18	18
Change in the risk adjustment for non-financial risk	-	(11)	-	(11)
Experience adjustments	402	-	-	402
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(15)	6	9	-
Changes in estimates that do not adjust the contractual service margin	37	6	-	43
Effects of contracts initially recognised	199	-	-	199
Reinsurance finance revenue	(386)	-	(45)	(431)
Exchange differences	(21)	(3)	(1)	(25)
Cash flows:				
Premiums paid	(141)	-	-	(141)
Amounts received	542	-	-	542
Balance at 31 December 2023 - net reinsurance assets	(924)	(35)	(271)	(1,230)
Representing:				
Reinsurance contract assets	(2,178)	(10)	(220)	(2,408)
Reinsurance contract liabilities	1,254	(25)	(51)	1,178
	(924)	(35)	(271)	(1,230)

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(2,022)	(27)	(203)	(2,252)
Reinsurance contract liabilities	503	(16)	(51)	436
Balance at 1 January 2022 - net reinsurance assets	(1,519)	(43)	(254)	(1,816)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	52	52
Change in the risk adjustment for non-financial risk	-	5	-	5
Experience adjustments	(599)	-	-	(599)
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(8)	3	5	-
Changes in estimates that do not adjust the contractual service margin	35	(7)	-	28
Effects of contracts initially recognised	308	12	6	326
Reinsurance finance revenue	(256)	-	(52)	(308)
Exchange differences	(18)	(3)	(9)	(30)
Cash flows:				
Premiums paid	(132)	-	-	(132)
Amounts received	648	-	-	648
Balance at 31 December 2022 - net reinsurance assets	(1,541)	(33)	(252)	(1,826)
Representing:				
Reinsurance contract assets	(2,215)	(12)	(204)	(2,431)
Reinsurance contract liabilities	674	(21)	(48)	605
	(1,541)	(33)	(252)	(1,826)

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance and reinsurance contracts - Participating
The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(1,028)	(41)	(52)	(1,121)
Insurance contract liabilities	163,692	862	13,936	178,490
Balance at 1 January 2023 - net insurance liabilities	162,664	821	13,884	177,369
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(2,167)	(2,167)
Change in the risk adjustment for non-financial risk	-	312	-	312
Experience adjustments	(10,676)	-	-	(10,676)
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(405)	(12)	417	-
Changes in estimates that do not adjust the contractual service margin	(76)	(8)	-	(84)
Effects of contracts initially recognised	(8,641)	-	-	(8,641)
Exchange differences	(805)	(32)	(26)	(863)
Cash flows:				
Premiums received	29,906	-	-	29,906
Insurance acquisition cash flows	(2,367)	-	-	(2,367)
Claims and other expenses paid	(15,977)	-	-	(15,977)
Balance at 31 December 2023 - net insurance liabilities	153,623	1,081	12,108	166,812
Representing:				
Insurance contract assets	(1,202)	(50)	(67)	(1,319)
Insurance contract liabilities	154,825	1,131	12,175	168,131
	153,623	1,081	12,108	166,812

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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Insurance contract assets	(1,038)	(12)	(41)	(1,091)
Insurance contract liabilities	163,257	1,502	16,087	180,846
Balance at 1 January 2022 - net insurance liabilities	162,219	1,490	16,046	179,755
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	(3,154)	(3,154)
Change in the risk adjustment for non-financial risk	-	(908)	-	(908)
Experience adjustments	(8,802)	-	-	(8,802)
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(502)	(43)	545	-
Changes in estimates that do not adjust the contractual service margin	(308)	(41)	-	(349)
Effects of contracts initially recognised	(6,314)	364	489	(5,461)
Exchange differences	(1,388)	(41)	(42)	(1,471)
Cash flows:				
Premiums received	34,931	-	-	34,931
Insurance acquisition cash flows	(2,531)	-	-	(2,531)
Claims and other expenses paid	(14,641)	-	-	(14,641)
Balance at 31 December 2022 - net insurance liabilities	162,664	821	13,884	177,369
Representing:				
Insurance contract assets	(1,028)	(41)	(52)	(1,121)
Insurance contract liabilities	163,692	862	13,936	178,490
	162,664	821	13,884	177,369

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2023	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(6,146)	(52)	(246)	(6,444)
Reinsurance contract liabilities	1,722	(25)	(92)	1,605
Balance at 1 January 2023 - net reinsurance assets	(4,424)	(77)	(338)	(4,839)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	44	44
Change in the risk adjustment for non-financial risk	-	(12)	-	(12)
Experience adjustments	672	-	-	672
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(21)	5	16	-
Changes in estimates that do not adjust the contractual service margin	52	16	-	68
Effects of contracts initially recognised	602	17	4	623
Exchange differences	(22)	(5)	(10)	(37)
Cash flows:				
Premiums paid	(601)	-	-	(601)
Amounts received	822	-	-	822
Balance at 31 December 2023 - net reinsurance assets	(2,920)	(56)	(284)	(3,260)
Representing:				
Reinsurance contract assets	(6,144)	(28)	(212)	(6,384)
Reinsurance contract liabilities	3,224	(28)	(72)	3,124
	(2,920)	(56)	(284)	(3,260)

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Present value of future cash flows £'000	Risk adjustment for non-financial risk £'000	Contractual service margin £'000	Total £'000
Reinsurance contract assets	(6,275)	(75)	(302)	(6,652)
Reinsurance contract liabilities	1,381	(14)	(81)	1,286
Balance at 1 January 2022 - net reinsurance assets	(4,894)	(89)	(383)	(5,366)
Changes that relate to current service:				
Contractual service margin recognised in profit or loss for services provided	-	-	32	32
Change in the risk adjustment for non-financial risk	-	(18)	-	(18)
Experience adjustments	(262)	-	-	(262)
Changes that relate to future service:				
Changes in estimates that adjust the contractual service margin	(16)	5	11	-
Changes in estimates that do not adjust the contractual service margin	41	12	-	53
Effects of contracts initially recognised	507	21	6	534
Exchange differences	(42)	(8)	(4)	(54)
Cash flows:				
Premiums paid	(559)	-	-	(559)
Amounts received	801	-	-	801
Balance at 31 December 2022 - net reinsurance assets	(4,424)	(77)	(338)	(4,839)
Representing:				
Reinsurance contract assets	(6,146)	(52)	(246)	(6,444)
Reinsurance contract liabilities	1,722	(25)	(92)	1,605
	(4,424)	(77)	(338)	(4,839)

Assets for insurance acquisition cash flows
The reconciliation of assets for insurance acquisition cash flows is as follows:

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Included in insurance contract assets	135	48	153	4,049	4,385
Included in insurance contract liabilities	5	-	-	-	5
Balance at 1 January 2023	140	48	153	4,049	4,390
Amounts incurred during the year	608	627	1,795	3,468	6,498
Amounts derecognised and included in the measurement of insurance contracts	(597)	(608)	(1,755)	(3,267)	(6,227)
Impairment losses and reversals	(8)	-	-	(11)	(19)
Exchange differences	2	1	5	37	45
Balance at 31 December 2023	145	68	198	4,276	4,687
Representing:					
Included in insurance contract assets	138	68	198	4,276	4,680
Included in insurance contract liabilities	7	-	-	-	7
	145	68	198	4,276	4,687

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
Included in insurance contract assets	141	45	157	3,902	4,245
Included in insurance contract liabilities	5	-	-	-	5
Balance at 1 January 2022	146	45	157	3,902	4,250
Amounts incurred during the year	547	582	1,341	2,974	5,444
Amounts derecognised and included in the measurement of insurance contracts	(551)	(581)	(1,354)	(2,839)	(5,325)
Impairment losses and reversals	(5)	-	-	(16)	(21)
Exchange differences	3	2	9	28	42
Balance at 31 December 2022	140	48	153	4,049	4,390
Representing:					
Included in insurance contract assets	135	48	153	4,049	4,385
Included in insurance contract liabilities	5	-	-	-	5
	140	48	153	4,049	4,390

The consolidated entity expects to derecognise the assets for insurance acquisition cash flows as follows:

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
1 year or less	75	68	198	4,276	4,617
Between 1 and 2 years	27	-	-	-	27
Between 2 and 3 years	21	-	-	-	21
Between 3 and 4 years	13	-	-	-	13
Between 4 and 5 years	5	-	-	-	5
Between 5 and 6 years	1	-	-	-	1
Between 6 and 10 years	2	-	-	-	2
Over 10 years	1	-	-	-	1
	145	68	198	4,276	4,687

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
1 year or less	74	48	153	4,049	4,324
Between 1 and 2 years	25	-	-	-	25
Between 2 and 3 years	19	-	-	-	19
Between 3 and 4 years	12	-	-	-	12
Between 4 and 5 years	6	-	-	-	6
Between 5 and 6 years	1	-	-	-	1
Between 6 and 10 years	2	-	-	-	2
Over 10 years	1	-	-	-	1
	140	48	153	4,049	4,390

Pinnacle IFRS Insurance UK PLC
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Note 34. Insurance and reinsurance contracts (continued)

Effect of contracts initially recognised during the year
The effect of contracts initially recognised during the year are as follows:

Consolidated - 2023	Profitable contracts issued £'000	Onerous contracts issued £'000	Profitable contracts acquired £'000	Onerous contracts acquired £'000	Total £'000
Claims and other insurance service expenses	29,361	908	754	129	31,152
Insurance acquisition cash flows	2,088	58	57	10	2,213
Estimates of the present value of future cash outflows	31,449	966	811	139	33,365
Estimates of the present value of future cash inflows	(33,130)	(877)	(850)	(105)	(34,962)
Risk adjustment for non-financial risk	698	49	18	12	777
Contractual service margin	983	-	21	-	1,004
Losses recognised on initial recognition	-	138	-	46	184

Consolidated - 2022	Profitable contracts issued £'000	Onerous contracts issued £'000	Profitable contracts acquired £'000	Onerous contracts acquired £'000	Total £'000
Claims and other insurance service expenses	28,243	885	308	112	29,548
Insurance acquisition cash flows	1,960	48	21	11	2,040
Estimates of the present value of future cash outflows	30,203	933	329	123	31,588
Estimates of the present value of future cash inflows	(31,838)	(895)	(347)	(87)	(33,167)
Risk adjustment for non-financial risk	678	53	8	14	753
Contractual service margin	957	-	10	-	967
Losses recognised on initial recognition	-	91	-	50	141

Contractual service margin
The consolidated entity expects to recognise the remaining contractual service margin in profit or loss for contracts not measured under the premium allocation approach (PAA) as follows:

Consolidated - 2023	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
1 year or less	256	368	1,030	-	1,654
Between 1 and 2 years	228	350	965	-	1,543
Between 2 and 3 years	202	332	906	-	1,440
Between 3 and 4 years	179	322	854	-	1,355
Between 4 and 5 years	156	307	804	-	1,267
Between 5 and 6 years	137	293	757	-	1,187
Between 6 and 10 years	374	1,119	3,396	-	4,889
Over 10 years	1,646	1,341	3,396	-	6,383
Contractual service margin	3,178	4,432	12,108	-	19,718

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 34. Insurance and reinsurance contracts (continued)

Consolidated - 2022	Life risk £'000	Life savings £'000	Participating £'000	Non-life £'000	Total £'000
1 year or less	373	405	1,181	-	1,959
Between 1 and 2 years	328	383	1,100	-	1,811
Between 2 and 3 years	281	363	1,035	-	1,679
Between 3 and 4 years	252	351	969	-	1,572
Between 4 and 5 years	219	334	912	-	1,465
Between 5 and 6 years	191	317	858	-	1,366
Between 6 and 10 years	578	1,263	3,862	-	5,703
Over 10 years	2,545	1,500	3,967	-	8,012
Contractual service margin	4,767	4,916	13,884	-	23,567

Note 35. Financial instruments

Insurance and financial risk management objectives
The consolidated entity's activities expose it to a variety of insurance risks (including underwriting risk, policyholder persistency risk and expense risk) and financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on ensuring compliance with the company constitution. It also seeks to maximise the financial returns and minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Insurance risk

Underwriting risk
The consolidated entity manages its underwriting risk based on the underwriting policy as approved by the Board. The consolidated entity monitors the adequate application of the policy and reviews the trends in pricing, loss ratios and underwriting risks.

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random. However, it can be predicted with a certain disclosed level of reliability. The principal risk that the consolidated entity faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities. Factors that increase insurance risk include lack of risk diversification in terms of type and limiting the amount of risk covered. These risks can be mitigated by underwriting strategy and reinsurance arrangements.

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Notes to the financial statements
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Note 35. Financial instruments (continued)

The consolidated entity actively manages its product mix to ensure that there are no significant concentration risks. The carrying amount of the consolidated entity's insurance contract liabilities (net of reinsurance) by country of issue at the reporting date were as follows:

	Consolidated	
	2023 £'000	2022 £'000
United Kingdom	101,063	107,289
Ireland	45,055	46,760
Europe	12,292	13,075
North America	41,983	45,545
Asia Pacific	16,313	17,733
Rest of the World	92,746	98,752
	309,452	329,154

The carrying amount of the consolidated entity's non-life insurance contract liabilities (net of reinsurance) by product type at the reporting date were as follows:

	Consolidated	
	2023 £'000	2022 £'000
Motor	9,847	10,349
Property	15,835	16,904
Public liability	7,831	8,360
Employers liability	4,139	4,418
Specialty	2,711	2,894
Other	1,970	2,102
	42,333	45,027

The following tables detail how the profit before tax and equity would have been affected by changes in the assumptions of the underwriting risk variables.

	Risk increased			Risk decreased		
Consolidated - 2023	**% change**	**Effect on profit before tax £'000**	**Effect on equity £'000**	**% change**	**Effect on profit before tax £'000**	**Effect on equity £'000**
Life						
Mortality rate	1%	(346)	(242)	(1%)	381	267
Morbidity rate	1%	(519)	(363)	(1%)	482	337
Lapse rates	5%	(1,728)	(1,210)	(5%)	1,804	1,263
Expenses	5%	(1,424)	(997)	(5%)	1,517	1,062
Non-life						
Inflation rate	1%	(1,042)	(729)	(1%)	784	549
Claims	5%	(3,967)	(2,777)	(5%)	3,416	2,391
Expenses	5%	(1,728)	(1,210)	(5%)	1,460	1,022

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Notes to the financial statements
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Note 35. Financial instruments (continued)

Consolidated - 2022	% change	Risk increased Effect on profit before tax £'000	Effect on equity £'000	% change	Risk decreased Effect on profit before tax £'000	Effect on equity £'000
Life						
Mortality rate	1%	(326)	(228)	(1%)	359	251
Morbidity rate	1%	(489)	(342)	(1%)	454	318
Lapse rates	5%	(1,627)	(1,139)	(5%)	1,698	1,189
Expenses	5%	(1,341)	(939)	(5%)	1,428	1,000
Non-life						
Inflation rate	1%	(979)	(685)	(1%)	737	516
Claims	5%	(3,727)	(2,609)	(5%)	3,209	2,246
Expenses	5%	(1,623)	(1,136)	(5%)	1,372	960

Policyholder persistency risk
Policyholder persistency risk includes the risk that a policyholder will cancel or lapse a policy, increase or reduce premiums, withdraw deposits or finalise a contract earlier or later than expected. This is largely determined by the behaviour of the policyholder. When policyholders make seemingly rational decisions, the overall underwriting risk is mitigated by such behaviour.

Expense risk
Expense risk is the risk of loss arising from the expense experience being different than expected. It includes unexpected increases (including inflationary) in policy maintenance, claim handling and other costs relating to fulfilment of insurance policies. The risk is managed through budgeting and periodic cost evaluations.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 35. Financial instruments (continued)

Claims development
The reconciliation of claims development as at 31 December 2023 is as follows:

					Accident year						
	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	Total £'000
Estimates of undiscounted gross cumulative claims:											
At end of accident year	26,914	27,461	27,822	29,310	29,898	30,518	28,967	29,348	29,031	30,751	
1 year later	26,629	27,062	27,586	28,601	29,208	28,511	28,683	28,271	28,187		
2 years later	26,303	26,842	27,092	28,279	28,860	28,136	28,085	27,797			
3 years later	25,961	26,259	26,934	27,964	28,388	27,737	27,714				
4 years later	25,573	25,992	26,695	27,574	27,972	27,586					
5 years later	25,556	25,901	25,643	27,226	27,605						
6 years later	25,242	27,429	25,961	27,043							
7 years later	24,974	25,547	25,830								
8 years later	24,656	25,391									
9 years later	24,512										
Cumulative gross claims paid	(24,343)	(25,011)	(24,935)	(25,565)	(26,112)	(26,361)	(25,338)	(25,051)	(22,767)	(19,280)	
Gross undiscounted liability for incurred claims	169	380	895	1,478	1,493	1,225	2,376	2,746	5,420	11,471	27,653
Gross undiscounted liability for incurred claims in prior years											2,657
Effect of discounting											(4,495)
Liability for incurred claims											25,815

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future investment transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

Pinnacle IFRS Insurance UK PLC
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Note 35. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Pound sterling		Average exchange rates	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**		
Buy US dollars				
Maturity:				
0 - 3 months	121	89	1.2724	1.4751
3 - 6 months	34	23	1.2963	1.4558
Buy Euros				
Maturity:				
0 - 3 months	274	207	1.1407	1.3858
3 - 6 months	86	49	1.1521	1.3644
Buy Chinese yuan				
Maturity:				
0 - 3 months	182	163	8.5273	9.8685
3 - 6 months	107	71	8.7448	9.8489

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2023	**2022**	**2023**	**2022**
Consolidated	**£'000**	**£'000**	**£'000**	**£'000**
US dollars	35	18	64	69
Euros	7	21	82	74
Chinese yuan	45	32	61	52
	87	71	207	195

The consolidated entity had net liabilities denominated in foreign currencies of £120,000 (assets of £87,000 less liabilities of £207,000) as at 31 December 2023 (2022: £124,000 (assets of £71,000 less liabilities of £195,000)). Based on this exposure, had the Pound sterling weakened by 10%/strengthened by 5% (2022: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been £12,000 lower/£6,000 higher (2022: £6,000 lower/£6,000 higher) and equity would have been £8,000 lower/£4,000 higher (2022: £4,000 lower/£4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2023 was £13,000 (2022: loss of £6,000).

Price risk
The consolidated entity's exposure to equity price risk arises from investments in equity securities to the extent that the consolidated entity is exposed to changes in market prices. The consolidated entity holds equity securities for participating contracts and the underlying assets are held in accordance with the contractual arrangement with policyholders, and the consolidated entity has limited risk management capacity for these underlying assets. However, the financial risk from such equities is primarily passed to policyholders. There are no significant concentrations of equity price risk and the consolidated entity is not exposed to any other significant price risk.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
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Note 35. Financial instruments (continued)

The fair values of the consolidated entity's underlying financial assets for participating contracts at the reporting date were as follows:

	Consolidated 2023 £'000	2022 £'000
Cash and cash equivalents	14,942	4,051
Financial assets at fair value through profit or loss	75,869	81,410
Financial assets at fair value through other comprehensive income	17,373	14,513
Investments accounted for using the equity method	34,192	30,981
Investment properties	46,900	47,500
	189,276	178,455

Interest rate risk
The consolidated entity's main interest rate risk arises from investments in debt securities, which is not a significant exposure as it is minimal compared to total assets.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity actively manages its product mix to ensure that there is no significant concentration of credit risk.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties limits that are set each year by the Board and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

The consolidated entity's maximum exposure to credit risk as at 31 December 2023 for insurance contracts issued was £2,867,000 (2022: £2,691,000) and reinsurance contracts held was £12,213,000 (2022: £12,328,000).

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Pinnacle IFRS Insurance UK PLC
Notes to the financial statements
31 December 2023

Note 35. Financial instruments (continued)

Insurance and reinsurance contracts
The following tables detail the consolidated entity's remaining contractual undiscounted net cash flows for its insurance and reinsurance liabilities. The tables have been drawn up based on the undiscounted cash flows of liabilities based on the earliest date on which the liabilities are required to be paid and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 4 years £'000	Between 4 and 5 years £'000	Over 5 years £'000	Total £'000
Insurance contract liabilities	23,596	22,463	21,397	20,230	19,166	147,689	254,541
Reinsurance contract liabilities	535	508	483	459	435	2,933	5,353
Remaining contractual undiscounted net cash flows	24,131	22,971	21,880	20,689	19,601	150,622	259,894

Consolidated - 2022	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 4 years £'000	Between 4 and 5 years £'000	Over 5 years £'000	Total £'000
Insurance contract liabilities	24,858	23,634	22,407	21,233	20,097	155,779	268,008
Reinsurance contract liabilities	292	271	247	231	210	1,642	2,893
Remaining contractual undiscounted net cash flows	25,150	23,905	22,654	21,464	20,307	157,421	270,901

The amounts of insurance contract liabilities that are payable on demand are set out below:

	2023		2022	
	Amount payable on demand £'000	**Carrying amount £'000**	**Amount payable on demand £'000**	**Carrying amount £'000**
Life savings	55,687	63,419	59,340	67,326
Participating	151,637	168,131	161,688	178,490
	207,324	231,550	221,028	245,816

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2023 £'000	**2022 £'000**
Bank overdraft	5,000	3,727
Bank loans	40,000	40,000
	45,000	43,727

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2022: 4 years).

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Note 35. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Remaining contractual maturities £'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	18,070	-	-	-	18,070
Other payables	-	1,934	-	-	-	1,934
Interest-bearing - fixed rate						
Lease liability	5.03%	664	640	1,774	1,644	4,722
Total non-derivatives		20,668	640	1,774	1,644	24,726
Derivatives						
Forward foreign exchange contracts net settled	-	122	-	-	-	122
Total derivatives		122	-	-	-	122

Consolidated - 2022	Weighted average interest rate %	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Remaining contractual maturities £'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	15,711	-	-	-	15,711
Other payables	-	1,595	-	-	-	1,595
Interest-bearing - variable						
Bank overdraft	12.80%	1,355	-	-	-	1,355
Interest-bearing - fixed rate						
Lease liability	5.03%	684	660	1,836	2,227	5,407
Total non-derivatives		19,345	660	1,836	2,227	24,068
Derivatives						
Forward foreign exchange contracts net settled	-	107	-	-	-	107
Total derivatives		107	-	-	-	107

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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Note 35. Financial instruments (continued)

Hedge accounting
The effects of hedge accounting on the statement of financial position at the reporting date were as follows:

Consolidated	Nominal amount £'000	Carrying amount £'000	Change in fair value £'000	Hedging reserve £'000	Cost of reserve £'000
Forward foreign exchange contracts for purchases at 31 December 2022	602	107	(9)	(85)	(24)
Forward foreign exchange contracts for purchases at 31 December 2023	804	122	4	(97)	(23)

Movements in hedging reserves by risk category during the current and previous financial year are set out below:

Consolidated	Spot component £'000	Value of options £'000	Cost of reserve £'000	Total £'000
Balance at 1 January 2022	(87)	53	(21)	(55)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	20	(12)	-	8
Balance at 31 December 2022	(166)	105	(24)	(85)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	5	(2)	-	3
Balance at 31 December 2023	(189)	115	(23)	(97)

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Note 36. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Ordinary shares - Domestic	126,566	36,184	1,200	163,950
Ordinary shares - International	80,149	-	-	80,149
Bills of exchange	7,037	7,697	-	14,734
Debentures	6,817	9,676	-	16,493
Government bonds	76,528	87,963	-	164,491
Investment properties	-	-	46,900	46,900
Total assets	297,097	141,520	48,100	486,717
Liabilities				
Forward foreign exchange contracts	-	122	-	122
Total liabilities	-	122	-	122

Consolidated - 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Ordinary shares - Domestic	104,147	30,747	1,000	135,894
Ordinary shares - International	95,409	-	-	95,409
Bills of exchange	12,699	6,803	-	19,502
Debentures	8,844	7,710	-	16,554
Government bonds	95,469	90,707	-	186,176
Investment properties	-	-	47,500	47,500
Total assets	316,568	135,967	48,500	501,035
Liabilities				
Forward foreign exchange contracts	-	107	-	107
Total liabilities	-	107	-	107

There were no transfers between levels during the financial year.

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Royal Institution of Chartered Surveyors having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

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Note 36. Fair value measurement (continued)

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Ordinary shares at fair value through OCI £'000	Investment properties £'000	Total £'000
Balance at 1 January 2022	850	46,000	46,850
Gains recognised in profit or loss	-	1,500	1,500
Gains recognised in other comprehensive income	150	-	150
Balance at 31 December 2022	1,000	47,500	48,500
Losses recognised in profit or loss	-	(600)	(600)
Gains recognised in other comprehensive income	50	-	50
Additions	400	-	400
Disposals	(250)	-	(250)
Balance at 31 December 2023	1,200	46,900	48,100

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through other comprehensive income	Growth rate	2.5% to 3.5% (3.0%)	0.25% change would increase/decrease fair value by £3,000
	Discount rate	8.0% to 11.0% (9.5%)	1.00% change would increase/decrease fair value by £12,000
Investment properties	Rental yield	7.5% to 9.0% (8.5%)	0.75% change would increase/decrease fair value by £352,000
	Rental growth	1.25% to 2.0% (1.75%)	0.25% change would increase/decrease fair value by £117,000
	Long-term vacancy rate	5.0% to 9.0% (7.5%)	0.75% change would increase/decrease fair value by £276,000
	Discount rate	4.0% to 6.0% (5.25%)	0.5% change would increase/decrease fair value by £57,000

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Note 37. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Short-term employee benefits	1,618	1,498
Post-employment benefits	107	101
Long-term benefits	10	25
Share-based payments	253	1
	1,988	1,625

Note 38. Auditor remuneration

During the financial year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company, and its associates:

	Consolidated	
	2023 **£'000**	**2022** **£'000**
Audit services		
Audit or review of the financial statements	243	230
Other services		
Preparation of the tax return	13	12
	256	242

Note 39. Contingent assets

Pinnacle Life Limited, a subsidiary, will be paid a success premium of up to £3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to an insurance application are sold to a Swiss based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

Note 40. Contingent liabilities

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any compensation will be covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.

The consolidated entity has given bank guarantees as at 31 December 2023 of £3,105,000 (2022: £2,844,000) to various landlords.

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Note 41. Commitments

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Investment properties	170	170
Property, plant and equipment	1,165	1,145
Intangible assets	160	-

Note 42. Related party transactions

Parent entity
Pinnacle IFRS Insurance UK PLC is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 43.

Associates
Interests in associates are set out in note 44.

Key management personnel
Disclosures relating to key management personnel are set out in note 37.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Payment for goods and services:		
Payment for services from associate	3,397	3,235
Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)	81	68

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Payables:		
Trade payables to associate	361	346
Trade payables to BE Promotions Limited (director-related entity of Brad Example)	7	6

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

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Note 43. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the company in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Holding	Proportion held %
Pinnacle Insurance Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Reinsurance Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Insurance Online Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Insurance Global Limited	Ireland	Ordinary shares	100.00%
Pinnacle Life Limited	United Kingdom	Ordinary shares	90.00%

Summarised financial information
Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Pinnacle Life Limited 2023 £'000	2022 £'000
Summarised statement of financial position		
Current assets	48,800	50,443
Non-current assets	144,635	145,638
Total assets	193,435	196,081
Current liabilities	25,735	22,452
Non-current liabilities	112,875	121,493
Total liabilities	138,610	143,945
Net assets	54,825	52,136
Summarised statement of profit or loss and other comprehensive income		
Revenue	40,687	39,167
Expenses	(30,664)	(31,163)
Profit before income tax expense	10,023	8,004
Income tax expense	(2,005)	(1,601)
Profit after income tax expense	8,018	6,403
Other comprehensive income	374	318
Total comprehensive income	8,392	6,721
Statement of cash flows		
Net cash from operating activities	9,451	7,284
Net cash used in investing activities	(7,962)	(7,212)
Net cash used in financing activities	(2,500)	(500)
Net decrease in cash and cash equivalents	(1,011)	(428)
Other financial information		
Profit attributable to non-controlling interests	142	229
Accumulated non-controlling interests at the end of reporting period	16,908	16,766

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Note 43. Interests in subsidiaries (continued)

Significant restrictions
Pinnacle Life Limited cannot offer non-life insurance contracts without the prior consent of the non-controlling interests.

Note 44. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	**Principal place of business / Country of incorporation**	**Ownership interest 2023 %**	**Ownership interest 2022 %**
Compdesign Partnership	Computer software design	35.00%	35.00%

Summarised financial information

	Compdesign Partnership 2023 £'000	**Compdesign Partnership 2022 £'000**
Summarised statement of financial position		
Current assets	28,994	26,806
Non-current assets	205,203	198,240
Total assets	234,197	225,046
Current liabilities	19,440	16,486
Non-current liabilities	117,066	120,043
Total liabilities	136,506	136,529
Net assets	97,691	88,517
Summarised statement of profit or loss and other comprehensive income		
Revenue	109,706	97,951
Expenses	(96,601)	(87,089)
Profit before income tax	13,105	10,862
Income tax expense	(3,931)	(3,259)
Profit after income tax	9,174	7,603
Other comprehensive income	-	-
Total comprehensive income	9,174	7,603
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	30,981	28,320
Share of profit after income tax	3,211	2,661
Closing carrying amount	34,192	30,981

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Note 44. Interests in associates (continued)

Contingent liabilities

	Consolidated	
	2023 £'000	2022 £'000
Share of bank guarantees	276	266

Commitments

	Consolidated	
	2023 £'000	2022 £'000
Committed at the reporting date but not recognised as liabilities, payable:		
Share of capital commitments	175	74

Significant restrictions
Compdesign Partnership must reduce its bank loans to under £50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.

Note 45. Events after the reporting period

Apart from the dividend declared as disclosed in note 33, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 46. Non-cash investing and financing activities

	Consolidated	
	2023 £'000	2022 £'000
Additions to the right-of-use assets	520	623
Leasehold improvements - lease make good	550	-
Shares issued under employee share plan	250	-
	1,320	623

Note 47. Changes in liabilities arising from financing activities

Consolidated	Lease liability £'000
Balance at 1 January 2022	4,753
Net cash used in financing activities	(1,074)
Acquisition of leases	623
Balance at 31 December 2022	4,302
Net cash used in financing activities	(928)
Acquisition of leases	520
Balance at 31 December 2023	3,894

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Note 48. Earnings per share

	Consolidated	
	2023	**2022**
	£'000	**£'000**
Profit after income tax	28,154	24,489
Non-controlling interest	(142)	(229)
Profit after income tax attributable to the owners of Pinnacle IFRS Insurance UK PLC	28,012	24,260

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	146,882,904	140,950,685
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	565	385
Weighted average number of ordinary shares used in calculating diluted earnings per share	146,883,469	140,951,070

	Pence	**Pence**
Basic earnings per share	19.07	17.21
Diluted earnings per share	19.07	17.21

Note 49. Share-based payments

On [date], 100,000 shares were issued to key management personnel at an issue price of £2.50 per share and a total transactional value of £250,000 as identified in key management personnel disclosures (note 44) and the remuneration report in the directors' report.

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2021	31/03/2023	£2.50	10,000	-	(10,000)	-	-
01/04/2023	31/03/2027	£3.00	-	17,500	-	-	17,500
			10,000	17,500	(10,000)	-	17,500
Weighted average exercise price			£2.50	£3.00	£2.50	£0.00	£3.00

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2021	31/03/2023	£2.50	10,000	-	-	-	10,000
			10,000	-	-	-	10,000
Weighted average exercise price			£2.50	£0.00	£0.00	£0.00	£2.50

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Note 49. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
01/04/2021	31/03/2023	-	10,000
		-	10,000

The weighted average share price during the financial year was £2.66 (2022: £2.34).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years (2022: 0.25 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/04/2023	31/03/2027	£2.61	£3.00	18.00%	4.75%	5.93%	£0.489

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