

Bimeh Iran Insurance Company (UK) Limited

Annual report and financial statements

31 December 2023



Bimeh Iran Insurance Company (UK) Limited

Registered No: 1223433

Directors

A Geranmayeh (Managing Director)
K B Hughes

Company Secretary

S Smith

Registered Office

4/5 Fenchurch Buildings
London EC3M 5HN

Auditors

Zenith Audit Ltd
1st Floor, 18 Devonshire Row
London EC3M 4RH

Bimeh Iran Insurance Company (UK) Limited

Strategic report

The directors present their strategic report together with the financial statements for the year ended 31 December 2023.

Principal activities

The Company is a reinsurance company, operating from its own premises situated at 4/5 Fenchurch Buildings in the insurance sector of the City of London. The Company ceased underwriting on 19 November 2002 and is now in solvent run-off.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to;

the likely consequences of any decision in the long term;

- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Our Stakeholders

The directors understand that the operation of the Company is dependent on effective engagement with its key stakeholders. They recognise the role that each stakeholder group plays and their responsibilities towards them. The following identifies the Company's key stakeholders and sets out how the Board engages with them:

The Shareholders

Bimeh Iran Insurance Company (Tehran) and Bank Mellat (Tehran) are the shareholders in the Company and engagement is essential. This is important as it increases transparency and accountability to our shareholders. As at the end of the period we engage by submitting the annual reports and returns. Due to the shareholders being Iranian companies, there is an impact on the Company's ability to liaise with any organisations that operate in and/or trade with the USA.

Government and Regulators, including the UK Prudential Regulatory Authority (PRA) & Financial Conduct Authority (FCA)

The Company must remain compliant with the PRA solvency regulations in order to maintain its regulatory approval to continue to operate.

The company is subject to capital requirements imposed by the Prudential Regulation Authority (PRA). Throughout the year the company has complied with both the PRA's risk-based ICA methodology and Solvency I which is used to calculate the company's capital requirement. The Board of Directors have meetings and correspondence with Regulatory Authorities and submit Audited PRA Returns annually. As at 31 December 2023, the Company has an excess capital of £20.7m (2022: £20.8m).

Our People

The Board does not generally use any of the engagement methods suggested by the UK Corporate Governance Code, however the directors are satisfied with the engagement level of employees considering the size and nature of the workforce.

Our Customers (Brokers & Cedants)

The Company is seeking to establish contact with relevant brokers and cedants but is currently not able to do so due to the imposed Iranian sanctions.

Bimeh Iran Insurance Company (UK) Limited

Principal decisions

We define principal decisions as both those that are material to the Company, but also those that are significant to any of our key stakeholder groups. Further details as to how we established and defined our key stakeholder groups have been set out above.

No principal decisions were made during the year, that are considered to have potential long term consequences nor any impact on the reputation and standing of the Company.

Business Review

During the year the Company made a loss after tax of £222,890 (2022: Loss £359,044).

During the year the Company has assessed its outstanding loss reserve by reviewing the list of outstanding claims and seeking to establish contact with relevant brokers and cedants. This has resulted in continuing difficulties in establishing contact with relevant parties.

No provision has been made for run-off costs as future investment return is expected to cover the run-off costs.

Key Performance Indicators

The Company monitors its performance by reviewing the level of outstanding claims, rate of investment returns and the level of net operating expenses against prior years.

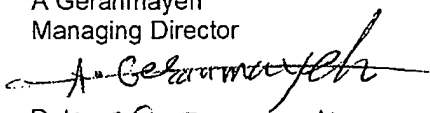
Management of Principal Risks

The Company manages its exposure to principal risks including credit risk, foreign currency risk investment returns and the level of net operating expenses against prior years specifically by:

- Appointing a specialist run-off manager, who performs day-to-day monitoring of its insurance liabilities;
- Regularly reviewing investments to ensure credit worthiness of counterparties and adequacy of interest earned; and
- Reviewing cash flow requirements to ensure its liquidity needs are met, and foreign currency risk is considered.

For and on behalf of the Board

A Geranmayeh
Managing Director



Date: 28/3/2024

Bimeh Iran Insurance Company (U.K.) Limited

Directors' report

The directors present their report together with the financial statements for the year ended 31 December 2023.

Details of directors

The current directors of the Company are listed on page one.

Political and Charitable Contributions

The Company did not make any political or charitable donations during the year ended 31 December 2023 (2021: nil).

Going concern

The Company has significant liquid financial resources in excess of its liabilities. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully and therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The COVID-19 Pandemic has had no significant subsequent impact on the business.

Disclosure of information to the auditor

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 their report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Zenith Audit Ltd is deemed to be reappointed under section 487(2) of the Companies Act 2006.

For and on behalf of the Board

A Geranmayeh

Managing Director

Date:

28/3/2024

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland, FRS 103 Insurance Contracts and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- . prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bimeh Iran Insurance Company (U.K.) Limited

Report of the Independent Auditor to the Members of Bimeh Iran Insurance Company (U.K.) Limited

Opinion

We have audited the financial statements of Bimeh Iran Insurance Company (U.K.) Limited (the 'Company') for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Our approach to the audit

Overview of the scope of the audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. Because the Company has very limited business activities and has not underwritten insurance policies for a very long period, there were no key audit matters that require explanation in the audit report.

**Report of the Independent Auditor to the Members of
Bimeh Iran Insurance Company (U.K.) Limited**

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

<i>Terminology</i>	<i>Definition</i>	<i>Application</i>
Overall materiality	The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.	Materiality was initially set at £1,180,000 by reference to the net equity (of which it represented 5%). The rationale for choosing net assets was based on our professional judgment that the Company no longer has the permission to write new business and is in solvent run-off. We determined net assets to be the key metric within the financial statements relevant to the members and stakeholders in evaluating the Company's financial position and performance. During the course of our audit, we reassessed initial materiality. The reassessment did not change our final materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.	We set performance materiality at £590,000, which represented 50% of overall materiality for a new audit client.
Reporting threshold	An amount below which identified misstatements are considered as being clearly trivial.	We set the reporting threshold to reporting to directors at £59,000, which is 5% of overall materiality. We evaluated any uncorrected misstatements against both quantitative measures of materiality discussed above and in the light of other relevant qualitative consideration in forming our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Report of the Independent Auditor to the Members of
Blmeh Iran Insurance Company (U.K.) Limited**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which the audit was considered capable of detecting irregularities, including fraud is detailed below:

We performed risk assessment procedures and obtained an understanding of the Company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the Company's system of internal control and the fraud risk factors relevant to the Company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the Company's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

**Report of the Independent Auditor to the Members of
Transatlantic Life Assurance Company Limited**

We considered compliance with UK Companies Act 2006, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA)'s regulations and the applicable tax legislation as the key laws and regulations which non-compliance could directly lead to material misstatement due to fraud at the financial statement level. We evaluated whether the selection and application of accounting policies by the Company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of final postings made in the preparation of the financial statements;
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of accounting entries;
- Selecting and testing accounting records made at the end and throughout the period;
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud; and
- Reading key correspondence with regulatory authorities such as the PRA and FCA.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, or override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Other matters which we are required to address

We reappointed by the Members in January 2024 to audit the financial statements for the period ended 31 December 2023. Our total uninterrupted period of engagement is 1 year, covering the period ended 31 December 2023.

Non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Filip Lyapov (Senior Statutory Auditor)
For and on behalf of Zenith Audit Ltd, Statutory Auditors,
1st Floor, 18 Devonshire Row, London, EC2M 4RH

Date: 28 March 2024

Bimeh Iran Insurance Company (UK) Limited

Income statement for the year ended 31 December 2023

	Notes	2023 £	2022 £
Technical account			
Gross premiums written	13	-	-
Written premiums, net of reinsurance		-	-
Allocated investment return transferred from the non-technical account		19,000	5,000
Total technical income		19,000	5,000
Claims paid - Gross amount	2	-	-
- Reinsurance share	2	-	-
- Net of reinsurance	2	-	-
Change in the provision for claims - Gross amount	2	(38,088)	(84,890)
- Reinsurance share		-	-
- Net of reinsurance		(38,088)	(84,890)
Claims incurred, net of reinsurance	2	(38,088)	(84,890)
Net operating expenses	3	667,344	662,948
Total technical charges		629,256	578,058
Balance on the technical account		610,256	573,058

Bimeh Iran Insurance Company (UK) Limited

Income statement

for the year ended 31 December 2023

	Notes	2023 £	2022 £
Non technical account			
Balance on technical account		(610,256)	(573,058)
Investment income		283,633	83,598
Allocated investment return transferred to the general business technical account		(19,000)	(5,000)
Gain/(Loss) on foreign exchange		225	12,908
Depreciation of Building	7	(19,063)	(19,063)
Other Income	12	141,571	141,571
Loss on ordinary activities before tax		(222,890)	(359,044)
Taxation	6	-	-
Loss for the financial year	9	(222,890)	(359,044)

There were no other recognised gains or losses during the financial year.

Statement of comprehensive income
at 31 December 2023

	<i>Notes</i>	2023 £	2022 £
Loss for the year		(222,890)	(359,044)
Fair value loss recognised during year on property revaluation	7	-	-
Total comprehensive Loss		(222,890)	(359,044)

Statement of changes in equity
at 31 December 2023

	2023			
	Called up share capital £	Non distributable reserve £	Profit and loss account £	Total £
At 1 January 2023	23,600,000	832,794	(549,059)	23,883,735
Total comprehensive loss for the year	-	-	(222,890)	(222,890)
At 31 December 2023	23,600,000	832,794	(771,949)	23,660,845

	2022			
	Called up share capital £	Non distributable reserve £	Profit and loss account £	Total £
At 1 January 2022	23,600,000	832,794	(190,015)	24,242,779
Total comprehensive loss for the year	-	-	(359,044)	(359,044)
At 31 December 2022	23,600,000	832,794	(549,059)	23,883,735

Bimeh Iran Insurance Company (UK) Limited

Balance sheet at 31 December 2023

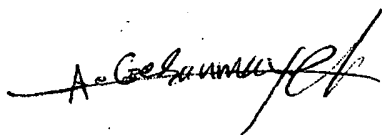
	Notes	2023 £	2022 £
Assets			
Investments			
Land and buildings	7	1,288,711	1,307,774
Deposits with credit institutions		<u>23,819,289</u>	<u>24,711,614</u>
		<u>25,108,000</u>	<u>26,019,388</u>
Other assets			
HM Revenue and Custom - VAT		53,167	40,168
Cash at bank and in hand		<u>924,904</u>	<u>480,675</u>
		<u>978,071</u>	<u>520,843</u>
Prepayments and accrued income			
Accrued interest		97,962	54,266
Other prepayments and accrued income		13,084	14,571
		<u>111,046</u>	<u>68,837</u>
Total assets		<u>26,197,117</u>	<u>26,609,068</u>

Bimeh Iran Insurance Company (U.K.) Limited

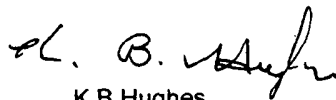
Balance sheet at 31 December 2023

	Notes	2023 £	2022 £
Equity and Liabilities			
Capital and reserves			
Ordinary share capital	9	23,600,000	23,600,000
Non distributable reserve	9	832,794	832,794
Profit and loss account	9	(771,949)	(549,059)
Shareholders' funds		<u>23,660,845</u>	<u>23,883,735</u>
Technical provisions			
Net claims outstanding	10	<u>1,550,252</u>	<u>1,631,030</u>
Creditors: amounts falling due within one year			
Arising out of reinsurance business		515,524	526,685
Other creditors including taxation and social security	11	<u>49,664</u>	<u>48,210</u>
		<u>565,188</u>	<u>574,895</u>
Accruals		137,687	94,692
Deferred revenue	12	<u>283,145</u>	<u>424,716</u>
Total liabilities		<u>2,536,272</u>	<u>2,725,333</u>
Total equity and liabilities		<u>26,197,117</u>	<u>26,609,068</u>

Approved at a meeting of the Board of Directors on 28 March 2024 and signed on its behalf by:



A Geranamyeh
Managing Director



K B Hughes
Director

Bimeh Iran Insurance Company (UK) Limited

Cash flow statement

for the year ended 31 December 2023

	2023 £	2022 £
Operating activities		
Loss for the year before tax	(222,890)	(359,044)
Interest income	(283,633)	(83,598)
Depreciation of Building	19,063	19,063
Movement in debtors and creditors	(163,491)	(117,931)
Movement in technical provisions	(80,778)	3,679
Net cash outflow from operating activities	(731,729)	(537,831)
Investing Activities		
Interest received	283,633	84,442
Net cash inflow from investing activities	283,633	84,442
Net (decrease) in cash and cash equivalents	(448,096)	(453,389)
Cash and cash equivalents at the beginning of the year		
Cash at bank	480,675	747,357
Deposits with credit institutions	24,711,614	24,898,321
Cash and cash equivalents at the year end	24,744,193	25,192,289

Notes to the financial statements

at 31 December 2023

1. Accounting policies

Statement of compliance

The financial statements have been prepared in compliance with FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The financial statements are prepared under the historical cost convention except for the land and buildings and certain financial instruments which are measured at fair value.

Basis of Preparation

The financial statements for the year ended 31 December 2023 were approved for issue by the Board of Directors on 28 March 2024.

The financial statements are prepared in sterling which is the presentation and functional currency of the company.

As permitted by FRS103 the company continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the company's key sources of estimation uncertainty:

Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies. There has been no new business written over the past periods and as such there is no IBNR within the liability recorded in the balance sheet.

Investment Income

Investment income which comprises interest earned during the year on deposits held with credit institutions, is included initially within the non-technical account. An allocation of investment return from the non-technical account to the technical account is made on the basis of the relationship between average technical provisions and average shareholders' funds

Land and Buildings held for own use

Land and buildings are stated at their current values at the end of the year.

Land and building are revalued every three years at open market value, by qualified external valuers, in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors.

Buildings are depreciated at the rate of 2.5% per annum on the current value of the building occupied by the company.

Land and buildings occupied by the company are initially recognised at cost which includes costs directly attributable to making the asset capable of operating as intended. Subsequently, it is recognised at fair value less accumulated depreciation and impairment losses. Fair value movements are recognised in other comprehensive income and taken to a non-distributable reserve within equity.

**Notes to the financial statements
at 31 December 2023**

1. Accounting policies (continued)

Land and buildings (continued)

Land and buildings are derecognised on disposal or when no future economic benefits are expected from its use or disposal. There is no recycling of unrealised gains to profit or loss upon disposal.

Claims

Claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

The provision for claims outstanding is made on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs.

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

Taxation

Current tax

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account.

Deferred tax

Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Notes to the financial statements
at 31 December 2023**

**1. Accounting policies (continued)
Tangible assets**

Expenditure on computer equipment, motor vehicles, fixtures, fittings and office equipment is capitalised and depreciated over the estimated useful economic lives of the assets on a straight line basis.

Depreciation is provided at the rate of 25% per annum on the cost value of all tangible assets.

Depreciation is charged to the technical account and is included in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

The company's financial liabilities include trade and other payables.

All financial liabilities are recognised initially at fair trade value.

Trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses in profit and loss when the liabilities are derecognised as well as through the effective interest rate (EIR) method amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective amounts is recognised in profit or loss.

Deferred Income

The income received in the previous year as a result of the compensation for disruption is released in the income statement in line with the completion of the development project which is expected to be completed within 7 years from 2019.

Notes to the financial statements
at 31 December 2023

2. Claims incurred net of reinsurance

	Gross £	Reinsurance £	Net £
2023			
Claims paid	-	-	-
Outstanding claims brought forward	1,631,030	-	1,631,030
Exchange movements	(42,690)	-	(42,690)
Outstanding claims carried forward	<u>1,550,252</u>	<u>-</u>	<u>1,550,252</u>
Increase	<u>38,088</u>	<u>-</u>	<u>38,088</u>
Claims incurred	<u><u>38,088</u></u>	<u><u>-</u></u>	<u><u>38,088</u></u>
2022			
Claims paid	-	-	-
Outstanding claims brought forward	1,627,351	-	1,627,351
Exchange movements	(81,211)	-	(81,211)
Outstanding claims carried forward	<u>1,631,030</u>	<u>-</u>	<u>1,631,030</u>
Increase	<u>84,890</u>	<u>-</u>	<u>84,890</u>
Claims incurred	<u><u>84,890</u></u>	<u><u>-</u></u>	<u><u>84,890</u></u>

3. Net operating expenses

	2023 £	2022 £
Administrative expenses	<u><u>667,344</u></u>	<u><u>662,948</u></u>

Notes to the financial statements
at 31 December 2023

4. Administrative expenses

(a) Administrative expenses include:

	2023 £	2022 £
Wages and salaries (including directors)	332,974	296,593
Social security costs	48,839	43,225
	<u>381,813</u>	<u>339,818</u>

The average number of employees, including executive directors, during the year was 4 (2022: 4).

(b) Auditors' remuneration

The remuneration of the auditors is analysed as follows:

	2023 £	2022 £
Audit of the financial statements	45,000	58,300
Other fees: Taxation services	0	9,460
Other services pursuant to legislation	10,000	17,250
	<u>55,000</u>	<u>85,010</u>

5. Directors' emoluments

The emoluments of the directors of the company were:

	2023 £	2022 £
Emoluments	255,034	233,297
	<u>255,034</u>	<u>233,297</u>
The highest paid Director	<u>151,176</u>	<u>125,937</u>

6. Taxation

	2023 £	2022 £
(a) Total current tax	-	-
(b) Factors affecting tax (charge)/credit for the year		
Loss on ordinary activities before tax	(222,890)	(359,044)
	<u>(222,890)</u>	<u>(359,044)</u>
Loss on ordinary activities before tax at the standard rate of corporation tax in the UK of 25% (2022: 19%)	(55,723)	(68,218)
Expenses not deductible	7,291	4,775
Losses carried forward/(utilised)	48,432	63,443
Total current tax	<u>-</u>	<u>-</u>

Notes to the financial statements
at 31 December 2023**6. Taxation (continued)**

The standard rate of corporation tax applicable for the year ended 31 December 2023 is 25% (2022-19%).

It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021, and the closing unrecognised deferred tax asset is measured at 25%.

(c) Deferred Tax

There is a deferred tax asset of approximately £315,607 (2022:£267,175) in respect of tax losses of £1,262,428 (2022:£1,068,700) which has not been recognised as the recognition criteria under FRS 102 has not been met.

7. Land and buildings

	Held for Own use £
Fair value:	
At 1 January 2023	1,405,000
Depreciation	
At 1 January 2023	97,226
Provided during the year	19,063
At 31 December 2023	116,289
Carrying amount at 31 December 2023	1,288,711
Carrying amount at 1 January 2023	1,307,774

Land and buildings were valued on 31 December 2021 by JPW, an independent valuer, on an open market value basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The historical cost of the properties is £686,544 (2022: £686,544)

No land and buildings have a restricted title or are pledged for liabilities.

Notes to the financial statements
at 31 December 2023

	2023 £	2022 £
8. Share Capital		
Allotted, called up and fully paid: Ordinary shares of £1 each	23,600,000	23,600,000

	2023 £	2022 £
9. Shareholder's fund		
Share Capital	23,600,000	23,600,000
Retained (loss)/profit at beginning of year	(549,059)	(190,015)
Loss for the year	(222,890)	(359,044)
Retained Loss at year end	(771,949)	(549,059)
Non distributable reserves	832,794	832,794
Shareholders' Funds at year end	23,660,845	23,883,735

10. Claims outstanding

	Gross £	Reinsurance £	Net £
2023			
Notified outstanding claims	1,519,841	-	1,519,841
Provision for claims handling	30,411	-	30,411
	<u>1,550,252</u>	<u>-</u>	<u>1,550,252</u>
2022			
Notified outstanding claims	1,599,049	-	1,599,049
Provision for claims handling	31,981	-	31,981
	<u>1,631,030</u>	<u>-</u>	<u>1,631,030</u>

11. Other creditors including taxation and social security

	2023 £	2022 £
Other creditors including taxation and social security costs	16,248	13,604
Amounts due to ultimate parent undertaking	33,416	34,606
	<u>49,664</u>	<u>48,210</u>
All creditors are payable within one year		

12. Deferred income

The compensation amount received in relation to the freehold building is deferred over 7 years from the year 2019 and £141,571 has been recognised in the Income statement in the current year, with the remaining balance being deferred for the next 3 years.

	£
Deferred as at 1 January 2023	424,716
Recognised during the year	(141,571)
As at 31 December 2023	<u>283,145</u>

Notes to the financial statements

at 31 December 2023

13. Segmental reporting

	Reinsurance Accepted £	Total £
2023		
Gross Premiums Written		
- risks located in Asia	-	-
Gross Premiums Written	-	-
Gross Claims Incurred	38,088	38,088
Gross Operating Expenses	(667,344)	(667,344)
Gross Technical Result	(629,256)	(629,256)
Reinsurance Balance	-	-
	(629,256)	(629,256)
Allocated Investment Income		19,000
Balance on Technical Account		(610,256)
Net Technical Provisions		1,550,252
	Reinsurance Accepted £	Total £
2022		
Gross Premiums Written		
- risk located in Asia	-	-
Gross Premium Written	-	-
Gross Claims Incurred	84,890	84,890
Gross Operating Expenses	(662,948)	(662,948)
Gross Technical Result	(578,058)	(578,058)
Reinsurance Balance	-	-
	(578,058)	(578,058)
Allocated Investment Income		5,000
Balance on Technical Account		(573,058)
Net Technical Provisions		1,631,030

All premiums resulted from contracts of reinsurance concluded in the United Kingdom.

14. Non-distributable reserves

This reserve is used to record revaluation movements in the fair value of land and buildings held for own use but only includes decreases to the extent that such decrease relates to a previous increase.

Notes to the financial statements

at 31 December 2023

15. Related Party Transactions

The related party of the Company is Bimeh Iran Insurance Company (Tehran), the ultimate parent undertaking (note 16).

The company has a current account balance with Bimeh Iran Insurance Company (Tehran). The balance on this account at 31 December 2023 was £33,416 (2023: £34,606) due to Bimeh Iran Insurance Company (Tehran). The value of transactions in the year 2023 was Nil (2021: Nil) except for the exchange rate movement.

16. Parent undertaking

The immediate and ultimate parent company is Bimeh Iran Insurance Company (Tehran), incorporated in Iran and wholly owned by the Iranian government. The parent company's registered office is 51 West Brazil Street, South Shiraz Avenue, Vanak, Tehran, 14155-6363, Iran.

17. Risk Management

a) Capital management objectives, policies and approach

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics.

The Company's preferred measure of capital sufficiency is economic capital. This is the company's own assessment of the amount of capital it needs to meet its obligations given the risk appetite.

The company is subject to capital requirements imposed by the Prudential Regulation Authority (PRA). Throughout the year the company has complied with both the PRA's risk based ICA methodology and Solvency I, which is used to calculate the company's capital requirement.

b) Insurance risk

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

Sensitivities

Based on the age of the claims, there is very little uncertainty within the carrying amount. There is no expected increase in the average number and cost of claims.

Claims development

There have been no new claims lodged or paid in the last 10 years apart from one notified by the parent company in 2016 relating to 1997 year of account.

Notes to the financial statements

at 31 December 2023

17. Risk Management (continued)

c) Financial risk

i. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The risk is mitigated as the company is not trading.

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position.

31 December 2023	Neither past due nor impaired	Past due	Impaired	Total
	£	£	£	£
Deposits with credit institutions	23,819,289	-	-	23,819,289
Accrued interest	97,962	-	-	97,962
Cash at bank and in hand	924,904	-	-	924,904
	<u>24,842,155</u>	<u>-</u>	<u>-</u>	<u>24,842,155</u>

31 December 2022	Neither past due nor impaired	Past due	Impaired	Total
	£	£	£	£
Deposits with credit institutions	24,711,614	-	-	24,711,614
Accrued interest	54,266	-	-	54,266
Cash at bank and in hand	480,675	-	-	480,675
	<u>25,246,555</u>	<u>-</u>	<u>-</u>	<u>25,246,555</u>

ii.

Liquidity risk

Liquidity risk is the risk that an insurance company will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

iii.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk faced by the business are as follows;

- currency risk
- interest rate risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Notes to the financial statements

at 31 December 2023

The table below summarises the exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

	2023 <i>US Dollar</i>	2022 <i>US Dollar</i>
Creditors:		
Technical Provisions	<u>1,262,948</u>	<u>1,262,948</u>

At 31 December 2023, if the exchange rate of the US Dollar had varied by 5% against Sterling with all other variables held constant, the loss for the year and equity would have been higher and lower by £52k (2022: £50k) and £52k (2022: £55k) respectively.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant concentration of interest rate risk.

Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

The company earned £284k investment income from its deposits with credit institution with an effective interest rate of 1.17% (2022:0.33%). If the offered rate is decreased to 1%, this would equate to an adverse movement in pre-tax losses of 118% (2022: 112%). The company can not take active steps to mitigate this exposure due to reduced options available due to sanctions.