

Bupa Global Designated Activity Company

**Directors' Report and Financial Statements for the financial year ended
31 December 2023**

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Directors and other information

Annual Report and Financial Statements

Officers and Professional Advisers

Directors	Conor Heery Gavin Beasley
	Non-Executive Directors Martin Potkins Anna-Marie Oldfield (appointed 27/01/2023)
	Independent non-Executive Directors Mary Fulton David Swanton
Company Secretary	Bupa Secretaries Limited 1 Angel Court London EC2R 7HJ
Registered Office	10 Pembroke Place, Ballsbridge, Dublin 4
Independent Auditors	PricewaterhouseCoopers 1 North Wall Quay, North Dock Dublin 1
Head of Actuarial Function	Milliman 7 Grand Canal Street Lower Dublin 2
Bankers	HSBC Continental Europe 1 Grand Canal Square Dublin 2 D02 P820 Citibank Europe Plc 1 North Wall Quay Dublin D01 T8Y1 Standard Chartered 1 Basinghall Avenue London EC2V 5DD Bank of Valletta 58 Zachary Street Valletta VLT 1130 Malta Barclays Bank Ireland Plc One Molesworth Street Dublin 2 D02 RF29

Directors' Report

for the year ended 31 December 2023

The Directors present their annual report and the audited financial statements of Bupa Global Designated Activity Company (the "Company") for the financial year ended 31 December 2023. The ultimate parent of the Company is The British United Provident Association Limited ("Bupa" and together with its subsidiaries "Bupa Group").

Principal activities

The principal activity of the Company is to write International Private Medical Insurance ("IPMI") to customers based within the European Economic Area ("EEA").

The Company is part of the Bupa Group, an international healthcare group. Bupa was established in 1947 when 17 British provident associations and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers. Over the past 75 years Bupa Group's global footprint has grown from our origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Türkiye, Mexico, the US, Brazil, the Middle East, India and Ireland.

We are driven by Bupa's purpose, helping people live longer, healthier, happier lives and making a better world. It defines everything we do for our customers, inspiring and motivating us to improve our performance. The Company provides individual, corporate and small to medium enterprise ("SME") IPMI.

On 3 June 2021 it was announced that the Company had made the decision to exit the global travel insurance market. From 1 July 2021 the Company ceased writing new travel insurance policies and renewing them from 1 September 2021, except one large contract, placing the travel segment of the business into run-off. The final policy went off risk on 31 December 2022.

The Company provides IPMI to individual consumers and employees requiring cover beyond their usual country of residence.

Our principal operations take place in the Republic of Ireland, with branches sited in the Netherlands, Denmark and Malta. The provision of mediation and administrative services are provided by Bupa Insurance Services Limited ("BISL") in the UK, and LifeStar Health Limited in Malta.

Key performance indicators

	2023	2022
Insured customer lives (thousands)	41.7	41.0
Insurance revenue (€'000) ¹	95,316	96,234
Insurance service result (€'000) ¹	12,337	19,143
Net financial income (€'000) ¹	1,867	386
Profit before taxation (€'000) ¹	14,204	19,529
Loss ratio ²	57.0%	51.0%
Combined operating ratio ³	87.1%	80.1%
Solvency II (SII) coverage ratio	356%	315%

¹ The IFRS comparatives have been restated for the adoption of IFRS 17

² Loss ratio is calculated as the ratio of incurred claims net of amounts recoverable from reinsurers for incurred claims as a percentage of insurance revenue net of premiums ceded to reinsurers.

³ Combined operating ratio is the ratio of insurance service expense plus net gain/loss from reinsurance contracts held as a percentage of insurance revenue

Principal risks and uncertainties

Both the business performance and operations are subject to a number of risks and uncertainties. Taking these macro-level conditions and the sector specific risks around competition and demand into account, there is a large range of potential outcomes that might impact the Company, our customers and our supply network. The Directors consider that the key risks and uncertainties relate to, market and competitor activity, insurance risk, investment risk, operational risk (including information security and privacy risks), regulatory risk and climate change.

Performance is monitored by the Board and senior management using operational, financial and other data. The Company's Chief Risk Officer provides regular reporting to the Board Risk Committee on the risk profile of the Company and the key mitigation activities in place.

Market and competitor activity

IPMI markets are highly competitive with companies seeking to attract customers through new products and benefits. There is also demand for innovation to meet the different needs of corporate customers and individuals, with increasing customer expectations on the use of technology to provide healthcare services. The Company keeps its competitive position in each of its markets under continuous scrutiny and regularly reviews strategic and tactical objectives.

Directors' Report

for the year ended 31 December 2023

Principal risks and uncertainties (continued)

Insurance risk

The Company seeks to keep insurance risk, in the natural course of business, within the Board's risk appetite.

There is a risk that the frequency, size or timing of claims on insurance policies varies from that expected, leading to an unexpected impact on financial returns. The Company is exposed to a number of factors due to writing medical insurance business, including medical inflation, shifts in demographics, changes in population health, developments in healthcare delivery and technology, and catastrophes. Each of these factors could affect product pricing, reserving, and claim risk accumulation. In addition, general macroeconomic trends and changes in government policies could affect the lapse and persistency behaviour of current and prospective customers.

Insurance risks are managed in a variety of ways. The Company uses its data and experience to develop products that meet customers' needs and are priced competitively and fairly. In addition, the operations apply controls to underwriting and claims settlement. A significant mitigating factor is that the business written is for short-term risks, which enable regular opportunities for re-pricing in the event of changes in claims trends. Refer to management of insurance risk in note 19.

Investment risk

The long-term financial strategy is to facilitate growth without undue investment risk. The Company manages investment risk through setting risk appetites with respect to liquidity, interest rate and credit risk in order to reflect the short-term nature of the insurance liabilities and limit the investment risk charge contribution to the Company's Solvency Capital Requirement ("SCR"). The Company holds a combination of cash on account with highly rated banks and highly rated EEA government bills, refer to note 19.3.

Operational Risk

A detailed Business Continuity Plan for the Company and all branches with dedicated specialised resources are in place to ensure appropriate operation of key processes and controls. Business continuity issues are reported to the Executive Risk Committee, with significant issues being escalated to the Board Risk Committee, which is responsible for ensuring appropriate controls are in place to mitigate potential risks.

Outsourcing risks exist as the Company engages with a number of service providers, most notably BISL, a Bupa group servicing company in the UK to carry out a number of activities on its behalf.

Information security risks, including those associated with non-compliance with data protection, privacy, and information governance requirements remain key risks for the Company as they are for all insurance companies. The Company continues to ensure that controls are in place and strengthened where necessary to address these risks, including enhancing the event monitoring and incident management.

The Company's IT services are provided by teams within the wider Bupa Group which are overseen by the Company's Head of Operations. These IT teams are responsible for the development, maintenance and monitoring of IT services. The Company ensures the continued development and enhancement of all IT services to keep pace with the evolving technology risk landscape and to provide and maintain the level of services required by the business and adequately protect sensitive customer and business data. Our office-based staff now work in a hybrid model mixing office and home working, enabled by technology to ensure that we continue to serve our customers and work together effectively. The longer-term impact of hybrid working on our colleagues has been assessed and appropriate support and checks have been put in place for our people. For our customers we continue to enhance remote services and digitise the customer experience.

Undertaking significant change programmes introduces risks in relation to the capacity and capability of staff and senior management to continue to deliver on the strategic objectives, as well as on the change programmes themselves. The Company is focused on ensuring it has the right levels and amount of experience and succession plans to manage the business and deliver on change management.

Regulatory risk

Regulatory risk is described as the risk that insurance and reinsurance undertakings are unable to adapt their risk profile in response to sudden or unexpected changes in the legal environment, such as an unforeseen change in the law relating to IPMI in any jurisdiction.

The Company has a compliance function that ensures the Company operates within its legal obligations and in line with the various regulations.

The Company finance team is supported by its outsourced provider and Group finance function in the preparation of its regulatory and other (including statutory) reporting.

The Board has approved a number of risk appetite statements in order to establish boundaries for the aggregate level and types of risk acceptable in order to ensure compliance with regulation and to achieve the strategic objectives and business plans.

Climate change

Climate change is one of the major risks we face as a society. The Company has minimal direct investment and insurance exposures in respect of the physical risks associated with climate change. However, the Company may be impacted by adverse economic outcomes from the transition to a lower-carbon economy if its products become unaffordable for customers. The impact on health, and hence claims experience, will manifest itself over a longer time frame. The ability to reprice policies annually provides a significant mitigant to adverse claims and expense experience.

Directors' Report

for the year ended 31 December 2023

Principal risks and uncertainties (continued)

Climate change (continued)

The Company monitors and assesses the potential financial and operational impacts of climate change. A Bupa Group-led programme is in place supported by suitable governance structures to manage the risks associated with climate change and to ensure compliance with regulatory requirements in relation to the risk management framework, disclosure and stress and scenario testing. The Company's Chief Risk Officer is responsible for overseeing the identification and management of financial and other risks from climate change. The Company is committed to being a responsible and sustainable business and actively promotes positive environmental practices.

Future Outlook

The Company is well positioned for sustainable growth and is committed to driving investment in innovation, creating seamless customer pathways across our offerings to provide access and value to customers, and be an employer of choice for our people.

Solvency

As at 31 December 2023, the Company's Eligible Own Funds to meet the SCR were €64.1m (2022: €56.1m), which exceeded the Company's SCR of €18.0m (2022: €17.8m). This represented a SCR ratio of 356% (2022: 315%). Own Funds have increased due to statutory profits in the year offset somewhat by the payment of €7m dividend.

The SCR is higher at €18.0m (2022: €17.8m) mainly driven by an increase in market risk largely offset by a reduction in non-life risk.

Solvency II Capital position

	2023	2022
	€'m	€'m
Eligible Own Funds	64.1	56.1
Solvency Capital Requirement	18.0	17.8
Surplus	46.1	38.3
Solvency ratio	356%	315%

Solvency II Eligible Own Funds

	2023	2022
	€'m	€'m
IFRS Equity attributable to shareholders	51.9	46.8
Valuation differences	12.2	9.3
Solvency II Eligible Own Funds	64.1	56.1

Analysis of the Solvency Capital Requirement

	2023	2022
	€'m	€'m
Market Risk	2.2	1.2
Health Insurance Risk	16.0	15.9
Non - Life Risk	—	0.8
Counterparty Risk	3.0	2.8
Operational Risk	2.9	2.9
Diversification	(3.5)	(3.4)
Loss absorption capacity of deferred tax	(2.6)	(2.4)
Total	18.0	17.8

Results and dividends

The results for the year are set out in the incomes statement on page 15 and in the related notes, showing a profit after tax for the year of €12.1m (2022: €15.0m).

The directors are satisfied that there are no material uncertainties about the ability of the Company to continue its operations in the future.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in operation for the next 12 months from the date of signing the Directors' report. Accordingly, they continue to adopt a going concern basis in preparing the financial statements (Note 1.3).

In 2023, the Company declared and paid a dividend of €7m to its immediate parent company (2022: nil).

Directors' Report

for the year ended 31 December 2023

Directors, Secretary and their interests

The directors of the Company who were in office during the year and up to the date of signing the Directors' report and financial statements are shown on page 3. The directors who served for part of the year are given below:

Anna-Marie Oldfield (appointed 27/01/2023)

The Directors and Secretary who held office during the year ended 31 December 2023 had no interests in the shares in, or debentures or loan stock of, the Company and no options to acquire shares in the Company.

Insurance and indemnities

Bupa has a directors' and officers' insurance policy in place, together with indemnities for the Directors and certain senior managers, to the extent permitted by English law and the Company's Articles of Association.

These cover all losses arising out of, or in connection with, the execution of their powers, duties, and responsibilities, as Directors of the Company or of any of its subsidiaries. These have been in place throughout 2023 and to the date of this Annual Report. There are no other qualifying third-party indemnity provisions or pension indemnity provisions in place.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. These accounting records are maintained at the Company's registered office, 10 Pembroke Place, Ballsbridge, Dublin 4, D04 V1W6 and also at the service company Bupa Insurance Services Limited, 1 Angel Court, London, EC2R 7HJ.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor are unaware.

Audit Committee

The Company has established an Audit Committee with responsibility for monitoring the financial reporting process; monitoring the effectiveness of the Company's systems of internal control, internal audit and risk management, and in particular the provision of additional services to the Company, by the auditors.

Directors' compliance statement

The Directors in accordance with 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with the obligations specified in that section arising from the Companies Act 2014 and Tax Laws ("relevant obligations").

The Directors confirm that:

- a compliance policy statement had been drawn up setting out the Company's policies with regard to such compliance.
- appropriate arrangements and structures that are, in our opinion, designated to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Political donations and political expenditure

The Company made no political donations and incurred no political expenditure during the year.

Post balance sheet events

There have been no significant post balance sheet events which affect the financial statements of the Company.

Central Bank of Ireland Corporate Governance Code

The Company is in compliance with the Corporate Governance Requirements for Insurance Undertakings 2015 issued by the Central Bank of Ireland. The Company is not required to comply with the additional requirements for high impact designated insurance undertakings.

Auditors

Pursuant to Section 383(2) of the Companies Act 2014, the auditors will be deemed to be reappointed and PricewaterhouseCoopers will therefore continue in office.

Directors' Report

for the year ended 31 December 2023

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

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with European Union adopted International Financial Reporting Standards (IFRS).

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

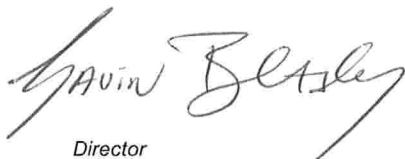
The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

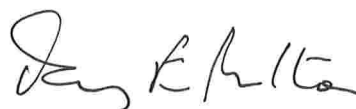
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. These financial statements comply with all the aforementioned requirements.

The Directors consider that the financial statements taken as a whole are fair, balanced and understandable, and provide the information necessary for the shareholder to assess the Company's position and performance, business model and strategy.

On behalf of the board



Director
Gavin Beasley



Director
Mary Fulton

4 April 2024



Independent auditors' report to the members of Bupa Global Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Bupa Global Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2023;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the company.

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2023 to 31 December 2023.

Our audit approach

Overview



Overall materiality

- €953,000 (2022: €953,000)
- Based on circa 1% of Insurance revenue.

Performance materiality

- €714,500 (2022: €714,750)

Audit scope

- We performed a full scope audit of the company's financial statements, based on materiality levels.

Key audit matters

- Appropriateness of methodologies and assumptions applied in the valuation of the actuarially determined portion of Liability for Incurred Claims (LFIC).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="268 1471 874 1554"><i>Appropriateness of methodologies and assumptions applied in the valuation of the actuarially determined portion of Liability for Incurred Claims (LFIC)</i></p> <p data-bbox="268 1570 874 1626"><i>Refer to note 2.3(h) and note 15 – 'Insurance and reinsurance contracts'.</i></p> <p data-bbox="268 1641 874 1839">The Company's claims liabilities are short-term in nature. Management has valued reserves, which are a significant component of the LFIC using its actuarial reserving methodology and assumptions. The key assumptions used by management include claims development patterns, claims cost inflation, seasonality and expected loss ratios.</p> <p data-bbox="268 1854 874 1966">Given the complexity and judgemental nature of methodology and assumptions used to value the actuarially determined portion of LFIC, we consider this to be a key audit matter.</p>	<p data-bbox="880 1570 1474 1659">We engaged our actuarial specialists to perform independent estimate calculations of the best estimate claims reserves as at 31 December 2023.</p> <p data-bbox="880 1675 1474 1787">Independent estimate calculations were performed on selected classes of business, which comprise 95% of the reserves. Key indicator testing was performed on the remaining 5%.</p> <p data-bbox="880 1803 1474 1915">In performing our independent estimate calculations of the estimate, our actuarial specialists have made expert judgements in the selection of their reserving assumptions which include:</p> <ul data-bbox="880 1930 1474 2033" style="list-style-type: none"> • Claims development patterns; • Claims cost inflation; • Seasonality adjustments; and • Initial expected loss ratios.



	<p>We compared our independent estimates to those of management, and investigated any material differences. We have assessed management’s recorded amount to determine whether it represents a reasonable estimate. In doing so, we have evaluated the underlying methodology, assumptions and processes.</p> <p>As part of our procedures, we have tested the key inputs of paid and incurred claims used within the actuarial modelling back to the source data in the policy administration systems, on a sample basis.</p> <p>Through the procedures detailed above and having considered the specific nature and circumstances of the company’s business, we have concluded that management’s assumptions and methodologies used in the valuation of the actuarially determined portion of the LFIC are reasonable.</p>
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How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	€953,000 (2022: €953,000).
How we determined it	Circa 1% of Insurance revenue.
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant. On transition to IFRS 17, we concluded that insurance revenue was an appropriate benchmark to use to determine overall materiality, as it provides a stable measure of the size and performance of the company.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €714,500.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €47,750 (2022: €47,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- obtaining and evaluating management's going concern assessment for a period of at least twelve months from the date on which the financial statements are authorised for issue ('the period of assessment');
- considering the solvency position and the surplus over the Solvency Capital Ratio;
- reviewing the historic and forecasted trading results of the entity for reasonableness; and
- considering the liquidity position of the company including the company's ability to pay customers, suppliers, creditors as amounts fall due and the sufficiency of investments to cover any anticipated potential cash outflows for the period of assessment.

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 the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Irish insurance laws and regulations and in particular the Solvency II Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management and internal audit, including consideration of whether there are known or suspected instances of non-compliance with laws and regulation and fraud;
- Inspecting relevant correspondence with the Central Bank of Ireland ("CBI");
- Reading relevant meeting minutes including those of the Board of Directors, Audit Committee and Risk Committee;
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to the appropriateness of methodologies and assumptions applied in the valuation of the actuarially determined portion of Liability for Incurred Claims (LFIC) as described in the related key audit matter;
- Identifying and testing journal entries based on risk criteria; and
- Designing audit procedures to incorporate unpredictability in our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.



A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 15 February 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2021 to 31 December 2023.

A handwritten signature in black ink that reads 'Shane McDonald'.

Shane McDonald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

5 April 2024

Statement of Comprehensive Income

for the year ended 31 December 2023

	Note	2023 €'000	2022 restated ¹ €'000
Insurance revenue		95,316	96,234
Insurance service expenses	3	(83,042)	(77,038)
Insurance service result before reinsurance contracts held		12,274	19,196
Net income/(expense) from reinsurance contracts held	3	63	(53)
Insurance service result		12,337	19,143
Financial income and expense			
Financial income	6	2,102	801
Financial expense	6	(130)	(455)
Financial (expense)/income from insurance contracts held		(92)	—
Net impairment on financial assets		(13)	40
Net financial income		1,867	386
Profit before taxation expense		14,204	19,529
Taxation expense	7	(2,093)	(4,543)
Profit for the year		12,111	14,986
Amortisation of merger reserve	18	(27)	(27)
Total comprehensive income for the year		12,084	14,959

1. Balances have been restated for the adoption of IFRS 17. Refer to Note 1.4.

Notes 1-22 form part of these financial statements.

Statement of Financial Position

as at 31 December 2023

	Note	2023 €'000	2022 restated ¹ €'000	1 January 2022 restated ¹ €'000
Assets				
Property, plant and equipment	8	1,886	2,454	3,024
Deferred taxation assets ¹	13	48	520	1,483
Financial investments	9	54,410	54,722	40,108
Reinsurance contract assets ¹	15	175	112	—
Current taxation assets	7	195	—	—
Other receivables ¹	10	123	100	116
Cash and cash equivalents	11	40,195	36,230	46,446
Total assets		97,032	94,138	91,177
Liabilities				
Lease liabilities	12	1,957	2,320	2,676
Provisions for liabilities and charges ¹	14	123	1,527	3,040
Insurance contract liabilities ¹	15	33,637	31,492	41,069
Reinsurance contract liabilities ¹	15	—	—	21
Current taxation liabilities	7	—	1,796	85
Other payables ¹	16	9,440	10,239	12,508
Total liabilities		45,157	47,374	59,399
Net assets		51,875	46,764	31,778
Equity				
Share capital	17	39,600	39,600	39,600
Merger Reserve	18	(52)	(79)	(106)
Income and expenditure reserve ¹		12,327	7,243	(7,716)
Equity attributable to shareholder		51,875	46,764	31,778
Total equity		51,875	46,764	31,778

1. Balances have been restated for the adoption of IFRS 17. Refer to Note 1.4.

The financial statements on pages 15 to 43 were approved by the Board of Directors on 4 April 2024 and signed on its behalf by



Director
Gavin Beasley



Director
Mary Fulton

Notes 1-22 form part of these financial statement

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Operating activities			
Profit before taxation expense		14,204	19,529
Adjustments for:			
Net financial income		(1,866)	(386)
Depreciation		568	569
Other non-cash items		(446)	514
Changes in working capital and provisions:			
Increase/(decrease) in insurance contract liabilities		2,161	(9,401)
Increase in insurance contract assets		(63)	(133)
(Increase)/decrease in other receivables, and other assets		(9)	266
Decrease in other payables and other liabilities		(2,393)	(3,904)
Cash generated from operations		12,156	7,054
Income taxation paid			
		(3,611)	(2,035)
Net cash generated from operating activities		8,545	5,019
Investing activities			
Purchases of financial investments, excluding deposits with credit institutions		(114,701)	(74,575)
Proceeds from sale and maturities of financial investments, excluding deposits with credit institutions		115,000	60,000
Interest received		2,555	55
Net cash generated from/(used in) investing activities		2,854	(14,520)
Financing activities			
Cash flow from financing activities			
Principal repayment of lease liabilities		(363)	(356)
Payment of interest on lease liabilities		(41)	(47)
Interest paid		(179)	(405)
Dividends paid		(7,000)	—
Net cash used in financing activities		(7,583)	(808)
Net change in cash and cash equivalents			
Net increase/(decrease) in cash and cash equivalents		3,816	(10,309)
Cash and cash equivalents at beginning of year		36,230	46,446
Effect of exchange rate changes		149	93
Cash and cash equivalents at end of year	11	40,195	36,230

Notes 1-22 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2023

For year ended 31 December 2023	Note	Share capital €'000	Merger reserve €'000	Income and expenditure reserve €'000	Total equity €'000
Balance as at 1 January 2023		39,600	(79)	7,243	46,764
Amortisation of Merger reserve	18	—	27	(27)	—
Profit/(loss) for the year		—	—	12,111	12,111
Total comprehensive income/(expense) for the year		—	27	12,084	12,111
Dividends paid		—	—	(7,000)	(7,000)
Balance as at 31 December 2023		39,600	(52)	12,327	51,875

For year ended 31 December 2022	Note	Share capital €'000	Merger reserve €'000	Income and expenditure reserve €'000	Total equity €'000
Balance as at 1 January 2022, as previously reported		39,600	(106)	2,318	41,812
Initial application of IFRS 17 ¹		—	—	(10,034)	(10,034)
Balance as at 1 January 2022, as restated		39,600	(106)	(7,716)	31,778
Amortisation of Merger reserve	18	—	27	(27)	—
Profit/(loss) for the year ¹		—	—	14,986	14,986
Total comprehensive income/(expense) for the year¹		—	27	14,959	14,986
Dividends paid		—	—	—	—
Balance as at 31 December 2022, as restated¹		39,600	(79)	7,243	46,764

1. Balances have been restated for the adoption of IFRS 17. Refer to Note 1.4.

Notes 1-22 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2023

1. Basis of preparation

1.1 Basis of preparation

Bupa Global Designated Activity Company is a company limited by shares and incorporated and domiciled in Ireland, for the registered office address see page 3. The Company is authorised by the Central Bank of Ireland to carry out non-life insurance business.

These financial statements have been prepared in accordance with European Union adopted IFRS, in conformity with the requirements of the Companies Act 2014 and also in accordance with the requirements of the European Union (Insurance Undertakings Financial Statements) Regulations 2015.

Financial statements for prior periods were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Following a change in the definition of a qualifying entity in FRS 101, the Company is no longer eligible to apply FRS 101 and has elected to prepare financial statements in accordance with IFRS. This is a change in accounting framework and not a change in accounting policy. As FRS 101 requires an entity to apply the recognition and measurement requirements of IFRS there were no adjustments as a result of changing accounting framework and the Company is not considered to fall within the scope of IFRS 1 First-time Adoption of International Financial Reporting Standards. The Company follows the disclosure requirements of IFRS and no longer applies certain disclosure exemptions previously available under FRS 101, nor makes certain disclosures required by the Companies Act.

The financial statements were approved by the Board of Directors on 4 April 2024. The Directors have reviewed and approved the Company's accounting policies which have been applied consistently to all the years presented.

The financial statements are prepared on a going concern basis and under the historical cost convention.

The presentation of line items within the Statement of Financial Position is broadly in order of liquidity. Current assets and liabilities disclosed in the notes to the Financial Statements are those expected to be recovered or settled in less than one year.

The financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest €1,000.

1.2 Accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. It also requires management to exercise judgement in applying the Company's accounting policies. The estimates and assumptions are based on historical experience and other related variables, updated to reflect current trading performance. The estimates and assumptions are reviewed on an ongoing basis and are considered to be appropriate but actual results may differ from these estimates.

Key judgements are those made by management in applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements. Assumptions and estimates that are significant to the financial statements are those where there is a risk of material adjustment to the carrying value of assets and liabilities in the next financial year. The areas involving a higher degree of judgement or complexity, or where estimates are significant to the financial statements, are set out below and in more detail in the related notes. Details of judgements applied in the initial application of the standard have been included in Note 1.4 a) below.

- a) Insurance contracts
 - i. Best estimate claims provision: Estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims include claims development, claims costs inflation, medical trends and seasonality.

1.3 Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Financial Statements and in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' Report, Financial Statements and notes.

The going concern assessment has been made with consideration to the principal impacts and risks posed to the Company. As part of their assessment of the Company's ability to continue as a going concern the Directors looked at the financial performance, capital management, cash flow, solvency and future outlook of the Company, including under a number of reasonably plausible severe scenarios and severe and concurrent risks as part of stress testing and reverse stress testing. Scenarios considered included: significant stress on claims and claims handling costs, inflationary stress impacting claims handling and other operating expenses, and an SCR volatility stress examining the impact of an increase in both currency and counterparty risk. Under such scenarios, the Company would still remain within its risk appetites for regulatory solvency and liquidity for at least 12 months with a range of management actions available to mitigate the risk of breaching risk appetite in the event of a persistent stressed environment.

Notes to the Financial Statements

for the year ended 31 December 2023

1.3 Going concern (continued)

Under such scenarios, significant short-term reductions in profitability arise, however the Company would still remain within its risk appetites for regulatory solvency and liquidity. Additional management actions would allow the downside impact to be further mitigated by reducing expenditure and reducing dividends to the Company's parent.

As part of their assessment, the Directors have given due regard to the liquidity, regulatory capital and the ability of the company to meet obligations over a three-year time horizon in line with our planning cycle and reflective of the short-tail nature of our business. The Company is well capitalised with a strong liquidity position, with €94.6m of liquid assets available at 31 December 2023 and a Solvency II capital ratio of 356%. The Directors have a reasonable expectation that the Company is expected to remain well-capitalised over the Company's three-year planning horizon.

1.4 Changes in accounting policies

Except for the changes detailed below, the Company has consistently applied the accounting policies to all years presented in these financial statements.

a) IFRS 17 Insurance Contracts

IFRS 17 sets out the principles for the recognition, measurement and presentation of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Company has adopted IFRS 17 Insurance Contracts in these financial statements on a fully retrospective basis.

Significant judgements on implementation of IFRS 17

On implementation of IFRS 17, significant judgements include the level of aggregation and the determination of the unit of account, the application of PAA, the determination of which expenses are directly attributable to insurance contracts and the identification of onerous contracts. The key considerations made by the Company on application of IFRS 17 are set out below.

Refer to Note 1.2 for significant judgements and estimates relating to the application of IFRS 17 that are reassessed each reporting period.

Level of aggregation

IFRS 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. The Company sells exclusively IPMI. The Company has defined a single portfolio in line with this exclusive product line in 2023, the Company had two portfolios in 2022, IPMI and Travel insurance which ran-off during 2022. Portfolios are further divided into groups of contracts for the identification of onerous contracts.

Contract boundary and PAA

IFRS 17 requires a current measurement model for insurance contracts where estimates are remeasured each reporting period. Under the General Measurement Model (GMM), contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin ('CSM') representing the unearned profit of the contract which is recognised as revenue over the coverage period. An optional, simplified PAA is permitted for eligible short-duration contracts.

In applying the standard, the Company has reviewed its insurance and reinsurance contracts and considered the contract boundary for each type of policy. All of policies have a coverage period of one year or less. As a result, the Company has taken the available policy choice to apply the PAA to these contracts. This approach leads to simplified measurement and presentation relative to the GMM.

Liability for incurred claims

The liability for incurred claims (LFIC) is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at the reporting date.

Liability for remaining coverage

The liability for remaining coverage ('LFRC') under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs deferred. In subsequent periods, the LFRC is amortised to recognise the revenue and insurance expenses (insurance acquisition cash flows) on a passage of time basis over the coverage period. This is recognised on a straight line basis as the expected pattern of the release of risk during the coverage period does not differ significantly over the passage of time.

All of the Company's contracts have a coverage period of one year or less, the Company has taken the policy decision available to expense insurance acquisition cash flows as incurred.

Under the PAA, a risk adjustment is recognised on all LFIC balances and on LFRC balances for onerous contracts issued.

Discounting

Discounting is optional for the LFRC carrying amount if the time between providing each part of the coverage and the related premium due date is one year or less and is optional for the LFIC if claims are expected to be paid in one year or less from the date the claims are incurred. The Company has applied discounting to the LFIC as a proportion of claims are settled in a period in excess of one year. Where discounting is applied, the Company policy is to use the European Insurance and Occupational Pensions Authority ("EIOPA") specified discount rates.

Notes to the Financial Statements

for the year ended 31 December 2023

1.4 Changes in accounting policies (continued)

a) IFRS 17 Insurance Contracts (continued)

Onerous contracts

To identify potentially onerous contracts, the Company has considered information reviewed by senior management in monitoring financial performance. The Company assumes that no PAA contracts are onerous at initial recognition.

Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed. The loss component is valued by comparing the carrying amount of the LFRIC to the estimated fulfilment cash flows which include an assessment of the risk adjustment. In subsequent periods, the loss component is reassessed and any movements are recognised within the Income Statement.

Key estimation uncertainty is driven by the future cash flows which are uncertain due to their timing, size and, or probability. The underlying cash flows are determined by forecasting future claims based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Insurance service expenses

Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore included within insurance service expenses. The Company classifies all expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Restatements

The Company's net assets at transition on 1 January 2022 were reduced by €10m. The primary adjustments impacting net assets were:

- the write off of deferred acquisition costs (DAC) assets.
- the recognition of the loss component on onerous contracts; and,
- the associated tax impact of these adjustments.

Other adjustments include changes to foreign exchange loss as a result of IFRS 17 deeming all components of an insurance contract to be monetary items and the recognition of the risk adjustment. Taxation has been restated to reflect the taxation impact of the above adjustments. Any deferred taxation assets recognised on the adoption of IFRS 17 should unwind through the Income Statement in future periods, as and when taxation deductions are taken, alongside the associated impact to current taxation.

	Total
1 January 2022	€'000
Net Assets under IFRS 4	41,812
Derecognition of DAC	(3,726)
Recognition of Loss Component for onerous contracts	(7,410)
Other adjustments	(349)
Taxation adjustments	1,451
Net assets under IFRS 17	31,778

	As published	Reclassification	Measurement	Restated
1 January 2022	€'000	€'000	€'000	€'000
Assets Arising from insurance business	19,268	(15,542)	(3,726)	—
Deferred tax assets	32	—	1,451	1,483
Reinsurance contract liabilities	—	(21)	—	(21)
Trade and other receivables	115	1	—	116
Provisions arising from insurance contracts	(45,139)	45,139	—	—
Provision for liabilities and charges	(3,041)	—	1	(3,040)
Insurance contract liabilities	—	(33,296)	(7,773)	(41,069)
Other liabilities arising from insurance business	(3,923)	3,923	—	—
Trade and other payables	(12,401)	(204)	13	(12,592)
Total net asset restatement	(45,089)	—	(10,034)	(55,123)

The 31 December 2022 comparatives have also been restated for the impact of applying IFRS 17. The impact on profit for the year and net assets are set out in the tables below.

Notes to the Financial Statements

for the year ended 31 December 2023

1.4 Changes in accounting policies (continued)

a) IFRS 17 Insurance Contracts (continued)

Restatements (continued)

	Total
	€'000
31 December 2022	€'000
Net Assets under IFRS 4	49,912
Derecognition of DAC	(3,974)
Recognition of Loss Component for onerous contracts	—
Other adjustments	349
Taxation adjustments	477
Net assets under IFRS 17	46,764

	As published	Reclassification	Measurement	Restated
	€'000	€'000	€'000	€'000
31 December 2022				
Assets Arising from insurance business	20,547	(16,573)	(3,974)	—
Deferred tax assets	43	—	477	520
Reinsurance contract assets	—	110	2	112
Trade and other receivables	101	—	(1)	100
Provisions arising from insurance contracts	(45,936)	45,936	—	—
Provision for liabilities and charges	(2,274)	747	—	(1,527)
Insurance contract liabilities	—	(31,838)	346	(31,492)
Other liabilities arising from insurance business	(3,819)	3,819	—	—
Trade and other payables	(9,836)	(2,201)	2	(12,035)
Total net asset restatement	(41,174)	—	(3,148)	(44,322)

b) IAS 1 amendments

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments aim to help improve accounting policy disclosures for the primary users of financial statements. Entities must disclose material accounting policies, rather than the previous requirement to disclose significant accounting policies, and the concept of materiality in the context of accounting policies is further defined. The accounting policy disclosures provided for IFRS 17 above are in line with the new requirements and all material accounting policies will be disclosed in the annual financial statements for the year ended 31 December 2023.

c) IAS 8 amendments

The Company has adopted Definition of Accounting Estimates (Amendments to IAS 8) from 1 January 2023. The amendments introduce the definition of accounting estimates and include further amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. On adoption there was no impact on the Company. Any future changes in accounting estimate or changes in accounting policy will be assessed under the new requirements.

d) IAS 12 amendments

The Company has adopted International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12) from 1 January 2023. Pillar Two seeks to establish a 15% global minimum tax rate for multinational enterprises. Finance (No.2) Act 2023, which implements a domestic top-up tax and a multinational top-up tax in Ireland effective for accounting periods starting on or after 31 December 2023, was signed into law on 18 December 2023. If the top-up tax had applied in 2023, the impact would not have been material for the Company. The IAS 12 amendments provide a temporary mandatory exception from deferred tax accounting for the Pillar Two top-up tax, which the Company has applied.

The Company operates in Ireland where new tax legislation to implement a global minimum top-up tax has been enacted. Since this newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact in the period (2022: £nil). There has been no change to the deferred tax calculation methodology as the headline rate of corporate tax in Ireland remains at 12.5%.

e) Other

A number of amended standards and interpretations became applicable for the current reporting year. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

Notes to the Financial Statements

for the year ended 31 December 2023

1.5 Forthcoming financial reporting requirements

(a) Other

A number of other amendments to standards and interpretations have been issued and are not yet effective for the year ended 31 December 2023. None of these is expected to have a material impact on the Company.

2. Accounting policies

Summary of significant accounting policies

The Company has identified the accounting policies that are most significant to its current business operations and the understanding of its results.

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements, unless otherwise stated.

They are prepared under the historical cost convention except for financial assets, which are stated at fair value.

2.1 Foreign currencies

a) Foreign branches

The activities of the foreign branches are carried out as an extension of the Company and, as such, have a Euro functional currency.

b) Foreign transactions

Transactions in foreign currencies other than the functional currency of the Company are translated to the respective functional currency of the Company or its foreign operations. Realised exchange differences arising on transactions of foreign currency amounts are recorded in the Income Statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognised in operating expenses, except where the gain or loss arises on financial assets or liabilities and then it is presented in financial income or expense as appropriate. Non-monetary assets and liabilities denominated in a foreign currency at historic cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in a foreign currency at fair value are translated using the exchange rate ruling at the date that the fair value was determined.

2.2 Provisions for other risks

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event(s), it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Although provisions are made where payments can be reliably estimated, the amounts provided are based upon a number of assumptions that are inherently uncertain and therefore the amount that is ultimately paid could differ from the amount recorded.

2.3 Basis of accounting for insurance and reinsurance contracts

Underwriting activities are accounted for on an annual accident year basis.

(a) Insurance revenue

The Company recognises insurance revenue based on the passage of time over the coverage period of the group of contracts. Insurance revenues are shown gross of commissions payable and net of insurance premium taxes that may apply in certain jurisdictions.

(b) Reinsurance contracts held

The Company releases ceded insurance premiums on the pattern of time basis over the coverage period. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums.

(c) Insurance service expense

Insurance service expenses comprise expenses directly attributable to fulfilling a group of insurance contracts. Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore included within insurance service expenses. The Company classifies all of expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Notes to the Financial Statements

for the year ended 31 December 2023

2.3 Basis of accounting for insurance and reinsurance contracts (continued)

(c) Insurance service expense (continued)

Insurance claims are amounts payable under insurance contracts arising from the occurrence of an insured claims episode. A claims episode is an insured medical service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs.

Incurred claims comprise insurance claims paid during the year together with related handling costs and the movement in the gross provision for claims in the period. See Note 15.1 for details of the liability for incurred claims.

Acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company's policy is to expense acquisition costs as they are incurred for all contracts.

Changes in the risk adjustment for non-financial risk are presented in the insurance service result and not disaggregated into an insurance service component and an insurance finance component.

(d) Amounts recoverable from reinsurers for incurred claims

All directly attributable reinsurance expenses, including claims handling costs, are expensed as incurred.

(e) Unit of account

A portfolio of insurance contracts is defined as insurance contracts subject to similar risks and managed together. The Company sells exclusively IPMI. In 2023, The Company has defined a single portfolio in line with this exclusive product line, in 2022, The Company had two portfolios, IPMI and Travel insurance which ran-off during 2022. Portfolios are further divided into groups of contracts for the identification of onerous contracts.

Each portfolio is subsequently disaggregated into groups of contracts:

- that are onerous at initial recognition;
- that have no significant possibility of becoming onerous subsequently; and
- all remaining contracts.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. An assessment is made whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company assesses the profitability of a set of contracts at which it has reasonable and supportable information annually. The insurance contracts remain within the same group from initial recognition until they are derecognised.

The portfolio of reinsurance contracts held are assessed for aggregation separately from the portfolio of insurance contracts issued. The Company's policy is that for reinsurance contracts held, each individual reinsurance contract is considered a group.

(f) Recognition and derecognition

Groups of insurance and reinsurance contracts are initially recognised from the earliest of the beginning of the coverage period; the date when the first payment from a policyholder in the group becomes due; and when the group of contracts or the underlying insurance contract becomes onerous.

However, for proportionate reinsurance, recognition is delayed to the later of the date that any underlying insurance contract is initially recognised or the beginning of the coverage period of the group of reinsurance contracts held.

A group of insurance contracts or reinsurance contracts are derecognised when all rights and obligations are extinguished, or a contract modification meaning the contract is no longer eligible for the PAA occurs.

(g) Contract boundary and fulfilment cash flows

Cash flows are within the boundary of an insurance or reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period. For insurance contracts, the Company has a substantive right when it can compel the policyholder to pay the premiums or a substantive obligation when it has to provide the policyholder with insurance contract services. For reinsurance contracts held, the substantive right is to receive reinsurance services and the substantive obligation is to pay amounts to the reinsurer.

Cash flows within the contract boundary relate directly to the fulfilment of the contract and include cash flows relating to the collection of premiums and pay out for claims, benefits and expenses.

Cash flows are outside of the contract boundary of an insurance contract when the Company's substantive rights and obligations end. This mainly occurs when the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks.

Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Notes to the Financial Statements for the year ended 31 December 2023

2.3 Basis of accounting for insurance and reinsurance contracts (continued)

(h) Premium allocation approach ('PAA') eligibility

The Company applies the PAA for the measurement of all insurance contracts. All of the Company's contracts automatically qualify as the coverage period of each contract in the group is one year or less. As a result, the Company has taken the available policy choice to apply the PAA to these contracts.

Liability for remaining coverage

On initial recognition of each group of insurance contracts, the carrying amount of the LFRC is based on the premiums received less any directly attributable acquisition costs deferred. In subsequent periods, the LFRC is increased for any additional premiums received and decreased for the recognition of insurance revenue and insurance acquisition cash flows that are released on a straight line basis over the coverage period. The Company's default policy is not to adjust the LFRC to reflect the time value of money and the effect of financial risk, as the Company expects on initial recognition of each group of contracts that the time between providing each part of the services and the related premium due date is no more than one year.

Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. It includes external and internal costs and incremental direct and indirect costs.

The Company's policy is to expense all acquisition costs as they are incurred as the coverage period of all contracts is no more than one year.

Onerous contracts

If facts and circumstances indicate that a group of contracts is onerous, detailed testing is performed. The loss component is valued by comparing the carrying amount of the LFRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment. The loss component is recognised as an increase to the LFRC and an expense in the Income Statement. Subsequently, the loss component is reassessed with any movements in the loss component adjusting the LFRC and being recognised within the Income Statement.

Liability for incurred claims

The LFIC represents the estimated liability arising from claims episodes in current and preceding financial years which have not yet given rise to claims paid. A claims episode is an insured medical service that the Company has an obligation to fund which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs. The liability includes an allowance for claims management and handling expenses.

The Company recognises the LFIC of a group of insurance contracts as the present value of the expected cash flows required to settle the obligation with an adjustment for non-financial risk. The Company does not adjust the future cash flows either for the time value of money or for the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence except in exceptional circumstances, as described in the 'Discounting' section below.

The LFIC is set in line with Bupa's Claims Reserving standards, at a level to achieve an appropriate probability of sufficiency and is estimated based on current information. The ultimate liability may vary as a result of subsequent information and events. Adjustments to the claims estimates for prior years are included in the Income Statement in the financial year in which the change is made. The methods used and estimates made for the LFIC are reviewed regularly.

Risk adjustment

The risk adjustment reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company uses a risk adjustment factor of 4.03% and any movements in the risk adjustment are recognised in full within the insurance service result.

Reinsurance contracts held

For reinsurance contracts held, the Company applies the PAA as the coverage period is one year or less.

The Company measures the asset for remaining coverage (AFRC) on initial recognition for reinsurance held as the amount of ceding premiums paid. Subsequently the remaining coverage is increased for ceding premiums paid and decreased for amounts of ceding premiums recognised as insurance expenses for the services received in the period. The Company releases ceded reinsurance premiums on the pattern of time basis over the coverage period. The Company does not adjust the AFRC for the time value of money as the time between providing the coverage and the related underlying premium is one year or less.

The carrying amount of a group of reinsurance contracts held also includes coverage of the incurred claims as an asset for incurred claims ('AFIC'), comprising the fulfilment cash flows related to the past service allocated to the group. The Company does not adjust the AFIC for the time value of money as recoveries are expected to be paid within one year of occurrence.

The remaining coverage for reinsurance contracts is not adjusted for the time value of money as the Company expects on initial recognition that the time between providing each part of the services and the underlying contract's premium due date and payment of incurred claims is expected to be no more than one year.

The estimates for future cash flows of the reinsurance should allow for the risk of non-performance by reinsurers, which is the probability weighted expected value of the effect of reinsurance counterparty failure to the fulfil the contractual obligations.

Bupa's policy is to set the non-performance risk to zero as there are restrictions in place on the credit quality and amount of reinsurance ceded to individual counterparties and Bupa uses reinsurance only to a limited extent mitigate insurance risks.

Notes to the Financial Statements

for the year ended 31 December 2023

2.3 Basis of accounting for insurance and reinsurance contracts (continued)

Net gain on reinsurance contracts held

Onerous contracts assessment is not applicable for reinsurance contracts held under IFRS 17 as an insurer expects either to incur a net cost of purchasing the reinsurance, or sometimes, to make a net gain from purchasing the reinsurance if claim events occur. If facts and circumstances indicate that a group of reinsurance contracts has been purchased at a net gain, detailed testing is performed. A loss-recovery component is valued by comparing the carrying amount of the AFRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment. The loss-recovery component is recognised as an increase to the AFRC and revenue in the Income Statement. Subsequently, the loss-recovery component is reassessed with any movements in the loss-recovery component adjusting the AFRC and being recognised within the Income Statement.

Discounting

The Company has applied discounting to LFIC as a proportion of claims are settled over a period that is greater than one year. The Company policy is to use the EIOPA specified discount rates. When facts and circumstances change, the Company reassesses whether the exceptional use of discounting remains appropriate.

2.4 Current and deferred taxation

The taxation expense on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date, and any adjustments to the taxation payable or receivable in respect of previous years, in the countries where the Company operates and generates income.

Deferred taxation is recognised in full on all timing differences that have originated, but not reversed, at the reporting date which result in an obligation to pay more, or a right to pay less or to receive more taxation benefits, with the following exceptions;

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Where they relate to timing differences in respect of branches and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.
- No deferred taxation is recognised in respect of Pillar Two top-up tax.

Deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

2.5 Related party transactions

Related party transactions are transactions between the Company and related individuals or entities by nature of influence or control. The Company has such relationships with its key management personnel and fellow group companies. The disclosure of transactions with these parties enables readers to form a view of the impact of related party relationships on the Company.

All transactions with related parties are conducted on an arm's-length basis. There were material transactions during the year with group insurance service companies and with key management personnel.

The key management personnel are the Company's Directors.

2.6 Financial income and expense

Financial income comprises interest income, realised gains on investments and foreign exchange gains and losses. Interest income except in relation to assets classified as fair value through profit or loss, is recognised in financial income as it accrues, using the effective interest method. No interest on investments is specifically designated for the payment of claims.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

2.7 Financial investments

The Company has classified its financial investments into the following categories: fair value through profit or loss and amortised cost. The Directors determine the classification of all financial investments at initial recognition. Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Company has transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements

for the year ended 31 December 2023

2.7 Financial investments (continued)

Measurement	Criteria and treatment
Fair value through profit or loss	Debt and equity instruments where performance is managed and evaluated on a fair value basis and the objective is to realise cash flows through the sale of the assets. The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the Income Statement in the year in which they arise.
Amortised cost	Non-derivative debt instruments where the contractual characteristics of the financial assets represent solely payments of principal and interest and the objective is to hold the instrument to collect cash flows over its life. Any disposals are expected to be infrequent or insignificant. The investments are measured at amortised cost using the effective interest method, less any impairment losses. Any discount or premium on purchase is amortised over the life of the investment in the Income Statement.

Impairment provisions on financial investments held at amortised costs are based on expected credit losses (ECL). This is calculated based on either 12-month or life-time ECL depending on whether there has been a significant increase in credit risk since initial recognition. An assumption can be made that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date, for example, investment grade. As all the financial assets at amortised cost are either investment grade or short-term, a 12-month ECL is applied. For financial investments, an option pricing probability model is used as the basis for assessing ECL. An analysis of ECL provisions is provided in note 19.3 .

Financial investments carried at fair value are measured using different valuation inputs categorised into a three-level hierarchy. The different levels have been defined by reference to the lowest level input that is significant to the fair value measurement, as follows;

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.8 Receivables

Insurance and inwards reinsurance receivables are carried at amortised cost net of provision for impairment losses and are included in the within the LFRC. Non-insurance receivables are carried at amortised cost net of lifetime ECL.

Where appropriate, a provision matrix is used to estimate ECL. Under a provision matrix, receivables are grouped into customer segments and further divided into categories by age. Historical credit loss experience and any relevant forward-looking information is then used to establish the ECL provision for each category. Based on this methodology, non-insurance receivables ECL provisions have been assessed as £nil (2022: £nil).

Recoverable amounts from reinsurance contracts held are included within AFRC.

2.9 Payables

Payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.10 Property leases

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate, taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use asset, excluding restoration costs, is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restorations costs, is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts.

Notes to the Financial Statements

for the year ended 31 December 2023

2.10 Property leases (continued)

Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the IFRS 16 contractual lease term.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (€4,690). Lease payments associated with these leases are expensed on a straight-line basis over the lease term within the Income Statement.

2.11 Property, Plant and Equipment

Equipment (including leasehold improvements) are stated at cost less accumulated depreciation and accumulated impairment losses. The Company undertakes impairment reviews if there are indicators of impairment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of assets. A review of useful lives is carried out annually the estimated useful lives are as follows:

Leasehold improvements	Shorter of useful life or lease term (10 years)
Computer Equipment	3-5 years
Fixtures and Fittings	3-8 years

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments (including money market funds) with original maturities of three months or less which are subject to an insignificant risk of change in value.

2.13 Common control transactions

Common control transactions are acquisition / disposal of assets or businesses that occur between companies with the same ultimate parent as the Company. Any amounts in excess of book value, as recorded within the transferring company, are recognised in a merger reserve which is subsequently amortised over its useful life.

3. Insurance Service Result

Insurance Service Expense

	2023	2022
	€'000	€'000
Inurred claims and other expenses ¹	81,382	84,977
Losses on onerous contracts and reversals of those losses	—	(7,410)
Changes to liabilities for incurred claims relating to past service	1,660	(529)
Total insurance service expenses	83,042	77,038

¹ Includes claims incurred of €54,328k (2022: €49,061k) comprising claims paid, claims management expenses and changes in provisions for claims.

Reinsurance contracts held

	2023	2022
	€'000	€'000
Premiums ceded to reinsurers	428	557
Reinsurance commission income	(96)	(135)
Total allocation of reinsurance premiums	332	422
Amount recoverable for incurred claims and other expenses	334	297
Changes to amounts recoverable for incurred claims relating to past service	61	72
Total amount recoverable from reinsurers for incurred claims	395	369
Net (income)/expense from reinsurance contracts held	(63)	53

Notes to the Financial Statements

for the year ended 31 December 2023

4. Staff costs and Directors' remuneration

(i) Staff costs

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

	2023	2022
Employees	43	72

	2023	2022
Sales	24	15
Administration	19	57
Total	43	72

	2023	2022
	€'000	€'000
Wages and salaries	3,755	5,052
Social security costs	861	1,182
Pension costs	350	512
Total	4,966	6,746

Included within recharges is €3.3m (2022: €3.1m) related to wages and salaries charged from Bupa Insurance Services Limited, which acts as a service company to a number of Bupa subsidiaries.

5. Auditors' remuneration

	2023	2022
	€'000	€'000
Fees payable to the Company's auditors for the audit services	264	161
Non-audit assurance services	80	70
Total	344	231

Fees payable to the Company's auditors represent the amount for the audit of the Company's annual financial statements and are exclusive of VAT.

6. Financial income and expense

Financial Income

	2023	2022
	€'000	restated ¹ €'000
Interest income:		
Investments at amortised cost	2,497	86
Net movement in fair value:		
Investments at amortised cost	(88)	(96)
Net foreign exchange translation (loss)/gain	(307)	811
Total financial income	2,102	801

Financial Expense

	2023	2022
	€'000	restated ¹ €'000
Interest expense on financial liabilities at amortised cost	—	(352)
Finance charges in respect of leases and restoration provisions	(43)	(50)
Other financial expense	(87)	(53)
Total financial expense	(130)	(455)

¹ Balances have been restated for the adoption of IFRS 17

Notes to the Financial Statements

for the year ended 31 December 2023

7. Taxation expense

	2023	2022 restated ¹
	€'000	€'000
Analysis of taxation charge in the financial year		
Change to Current taxation expense		
Irish taxation on income for the year	1,310	1,470
Irish taxation adjustments in respect of prior years	(1)	(7)
Total Irish current taxation expense	1,309	1,463
Double taxation relief	(173)	—
Foreign taxation on income for the year	485	452
Foreign taxation adjustments in respect of prior years	—	1,665
Total foreign current taxation expense	485	2,117
Total current taxation expense	1,621	3,580
Deferred taxation (income)/expense		
Origination and reversal of temporary differences	472	963
Total deferred taxation (income)/expense	472	963
Taxation expense	2,093	4,543

¹ Balances have been restated for the adoption of IFRS 17

The total taxation expense recognised in the Income Statement of €2,093k (2022: €4,543k) represents a headline effective tax rate of 14.7% (2022: 23.3%) against a statutory Irish prevailing tax rate of 12.5% (2022: 12.5%).

Reconciliation of effective tax rate

The differences between the total current taxation charge shown above and the amount calculated by applying the standard rate of Irish corporation taxation to the profit before taxation is as follows:

	2023	2022 restated ¹
	€'000	€'000
Profit before taxation expense	14,204	19,529
Irish corporation taxation rate	12.5 %	12.5 %
Taxation at the Irish corporation taxation rate	1,775	2,441
Effects of the recurring taxation reconciliation items:		
Different taxation rates in foreign jurisdictions	312	444
Effects of non-recurring taxation reconciliation items:		
Expenses not deductible for tax purposes	7	—
Adjustments in respect of current income tax of previous years	(1)	1,658
Taxation expense at the effective rate of 14.7% (2022: 23.3%)	2,093	4,543

¹ Balances have been restated for the adoption of IFRS 17

8. Property, plant and equipment

The Company's property consists of one lease for the office building recognised as a right of use asset.

	2023			Total €'000
	Property right-of- use asset €'000	Computer Equipment €'000	Fixture and Fittings €'000	
Cost or valuation				
At 1 January	3,531	44	1,087	4,662
At 31 December	3,531	44	1,087	4,662
Accumulated depreciation				
At 1 January	(1,380)	(37)	(791)	(2,208)
Charge for the year	(345)	(5)	(218)	(568)
At 31 December	(1,725)	(42)	(1,009)	(2,776)
Net book value at 31 December	1,806	2	78	1,886

Notes to the Financial Statements

for the year ended 31 December 2023

8. Property, plant and equipment (continued)

Cost or valuation	2022			Total €'000
	Property right-of-use asset €'000	Computer Equipment €'000	Fixture and Fittings €'000	
At 1 January	3,531	44	1,087	4,662
At 31 December	3,531	44	1,087	4,662
Accumulated depreciation				
At 1 January	(1,035)	(31)	(573)	(1,639)
Charge for the year	(345)	(6)	(218)	(569)
At 31 December	(1,380)	(37)	(791)	(2,208)
Net book value at 31 December	2,151	7	296	2,454

9. Financial investments

	2023		2022	
	Carrying Value €'000	Fair Value €'000	Carrying Value €'000	Fair Value €'000
Amortised cost:				
Government debt securities	54,410	54,425	54,722	54,618
Total financial investments	54,410	54,425	54,722	54,618
Non-current	—	—	—	—
Current	54,410	54,425	54,722	54,618

Fair value of financial investments

The fair value of a financial instrument is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. The fair values of quoted investments in active markets are based on current bid prices. The fair values for all other financial investments for which there is no active market are determined through discounted cash flow valuation techniques using observable inputs or are sourced from multiple independent third parties.

The company does not hold any financial investments at fair value.

The fair value of financial instruments are determined using different valuation inputs categorised into the three levels within the fair value hierarchy as described in Note 2.7.

An analysis is as follows:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
2023				
Amortised cost:				
Government debt securities	54,425	—	—	54,425
Total financial investments	54,425	—	—	54,425
2022				
Amortised cost:				
Government debt securities	54,618	—	—	54,618
Total financial investments	54,618	—	—	54,618

Notes to the Financial Statements

for the year ended 31 December 2023

10. Other receivables

	2023	2022 restated ¹
	€'000	€'000
Amounts owed by Bupa Group undertakings	123	15
Corporation taxation receivable	195	—
Prepayments	—	43
Other receivables	—	42
Total	318	100

¹ Balances have been restated for the adoption of IFRS 17

Other receivables are carried at amortised cost net of provisions for ECLs. Information regarding the ageing of other receivables is shown in note 19. All other receivables are classified as receivables under IFRS 15, as a receivable is an entity's right to consideration that is unconditional i.e., only the passage of time is required before payment is due.

11. Cash and cash equivalents

	2023	2022
	€'000	€'000
Cash at bank and in hand	40,195	36,230
Total	40,195	36,230

12. Lease liabilities

	2023	2022
	€'000	€'000
At the beginning of the year	2,320	2,676
Repayments	(403)	(403)
Interest on lease liabilities	40	47
Total lease liabilities	1,957	2,320
Current	370	363
Non-current	1,587	1,957

Maturity analysis of lease liabilities is presented in Note 19.4.

Information on right-of-use assets is reported in Note 2.10. Interest on lease liabilities is reported within financial expenses (see note 6).

13. Deferred taxation assets

	2023	2022 restated ¹
	€'000	€'000
At the beginning of the year – net deferred taxation asset	520	1,483
(Charged) to the Income Statement	(472)	(963)
At the end of the year – net deferred taxation asset	48	520

¹ Balances have been restated for the adoption of IFRS 17

Net deferred taxation asset is analysed as follows:

	2023	2022 restated ¹
	€'000	€'000
Accelerated capital allowances	48	44
Other employee benefits (other than post employment)	—	5
Provisions	—	288
Other	—	183
Total	48	520

¹ Balances have been restated for the adoption of IFRS 17

Notes to the Financial Statements

for the year ended 31 December 2023

14. Provisions for liabilities and charges

	Other 2023 €'000	Other 2022 restated ¹ €'000
2023	€'000	€'000
At beginning of year	1,527	3,040
Charged for the year	2	(55)
Utilisation in the year	(1,403)	(1,456)
Foreign exchange	(3)	(2)
At end of year	123	1,527

¹ Balances have been restated for the adoption of IFRS 17

Other provisions consists of a redundancy provision of €nil (2022: €1,406k) and the restoration costs associated with the right of use property €123k (2022: €121k). Following the announcement in June 2021 to exit the travel insurance business the Company recognised a redundancy provision to cover termination payments and legal fees. The restoration provision relates to estimates of costs to restore the leased property to its original condition, where the key assumptions are the weighted average restoration cost per square foot of €26 and the expected term of occupancy of 10 years.

15. Insurance and reinsurance contracts

	Assets		Liabilities		Net	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Insurance contracts						
Non-current	—	—	(1,138)	—	(1,138)	—
Current	—	—	(32,499)	(31,492)	(32,499)	(31,492)
Total insurance contract liabilities	—	—	(33,637)	(31,492)	(33,637)	(31,492)
Reinsurance contracts						
Non-current	8	—	—	—	8	—
Current	167	112	—	—	167	112
Total reinsurance contract assets	175	112	—	—	175	112

Notes to the Financial Statements

for the year ended 31 December 2023

15.1 Insurance contracts roll forward

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment	
For year ended 31 December 2023	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities at 1 January	20,376	—	10,624	492	31,492
Insurance revenue	(95,316)	—	—	—	(95,316)
Insurance service expenses	—	—	83,039	3	83,042
Incurring claims and other expenses	—	—	80,841	541	81,382
Changes to liabilities for incurred claims relating to past service	—	—	2,198	(538)	1,660
Insurance service result	(95,316)	—	83,039	3	(12,274)
Foreign exchange	110	—	(119)	(6)	(15)
Finance (income)/expense from insurance contracts held	—	—	92	—	92
Total changes in statement of comprehensive income	(95,206)	—	83,012	(3)	(12,197)
Other movements	—	—	(568)	—	(568)
Cash flows;					
Premiums received	96,128	—	—	—	96,128
Claims and other expenses paid	—	—	(81,218)	—	(81,218)
Total cash flows	96,128	—	(81,218)	—	14,910
Insurance contract liabilities at 31 December	21,298	—	11,850	489	33,637

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment	
For year ended 31 December 2022	€'000	€'000	€'000	€'000	€'000
Insurance contract liabilities at 1 January	21,221	7,410	12,000	438	41,069
Insurance revenue	(96,234)	—	—	—	(96,234)
Insurance service expenses	—	(7,410)	84,384	64	77,038
Incurring claims and other expenses	—	—	85,412	(435)	84,977
Losses on onerous contracts and reversals of those losses	—	(7,410)	—	—	(7,410)
Changes to liabilities for incurred claims relating to past service	—	—	(1,028)	499	(529)
Insurance service result	(96,234)	(7,410)	84,384	64	(19,196)
Foreign exchange	(240)	—	44	(10)	(206)
Total changes in statement of comprehensive income	(96,474)	(7,410)	84,428	54	(19,402)
Other movements	—	—	(569)	—	(569)
Cash flows;					
Premiums received	95,629	—	—	—	95,629
Claims and other expenses paid	—	—	(85,235)	—	(85,235)
Total cash flows	95,629	—	(85,235)	—	10,394
Insurance contract liabilities at 31 December	20,376	—	10,624	492	31,492

Notes to the Financial Statements

for the year ended 31 December 2023

15.2 Reinsurance contracts roll forward

	Asset for remaining coverage		Amount recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment	Total
	€'000	€'000	€'000	€'000	€'000
For year ended 31 December 2023					
Reinsurance contract assets at 1 January	(38)	—	147	3	112
Allocation of reinsurance premiums	(332)	—	—	—	(332)
Amounts recoverable from reinsurers for	—	—	395	—	395
Amounts recoverable for incurred claims and expenses	—	—	334	—	334
Changes to amounts recoverable for incurred claims relating to past service	—	—	61	—	61
Net expense from reinsurance contracts	(332)	—	395	—	63

Cash flows

Premiums paid	333	—	—	—	333
Recoveries from reinsurance	—	—	(333)	—	(333)
Total cash flows	333	—	(333)	—	—
Reinsurance contract assets at 31 December	(37)	—	209	3	175

A risk adjustment is estimated on the amount recoverable on incurred claims.

	Asset for remaining coverage		Amount recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment	Total
	€'000	€'000	€'000	€'000	€'000
For year ended 31 December 2022					
Reinsurance contract liabilities at 1 January	(34)	—	13	—	(21)
Allocation of reinsurance premiums	(422)	—	—	—	(422)
Amounts recoverable from reinsurers for	—	—	366	3	369
Amounts recoverable for incurred claims and expenses	—	—	295	2	297
Changes to amounts recoverable for incurred claims relating to past service	—	—	71	1	72
Net expense from reinsurance contracts	(422)	—	366	3	(53)

Cash flows

Premiums paid	418	—	—	—	418
Recoveries from reinsurance	—	—	(232)	—	(232)
Total cash flows	418	—	(232)	—	186
Reinsurance contract assets at 31 December	(38)	—	147	3	112

Assumptions for general insurance business

The process of recognising liabilities arising from general insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing the extent to which any groups of contracts have become onerous.

The principal assumptions in the estimation of the liability for incurred claims relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends. The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made.

Claims development patterns are analysed. Various established reserving methods for general insurance are considered, typically basic chain ladder, Bornhuetter-Ferguson and pure risk cost methods. Additional consideration is given to the treatment of large claims, claim seasonality, claims inflation and currency effects, for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims across the Company, such claims are generally predictable in both frequency and average amount, and claims are settled quickly following the medical event for which benefit is claimed. Medical expense claims are, typically, substantially fully-settled within just a few months.

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15.2 Reinsurance contracts roll forward (continued)

Assumptions for general insurance business (continued)

Key estimation uncertainty exists in determining a loss component, where facts and circumstances are identified that may indicate an onerous contract exists. A loss component is measured by comparing the current estimates of the fulfilment cash flows that relate to the remaining coverage to the carrying amount of the LFRC. Uncertainty is driven by the future cash flows which are uncertain due to their timing, size and, or probability. The underlying cash flows are determined by forecasting future claims and any other expenses, based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Insurance provisions are inevitably estimates. Actual experience or losses incurred may vary from that anticipated in the reserving estimates.

The following table shows the impact on profit before taxation of reasonably possible variations in the key assumptions in the carrying value of insurance contract liabilities at the end of the reporting period, while holding all other assumptions constant. In practice, it is likely that variations for some of the assumptions may be correlated.

2023	Increase in claims	Increase in expenses
	€'000	€'000
Change in variable	5%	10%
Reduction in profit before taxation	539	58
Mitigation by reinsurance contracts	(4)	—
Net impact on profit before taxation	535	58
2022		
Change in variable	5%	10%
Reduction in profit before taxation	471	59
Mitigation by reinsurance contracts	(3)	—
Net impact on profit before taxation	468	59

16. Other payables

	2023	2022 restated ¹
	€'000	€'000
Amounts owed to Bupa Group undertakings ¹	4,366	5,042
Accruals and deferred income	2,752	2,628
Trade payables	142	69
Social security and other taxes	269	292
Other payables	1,911	2,208
Total	9,440	10,239

¹. Balances have been restated for the adoption of IFRS 17

17. Share capital

	2023	2022
	€'000	€'000
Allotted, called-up and fully paid		
39,600,000 ordinary shares of €1 each (2022: 39,600,000 ordinary shares of €1 each)	39,600	39,600

18. Merger reserve

The merger reserve represents a €188k purchase of trade and assets of a branch from Bupa Insurance Limited in 2019. The purchase related to renewal rights which are amortised over their useful life (7 years), to the profit and loss reserve €27k (2022: €27k).

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19. Risk management

The Directors are responsible for identifying, evaluating and managing risks faced by the Company and consider the acceptable level of risk, the likelihood of these risks materialising, how to reduce the risk and the cost of operating particular controls relative to the benefit from managing the related risks.

The Company operates the 'three lines of defence' approach to the governance of risk management:

1. Business management is responsible for the identification and assessment of risks and controls;
2. Risk and Compliance functions provide oversight and challenge the completeness and accuracy of risk assessments and the adequacy of mitigation plans; and
3. Internal audit provides independent and objective assurance on the robustness of the risk management framework, and the effectiveness of internal controls.

The principal significant risks of the Company and how they are mitigated are described on pages 4 to 6.

The Company has adopted a risk management strategy that endeavours to mitigate these risks, which is approved by the Board. In managing these exposures, the Company's Risk Committee reviews and monitors any significant risks and recommends changes to the management of insurance and investment risks.

The Company has exposure to a number of risks from its use of financial instruments and risks associated with its insurance business. These have been categorised into the following types of risk, and details of the nature, extent and how the Company has managed these risks is described below:

1. Insurance risk
2. Market risk
3. Credit risk
4. Liquidity risk

19.1 Insurance risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate pricing of insurance products (potential inadequacy of insurance premiums) as well as reserving risk which relates to the potential inadequacy of claims provision.

Underwriting risk

Underwriting risk refers to the potential deviation of claims experience from the actuarial assumptions used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both the setting of adequate premium rates (pricing risk) and the management of claims (claims risk) for insurance policies.

Pricing risk

Pricing risk relates to the setting of adequate premium rates taking into consideration the volume and characteristics of the insurance policies issued, such as future claim projections. External influences on pricing risk include (but are not limited to) competitors' pricing and product design initiatives, and economic and regulatory environments. The level of influence from these external factors can vary significantly between regions and largely depend on the maturity of health insurance markets and the role of the regulator. Actuarial analysis performed on a regular basis combined with an understanding of local market dynamics and the ability to change premium rates when necessary are effective risk mitigations. This is particularly relevant in the current high inflationary environment and premium rates reflect the latest outlook on medical inflation.

The direct impacts of climate change on health are unclear but these impacts are likely to emerge over time and the short-tailed nature of our products allows us to respond to these developments.

The Company's dominant product is an annually renewable health insurance contract. This permits insurance premium rate revisions to respond quickly to changes in customer risk profiles, claims experience and market considerations.

The ability to review premium rates is a significant mitigation to pricing risk. The Company does not underwrite material insurance business that commits it to cover risks at premiums fixed beyond a 12-month period from inception or renewal.

Claims risk

Claims risk is the risk of claims exceeding the amounts assumed in the premium rates. This can be driven by an adverse fluctuation in the amount and incidence of claims incurred and external factors such as medical inflation greater than that included in the premium rates.

Claims risk is managed and controlled by means such as pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges. Specific claims management processes vary across the Company depending on local requirements, market environment and practice.

Adverse claims experience, for example, which is caused by external factors such as medical inflation, will affect cash flows after the date of the financial statements. Recent claims experience is reflected in these financial statements in claims paid and in the movement in the claims provisions.

Notes to the Financial Statements

for the year ended 31 December 2023

19.1 Insurance risk (continued)

Claims risk (continued)

Generally, the Company's health insurance contracts provide for the reimbursement of incurred medical expenses, typically in-hospital for treatment related to acute, rather than chronic, medical conditions. The contracts do not provide for capital sums or indemnified amounts. Therefore, claims experience is necessarily underpinned by prevailing rates of illness giving rise to hospitalisations. Claims risk is generally mitigated by the Company having processes to ensure that both the treatments and the consequent reimbursements are appropriate.

Reserving risk

Reserving risk is the risk that provisions made for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk compared to underwriting risk due to the very short-term nature of our claims development patterns. The short-term nature of the Company's insurance contracts means that movements in claims development assumptions are generally not significant. The development claims settlement patterns are kept under constant review to maintain the validity of the assumptions and, hence, the validity of the estimation of recognised insurance liabilities.

The amount of claims provision at any given time that relate to potential claims payments that have not been resolved within one year is not material to the Company. The small provisions that relate to longer than one year can be calculated with reasonable confidence.

Other risks relating to underwriting health insurance business

The short-term nature of claims provisions means that changes in interest rates are not expected to have a significant impact on reserving risk. In addition, the future premium income and claims outflows of health insurance premium liabilities are largely unaffected by changes in interest rates. However, changes to inflationary factors such as wage inflation and medical cost inflation affect the value of future claims outflows.

None of the Company's insurance contracts contain embedded derivatives so there are no additional financial risks, including interest rate risk, arising from the contracts.

The Company is exposed to foreign currency risk through some of the insurance liabilities which are settled in a local currency. Where possible these liabilities are matched to assets in the relevant currency to provide an economic hedge to this exposure.

The majority of the Company's insurance activities are single-line health portfolios. Even though only one line of business is involved, the Company does not have significant concentrations of insurance risk for the following reasons:

1. Geographically diverse policyholders.
2. Product diversity between domestic and expatriate, and individual and corporate health insurance; and
3. A variety of claims type exposures across diverse medical providers: consultants, nursing staff, clinics, individual hospitals and hospital groups.

Only in select circumstances does the Company use reinsurance. The reinsurance used does not give rise to a material counterparty default credit risk exposure for the Company. Restrictions are in place on the credit quality and amount of reinsurance ceded to individual counterparties.

Geographical concentrations of risk

The Company is exposed to the risk that a single event occurs in a location which would result in a large number of claims arising under a group risk policy. This is mitigated by the nature of the IPMI business which diversifies the Company's portfolio of risks across a number of countries.

Catastrophe risk

A natural disaster or a man-made disaster could potentially lead to a larger than expected number of claims being received over a short period of time resulting in higher-than-expected claims costs. The impact is deemed immaterial as in the majority of jurisdictions, the Company is not contractually liable for such claims.

19.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk.

The Company actively manages market risk by holding investments in highly rated EEA government treasury bills and by ensuring that the majority of its cash is held with highly rated credit institutions, in line with the Company's Risk Appetite Statement.

The Company is exposed to transactional foreign exchange risks arising from commercial transactions and translational foreign exchange risk arising from the Company's net exposure to foreign currency assets and liabilities.

Transactional exposures arise as a result of differences between the currency of local revenues (mainly GBP, USD and EUR) and costs (various currencies) with key exposures to the US dollar, Danish krone and Sterling.

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for the year ended 31 December 2023

19.2 Market risk (continued)

Foreign exchange risk

The SII Economic Balance Sheet (EBS) is exposed to both foreign currency transactional and translational exposures. A program is in place to reduce the foreign exchange exposures and manage the foreign exchange charge within the SII Solvency Capital Requirement (SCR). The Company matches significant non-euro balances through regular rebalancing of cash accounts in the major corresponding currencies. The remaining currency exposures are deemed to be acceptable but are kept under review by management.

The table below presents the net currency exposure of the Company's IFRS net assets which drive translational foreign exchange risk. The carrying value of net assets categorised by currency is as follows:

	Net currency exposure
	€'000
2023	
US dollar	(5,108)
Sterling	(5,962)
Danish krone	558
Swiss franc	1,055
Total foreign currency denominated net assets	(9,457)

	Net currency exposure
	€'000
2022	
US dollar	(4,152)
Sterling	(6,725)
Danish krone	(1,894)
Swiss franc	75
Total foreign currency denominated net assets	(12,696)

The rates used by the Company were the same as those applied across Bupa and the following exchange rates applied during the financial year.

	Average rate		Closing rate	
	2023	2022	2023	2022
US dollar	1.082	1.054	1.104	1.070
Sterling	0.870	0.853	0.866	0.886
Danish krone	7.452	7.442	7.455	7.437
Swiss franc	0.972	1.006	0.930	0.989

The impact of a hypothetical 10% strengthening and weakening of Euro against the currencies below, with all other variables constant, would have increased/(decreased) profit before taxation and equity by the amounts shown below:

	Gain/(loss) included in Income Statement, strengthening 10%	(Loss)/gain included in Income Statement, weakening 10%
	€'000	€'000
2023		
US dollar	1,682	(1,825)
Sterling	84	(155)
Danish krone	(289)	353
Swiss franc	(130)	265
Total sensitivity	1,347	(1,362)
2022		
US dollar	988	(1,019)
Sterling	(527)	586
Danish krone	589	(748)
Swiss franc	(58)	78
Total sensitivity	992	(1,103)

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19.2 Market risk (continued)

Interest rate risk

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

To minimise this interest rate risk the Company holds short duration highly rated EEA government treasury bills and funds on account with highly rated banks.

The impact of a hypothetical rise of 100 bps in interest rates at the reporting date, on an annualised basis, would have increased profit and reserves by €700k (2022: increase c€700k). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

The impact of a hypothetical fall of 100 bps in interest rates on an annualised basis would have the inverse effect to that stated in the previous paragraph.

19.3 Credit risk

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations.

There is banking counterparty default risk in respect of deposits and policyholder receivables.

Counterparty exposure is managed by dealing with highly rated counterparties with exposure limits as approved by the Company. In addition, the Company does not permit securitised lending of its assets.

Investment exposure with external counterparties is managed by ensuring there is a sufficient spread of investments and that all cash and investment counterparties are rated at least 'A' by two of the three key rating agencies used by the Company (unless specifically approved by the Company).

The investment profile at 31 December is as follows:

	2023	2022
	€'000	€'000
Investment grade counterparties	94,605	90,952
Non-investment grade counterparties	—	—
Total	94,605	90,952

Investment grade counterparties include cash at bank and in hand of €40,195k (2022: €36,230k).

Information regarding the credit rating of financial assets held at amortised cost is provided below:

	Government debt securities	Deposits with credit institutions	Restricted Assets	Cash and cash Equivalents	Reinsurance contract assets	Total
2023	€'000	€'000	€'000	€'000	€'000	€'000
AAA	39,598	—	—	—	—	39,598
AA- to AA+	14,852	—	—	—	—	14,852
A- to A+	—	—	—	39,669	—	39,669
BBB- to BBB+	—	—	—	526	—	526
Below BBB- (below investment grade)	—	—	—	—	—	—
Total	54,450	—	—	40,195	—	94,645
ECL	(40)	—	—	—	—	(40)
Carrying amount	54,410	—	—	40,195	—	94,605

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for the year ended 31 December 2023

19.3 Credit risk (continued)

	Government debt securities	Deposits with credit institutions	Restricted Assets	Cash and cash Equivalents	Reinsurance contract assets	Restated Total
	€'000	€'000	€'000	€'000	€'000	€'000
2022						
AAA	29,869	—	—	—	—	29,869
AA- to AA+	24,880	—	—	—	—	24,880
A- to A+	—	—	—	35,390	—	35,390
BBB- to BBB+	—	—	—	840	—	840
Below BBB- (below investment grade)	—	—	—	—	—	—
Total	54,749	—	—	36,230	—	90,979
ECL	(27)	—	—	—	—	(27)
Carrying amount	54,722	—	—	36,230	—	90,952

Information regarding the ageing of receivables arising from insurance operations, and the value of the impairment made against these assets, is provided below:

	Not past due or impaired	0-3 months	3-6 months	6 months to 1 year	Greater than 1 year
	€'000	€'000	€'000	€'000	€'000
2023					
Trade and other receivables net value	8	28	—	—	—

	Not past due or impaired	0-3 months	3-6 months	6 months to 1 year	Greater than 1 year
	€'000	€'000	€'000	€'000	€'000
2022					
Trade and other receivables net value	85	27	—	—	—

Information regarding the Expected Credit Loss provision by class of financial investments at amortised cost and fair value through profit or loss is shown below. Where an asset class has no ECL provision due to being held at fair value, no ECL column is presented.

	Government debt securities		Trade and other receivables	Other insurance receivables		Cash and cash equivalents
	Gross	ECL	Gross	Gross	ECL	Gross
	€'000	€'000	€'000	€'000	€'000	€'000
2023						
At beginning of year	54,749	(27)	100	20,098	(222)	36,230
Recognition and settlement	(299)	(13)	26	(1,084)	(169)	3,816
Foreign exchange and other movements	—	—	(3)	(1)	—	149
At end of year	54,450	(40)	123	19,013	(391)	40,195

	Government debt securities		Trade and other receivables	Other insurance receivables		Cash and cash equivalents
	Gross	ECL	Gross	Gross	ECL	Gross
	€'000	€'000	€'000	€'000	€'000	€'000
2022						
At beginning of year	40,174	(66)	116	18,430	(96)	46,446
Recognition and settlement	14,575	39	(264)	1,830	(127)	(10,309)
Foreign exchange and other movements	—	—	248	(162)	1	93
At end of year	54,749	(27)	100	20,098	(222)	36,230

19.4 Liquidity risk

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company follows a prudent approach to manage its liquidity risk by holding adequate liquid assets and adheres to strict liquidity management policies as set by its Board.

Liquidity is managed by currency and by considering the segregation of accounts required for regulatory purposes.

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19.4 Liquidity risk (continued)

The undiscounted contractual maturities of financial liabilities and the expected maturities of other liabilities including estimated interest payments of the Company as at 31 December are as follows:

	Insurance contract liabilities	Trade and other payables	Lease liabilities	Total
	€'000	€'000	€'000	€'000
As at 31 December 2023				
2024	(33,637)	(9,255)	(403)	(43,295)
2025	—	(185)	(403)	(588)
2026	—	—	(403)	(403)
2027	—	—	(403)	(403)
2028	—	—	(403)	(403)
2029-2033	—	—	(34)	(34)
Total	(33,637)	(9,440)	(2,049)	(45,126)

	Insurance contract liabilities	Trade and other payables creditors	Lease liabilities	Total
	€'000	€'000	€'000	€'000
As at 31 December 2022				
2023	(31,492)	(9,954)	(403)	(41,849)
2024	—	(285)	(403)	(688)
2025	—	—	(403)	(403)
2026	—	—	(403)	(403)
2027	—	—	(403)	(403)
2028-2032	—	—	(439)	(439)
Total	(31,492)	(10,239)	(2,454)	(44,185)

The Company manages liquid cash with financial institutions and EEA government bills. The maturity profile of financial assets at 31 December are all less than one year or equal to one year in duration.

20. Capital management

The total capital of the Company as at 31 December 2023 consists of shareholder's equity of €51.9m (2022: €46.8m).

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all its customers, investors, regulator and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development.

Management reviews capital on an on-going basis with a view to maintaining a level of capital sufficient to cover significant balance sheet risks and regulatory requirements.

The Company's capital position is kept under constant review and is reported quarterly to the Board.

The Solvency II framework, which governs industry regulation and prudential capital requirements within the European Union, became effective from 1 January 2016. The Company has prepared its reporting in line with the requirements of the SII framework.

The Company is subject to the requirements of the SII Directive and must hold sufficient capital to cover its SCR. In addition, the Company maintains a buffer in excess of this capital requirement, calibrated in line with the capital risk appetite set by the Board. The SCR is calculated in accordance with the Standard Formula specified in the SII regulations.

At least annually, the Company will carry out an Economic Capital Assessment (ECA) in which it makes its own quantification of how much capital is required to support its risks. The ECA is used to assess how well the Standard Formula SCR reflects the Company's actual risk profile.

The ECA forms part of the Own Risk and Solvency Assessment (ORSA) which comprises all the activities by which the Company establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA Report which is reviewed by the Risk Committee, approved by the Board and submitted to the CBI at least annually.

21. Related party transactions

Related party transactions are transactions between the Company and related individuals or entities by nature of influence or control. The Company has such relationships with its key management personnel and fellow group companies.

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21. Related party transactions (continued)

All transactions with related parties are conducted on an arm's-length basis. There were material transactions during the year with fellow group insurance service companies and with key management personnel.

(i) Transactions with key management personnel

The key management personnel are the Company's Directors.

The Directors emoluments are disclosed below:

	2023	2022
	€'000	€'000
Emoluments	1,049	803
Company contributions to defined contribution pension schemes	100	59
Compensation for loss of office	—	27
Total	1,149	889

The emoluments of Directors are borne both by The Company and other Bupa Group companies. The table above reflects the value of the qualifying services provided by the Directors to the Company during the year.

There are no Directors who are members of a Bupa Group defined benefit pension scheme (2022: None).

The remuneration of the highest paid Director was:

	2023	2022
	€'000	€'000
Emoluments	296	345
Company contributions to defined contribution pension schemes	47	33
Total	343	378

(ii) Transactions with other group companies

	2023	2022
	€'000	€'000
Insurance service expense	(14,844)	(14,290)
Insurance service result	(14,844)	(14,290)
Other receivables	123	15
Total assets	123	15
Other payables	(4,366)	(5,042)
Total liabilities	(4,366)	(5,042)

22. Immediate and ultimate parent company

The Company's immediate parent undertaking is Bupa Global Holdings Limited, and the ultimate parent undertaking is Bupa, a company incorporated in the UK. The smallest and largest group into which these financial statements are consolidated are that headed by Bupa Finance plc and Bupa respectively. The consolidated financial statements for both Bupa Finance plc and Bupa may be obtained in offices located at 1 Angel Court, London, EC2R 7HJ, United Kingdom and copies of the accounts of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.