
THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025**

CONTENTS

Corporate information	1
Report of the directors	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income - technical account	7
Statement of comprehensive income - non technical account	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 18

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

CORPORATE INFORMATION

<u>Directors:</u>	Richard Gale Lawrence Moore Paul Nunn
<u>Company Secretary:</u>	Alternative Risk Management Limited
<u>Registered Office:</u>	Level 5 Mill Court La Charroterie St Peter Port Guernsey Channel Islands GY1 1EJ
<u>Independent Auditor:</u>	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ
<u>Insurance Manager:</u>	Alternative Risk Management Limited Level 5 Mill Court La Charroterie St Peter Port Guernsey Channel Islands GY1 1EJ
<u>Registration Number:</u>	27624

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of The Independents' Advantage Insurance Company Limited (the 'Company') for the year ended 30 September 2025.

Directors

The directors of the Company who served during the year are set out on page 1.

Directors' Responsibilities Statement

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and UK generally accepted accounting principles.

Guernsey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors should:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Principal Activity

The Company is a limited liability company incorporated in Guernsey on 21 December 1993. The Company is registered under The Insurance Business (Bailiwick of Guernsey) Law 2002 as an insurance company. The principal activity of the Company is the provision of bonds for the travel industry.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

The Results and Business Review

The results for the year are shown in the statements of comprehensive income on pages 7 & 8.

The Company's bonding business increased in the year with gross written premium of £1,061,381 (2024: £630,707) and net claims paid of £148,589 (2024: claim recoveries £1,540).

Dividend

Due to the profit for the year, the Directors have resolved to pay a preference dividend of £1,200 in connection with the £1 6% cumulative redeemable preference shares for the year ended 30 September 2025 (2024: £1,200).

No ordinary dividend was paid in the year (2024: £Nil).

Independent Auditor

Grant Thornton Limited has expressed their willingness to continue in office.

Company Secretary

Alternative Risk Management Limited served as the company secretary throughout the year and to the date of this report.

Approved by the board of directors:



Richard Gale
Director

Date: 28.1.2026

Independent auditor's report

To the shareholders of The Independents' Advantage Insurance Company Limited

Opinion

We have audited the financial statements of The Independents' Advantage Insurance Company Limited (the 'Company') for the year ended 30 September 2025 which comprise the Statement of Comprehensive Income – Technical Account, the Statement of comprehensive income - non technical account, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2025, and of its financial performance for the year then ended;
- are in accordance with Financial Reporting Standards 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" & 103 "Insurance Contracts" (FRS 102 & 103) issued by the Financial Reporting Council; and
- comply with The Companies (Guernsey) Law, 2008 and are in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with The Companies (Guernsey) Law, 2008, The Insurance Business (Bailiwick of Guernsey) Law, 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

To the shareholders of The Independents' Advantage Insurance Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report

To the shareholders of The Independents' Advantage Insurance Company Limited (continued)

Matter on which we are required to report under The Insurance Business (Bailiwick of Guernsey) Law 2002

Pursuant to Section 33 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to examine the annual return of the Company and to report to you if in our opinion, the information given in the annual return is inconsistent with the financial statements.

Pursuant to Section 36 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to make specific reference to any transaction, other than a transaction in the normal course of business, which has, in our opinion, resulted in the statement of financial position showing a situation materially different from that which would otherwise have obtained and which is not adequately disclosed in the accounts.

We have nothing to report in respect of the above.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.



Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey

Date 28 January 2026

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME – TECHNICAL ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2025**

	<u>30-Sep-25</u>	<u>30-Sep-24</u>
	£	£
<u>Technical Account</u>		
Written Premiums	1,061,381	630,707
Change in the provision for unearned premiums	(24,087)	(33,272)
Total earned premium	1,037,294	597,435
Outward reinsurance premiums	(396,128)	(102,919)
Change in the provision for unexpensed reinsurance premiums	(337)	-
Total reinsurance premium expensed	(396,465)	(102,919)
<u>Ceding commission</u>		
Ceding Commission	67,260	-
Change in the provision for unearned ceding commission	(17,657)	-
Total earned ceding commission	49,603	-
<u>Claims Incurred, net of reinsurance & other recoveries</u>		
Gross claims	(352,421)	-
Reinsurance recoveries	121,336	-
Other recoveries	82,496	1,540
Net Claims incurred	(148,589)	1,540
Balance on technical account	541,843	496,056

The notes on pages 11 to 18 form an integral part of these audited financial statements.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME – NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2025**

	<u>30-Sep-25</u>	<u>30-Sep-24</u>
	£	£
<u>Balance on the technical account for general business</u>	541,843	496,056
Bank interest income	240,716	317,305
	782,559	813,361
<u>Expenses</u>		
Audit fees	(19,175)	(18,315)
Registry fee	(500)	(520)
GFSC fee	(12,021)	(10,429)
Directors & Officers Insurance	(7,680)	(7,721)
Management fee	(144,225)	(135,625)
Directors' fees	(20,000)	(16,480)
CI Financial Ombudsman	(1,638)	(1,446)
Travel and meeting expenses	-	(2,852)
Bank charges	(225)	(430)
Sundries	(478)	(471)
	(205,942)	(194,289)
<u>Profit for the year</u>	576,617	619,072

None of the Company's activities were acquired or discontinued during the current and previous years.

The Company has no recognised gains or losses other than the profit for the year.

The notes on pages 11 to 18 form an integral part of these audited financial statements.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025**

	<u>Notes</u>	<u>30-Sep-25</u>	<u>30-Sep-24</u>
		£	£
<u>Current assets</u>			
<u>Debtors</u>			
Bond premiums receivable		9,617	7,641
Bank interest receivable		16,929	24,902
Unexpensed reinsurance premium		81,000	80,663
Claim refund recoverable from Travel Body		81,956	-
Other debtors	5	4,643	4,144
		194,145	117,350
<u>Cash</u>			
Cash & cash equivalents		3,685,891	3,136,626
Cash held on behalf of travel companies	14	2,648,047	3,945,358
		6,333,938	7,081,984
Total Current Assets		6,528,083	7,199,334
<u>Current liabilities</u>			
<u>Reinsurers' share of technical provisions</u>			
Reinsurance premium payable		71,860	83,345
<u>Creditors</u>			
Unearned premium - Bonds		215,029	190,605
Unearned ceding commission		17,657	-
Other creditors	6	81,202	62,355
Cash held on behalf of travel companies	14	2,648,047	3,945,358
Dividends payable		2,400	1,200
		2,964,335	4,199,518
Total Current Liabilities		3,036,195	4,282,863
Net Current Assets		3,491,888	2,916,471
<u>Capital and reserves</u>			
Called up share capital - Ordinary shares	7	400,000	400,000
Called up share capital - Preference shares	8	227,500	227,500
Retained earnings		2,864,388	2,288,971
Equity Shareholder's funds		3,491,888	2,916,471

The financial statements were approved and authorised for issue by the Board of Directors on 26th January 2026 and were signed on its behalf by:

Director 

The notes on pages 11 to 18 form an integral part of these audited financial statements.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2025**

	<u>Notes</u>	Called up share capital £	Retained Earnings £	Total £
At 01 October 2023		627,500	1,671,099	2,298,599
Profit for the year		-	619,072	619,072
Preference dividend paid		-	(1,200)	(1,200)
At 30 September 2024	7, 8	627,500	2,288,971	2,916,471
Profit for the year		-	576,617	576,617
Preference dividend paid		-	(1,200)	(1,200)
At 30 September 2025	7, 8	627,500	2,864,388	3,491,888

The notes on pages 11 to 18 form an integral part of these audited financial statements.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of preparation

The Company is a limited liability company incorporated in Guernsey. Its registered office address is Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 1EJ.

The financial statements have been prepared using the historical cost convention and are in accordance with Financial Reporting Standards 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" & 103 "Insurance Contracts" (FRS 102 & 103) issued by the Financial Reporting Council. The Company is also subject to the requirements of The Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Companies (Guernsey) Law, 2008.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies.

The Company claims exemption from the requirement to prepare a cash flow statement, as a qualifying entity for the purposes of FRS 102, and as part of a group where the parent of the group prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss, and the Company is included in the consolidation.

2. Significant accounting policies

The following accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b. Written premiums

Written premiums represent amounts the insurer is contractually entitled to receive from the insured in respect of insurance contracts or bonds of guarantee. These include premiums on contracts entered into during the reporting period and adjustments arising in the reporting period to premiums receivable in respect of contracts entered into in previous reporting periods.

For policies where premiums are received net of commission and the company only obtains the net proceeds, revenue is presented on a net basis. This reflects the substance of the transaction and is permitted under FRS 102 Section 2.96, as offsetting income and expenses is allowed when it reflects the substance of the transaction

For policies where the full premium is received and commission is subsequently paid to an intermediary, revenue is presented on a gross basis in accordance with the general principles of FRS 102 Section 23 (Revenue), with commission shown as an expense. This approach reflects the company's control over the gross premium and ensures compliance with the prohibition on offsetting income and expenses unless permitted by the standard.

c. Outward reinsurance premium

The reinsurance cover is obtained and provides cover on a quota share, excess of loss and a stop loss basis, whereby two reinsurers indemnify the Company for losses that exceed a specified limit retained by the Company on an agreed quota share basis, an excess of loss basis and an ultimate stop loss basis. The reinsurance premiums are both based on a set annual fee based on a minimum and deposit basis, and calculated on projected premium income and adjusted accordingly at year end, together with an agreed percentage split of certain premiums received, and is paid by the Company on a quarterly basis.

d. Provision for unearned premium

Unearned premiums are those proportions of written premiums relating to periods of risk after the reporting date, which are deferred to subsequent reporting periods.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

e. Claims paid

The bonds of guarantee issued by the Company are payable upon demand, and a call upon any bond, would follow either the bonded travel company failing financially, or defaulting on a direct debit payment for electronic sales made to a travel trade association. In the case of the financial failure of a company the travel trade association will collate and consider claims made against the travel company, and may revert to the Company as and when necessary, to request funds from the bond. In the case of a default on a direct debit, the amount of debt arising from electronic sales is known at the point of default. Claims are paid direct to the trade association that the bond has been provided to in an agreed timescale. Gross claims are netted off by refunds received from ABTA, other travel associations and travel companies.

f. Outstanding claims reserves

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the statement of financial position date. The provision for each claim is based on the figures provided to the Company by external claims assessment professionals. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

g. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and short-term deposits of three months or less.

h. Cash held on behalf of travel companies

Cash is held in trust under cash collateral agreements on behalf of travel companies.

i. Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The financial assets and liabilities of the Company consist wholly of basic financial instruments.

Initial and subsequent measurements

All financial assets and liabilities are initially measured at transaction price (including transaction costs), and subsequently carried at amortised cost.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

j. Expenses

Expenses are recognised on an accruals basis and are measured at their transaction price.

k. Dividends

The Directors consider the Company's ability to meet its ongoing obligations before approval of a dividend payment. Dividends are recognised when the obligation becomes irreversible.

l. Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The following are the critical judgments that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Premiums receivable from Advantage Financial Services Limited

The Directors have considered the premiums outstanding from Advantage Financial Services Limited as at 30 September 2025, and have concluded that no concerns exist over their ability to remit all outstanding premiums.

Reinsurance recoveries from MS Amlin Group – Syndicate 2001

The Directors have considered the reinsurance recoveries outstanding from MS Amlin Group – Syndicate 2001 as at 30 September 2025, and have concluded that as no amounts are due to the Company, no concerns exist.

4. Taxation

The Company is liable to Guernsey income tax at the standard rate of 0%.

5. Other debtors

	30-Sep-25	30-Sep-24
	£	£
Prepaid GFSC Fee	3,125	2,646
Prepaid Directors & Officers insurance	1,518	1,498
	4,643	4,144

6. Other creditors

	30-Sep-25	30-Sep-24
	£	£
Audit fees	19,635	18,310
Management fees	55,750	39,925
Directors' fees	5,000	4,120
Bond premium payable to First Underwriting Limited	817	-
	81,202	62,355

7. Called up share capital – Ordinary Shares

	30-Sep-25	30-Sep-24
	£	£
Allotted and fully paid		
400,000 ordinary shares of £1 each	400,000	400,000

The rights attaching to the shares are as follows:

Dividends: Shareholders are entitled to dividends arising from profits or gains and no dividend shall exceed the amount recommended by the directors.

Voting rights: Ordinary shares carry one vote per share held at general meetings of the Company.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Called up share capital – Preference Shares

	30-Sep-25	30-Sep-24
	£	£
Allotted and fully paid		
200,000 Class A cumulative preference shares of £1 each	200,000	200,000
Allotted and part paid		
55,000 6% cumulative redeemable preference shares of £1 each part paid at fifty pence per share. The Company may at any time, on at least fourteen days notice, call upon members in respect of moneys unpaid on their shares.	27,500	27,500

The rights attaching to the shares are as follows:

Dividends: Shareholders holding Class A preference shares are not entitled to dividends.

Shareholders holding cumulative Redeemable Preference shares are entitled to dividends at 6% of paid up capital, arising from profits or gains.

Voting rights: Preference shares carry no voting rights.

9. Capital management

The objective of the Company in managing its capital is to ensure that it will be able to continue as a going concern and comply with the regulatory capital requirements of the Guernsey Financial Services Commission, while maximising the return to stakeholders. That is achieved through regular monitoring of liquidity to ensure that the Company has sufficient liquid assets to meet its requirements and to withstand the risks to which the business is subject.

The Company was in compliance with capital requirements imposed by the Guernsey Financial Services Commission throughout the financial year.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and statutory regulations. The table below sets out the statutory minimum and prescribed capital requirements and the Company's available capital.

	30-Sep-25	30-Sep-24
	£	£
Minimum capital requirement	100,000	100,000
Regulatory available capital resources	3,491,888	2,916,471
Solvency Cover %	3,492%	2,917%
	30-Sep-25	30-Sep-24
	£	£
Prescribed capital requirement	493,868	271,237
Regulatory available capital resources	3,491,888	2,916,471
Solvency Cover %	707%	1,075%

There were no changes made to the capital base or to the objectives, policies and processes for managing capital.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Capital management (continued)

The table below sets out the capital that is managed by the Company on a regulatory basis for its prescribed capital requirement:

	30-Sep-25	30-Sep-24
	£	£
Shareholder's equity	3,491,888	2,916,471
Capital resources on a regulatory basis	3,491,888	2,916,471

10. Financial risk management

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then to ensure that exposure to risks stays within these limits.

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets, principally being the company's cash and cash equivalents and other assets. The Company monitors its risk by monitoring the credit ratings of the bank.

The Company's cash and cash equivalents are invested with Lloyds Bank International Limited, a subsidiary of Lloyds Bank Corporate Markets plc, which is rated A by S&P Global Ratings.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from its insurance contracts. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance liabilities.

There were no changes in the Company's liquidity risk exposure in the financial year nor to the objectives, policies and processes for managing liquidity risk.

The following table shows details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
	2025	2025	2025	2025	2025
	£	£	£	£	£
Technical provisions	-	-	286,889	-	286,889
Cash Collateral held	1,000,000	-	-	1,648,047	2,648,047
Trade and other liabilities	-	101,259	-	-	101,259
	1,000,000	101,259	286,889	1,648,047	3,036,195

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Liquidity risk (continued)

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
	2024	2024	2024	2024	2024
	£	£	£	£	£
Technical provisions	-	-	273,950	-	273,950
Cash Collateral held	1,000,000	-	-	2,945,358	3,945,358
Trade and other liabilities	-	63,555	-	-	63,555
	1,000,000	63,555	273,950	2,945,358	4,282,863

Interest rate risk

Interest rate risk is the market risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates and would not have a significant effect on the results or financial position of the Company. The Company does not rely on bank interest for any significant additional income, yet continues to monitor the interest rates available from other banks, and would consider a move to another bank, subject to the retention of available unimpaired cash to satisfy the ad-hoc nature of required claims payments.

During the year to 30 September 2025, if Bank of England interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have increased/decreased by £63,582 (2024: £71,352), as a result of interest received on cash and cash equivalents.

The following are underlying assumptions made in the model used to calculate the effect on profits and other components of equity:

- The bank balances in respect of cash and cash equivalents at 30 September formed the basis of the calculation.
- A 100 basis point charge on these principal balances reflects the absolute increase or decrease in the loss that could arise with such an interest rate movement.

11. Bonds of guarantee and insurance risk management

The Company accepts risk through its bonding contracts where it assumes the risk of loss from entities that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these guarantees.

The Company manages its risk via its underwriting strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

Concentration

The Company wrote bonds of guarantee during the year. All the risks are located in the United Kingdom, the Isle of Man and the Channel Islands.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Bonds of guarantee and insurance risk management (continued)

Assumptions and sensitivities

The Company considers that the liability for the claims recognised in the Statement of Financial Position is adequate. However, actual experience may differ from the expected outcome.

The results of sensitivity testing are set out below, and show the impact on profit/loss and shareholder's equity. For each sensitivity test, the impact of a change in a single factor is shown, with other assumptions unchanged.

In order to highlight the most likely movements, losses from claims, and to a lesser extent, movement in expenses, were chosen to best illustrate a range of effects on the Statement of Comprehensive Income and Shareholder's Equity and were based on a sample array of potential percentage increases and decreases.

	Profit		Shareholder's equity	
	2025	2024	2025	2024
	£	£	£	£
Actual	576,617	619,072	3,491,888	2,916,471
Factors				
50% increase in losses incurred	400,407	619,072	3,315,678	2,916,471
50% decrease in losses incurred	752,828	619,072	3,668,099	2,916,471
20% increase in expenses	535,429	580,214	3,450,700	2,877,613
20% decrease in expenses	617,805	657,930	3,553,076	2,955,329
5 losses at average bond value of £50,000	326,617	369,072	3,241,888	2,666,471

Claims development

The following table shows the development of claims over a period of time.

	Underwriting Year										Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025		
	£	£	£	£	£	£	£	£	£	£	£
Claims incurred	461,374	210,042	29,393	886,234	30,000	130,035	-	-	148,589	1,895,667	
Cumulative payment	(451,934)	(179,930)	54,667	(227,321)	(782,525)	(70,751)	(89,284)	-	(148,589)	(1,895,667)	
In Statement of Financial Position (period)	9,440	30,112	84,060	658,913	30,000	89,284	-	-	-		
In Statement of Financial Position (cumulative)	9,440	39,552	123,612	782,525	30,000	89,284	-	-	-		

12. Controlling parties

The immediate and ultimate controlling party is Advantage Travel Centres Limited (ATC), a company registered in England and Wales.

THE INDEPENDENTS' ADVANTAGE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Related party transactions

Management fees of £144,225 (2024: £135,625) charged in the non-technical account are to Alternative Risk Management Limited, with £55,750 being payable at year end and included in the creditors and accrued expenses (2024: £39,925).

Directors' fees of £20,000 were charged during the year (2024: £16,480), with £5,000 being payable at year end and included in the creditors and accrued expenses (2024: £4,120).

14. Cash collateral held in trust for companies

The Company provides a facility, enabling travel companies to secure bonding in exchange for cash collateral, which is held under a trust arrangement by the Company in a dedicated bank account. The collateral is held for the sole purpose of funding any claims made against the Company in respect of bonds issued in favour of the travel company providing the cash collateral, or, upon cessation of any liability to the Company, returned to the travel company. The amount held under this facility as at 30 September 2025 is £2,648,047 (2024: £3,945,358).

15. Events after the reporting period

There are no events to report.