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Syndicate 2008

Annual Report and Financial Statements
For the year ended 31 December 2023

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Directors and administration

Managing agent

Enstar Managing Agency Limited

Directors

The directors named below held office for the period 1 January 2023 to 31 December 2023.

M Goddard (Chair and Non-Executive)

A Elliott (Non-Executive)

K Felisky (Non-Executive)

R Sutlow (Non-Executive, appointed 24 April 2023)

B Dimmock

D Truman

M Batterbury

N Shah

S Hextall

Directors and administration (continued)

Managing agent's secretary

F Brook

S Hextall

Managing agent's registered office

8th Floor, One Creechurch Place

London, EC3A 5AY

United Kingdom

Managing agent's registered number

10595512

Syndicate

Run-off manager

M Batterbury

Banker

Citibank, Barclays, Royal Bank of Canada

Investment manager

Goldman Sachs

Independent auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Consulting actuary

Lane Clark & Peacock LLP

Report of the directors of the managing agent

The directors of the managing agent, Enstar Managing Agency Limited ("EMAL") present their managing agent's report for Syndicate 2008 ("the Syndicate") for the year ended 31 December 2023.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No. 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ('FRS102') and Financial Reporting Standard 103 "Insurance Contracts" ('FRS103').

The results for the year ended 31 December 2023 are shown in the table below.

2023	2021 YOA £'000	2022 YOA £'000	2023 YOA £'000	All YOA's £'000
Net premiums earned	166,010	(34)	141,705	307,681
Other technical income	-	-	12,288	12,288
Total technical charges	(194,259)	(4,351)	(182,097)	(380,707)
Technical loss	(28,249)	(4,385)	(28,104)	(60,738)
Investment income	30,864	2,200	8,259	41,323
Non technical account - other charges	(1,385)	-	-	(1,385)
Net (expenses)/income	(13,018)	(658)	13,790	114
Profit on exchange	134	318	76	528
Net loss	(11,654)	(2,525)	(5,979)	(20,158)

Principal activities

The principal activity of the business of Syndicate 2008 is to provide finality solutions for The Society of Lloyd's ("Lloyd's") run-off business through either reinsurance to close (RITC), quota share agreements, adverse development cover or loss portfolio transfer (LPT).

Business review

Syndicate 2008 executed two RITC transactions and one LPT transaction during the year.

In February 2023, the Syndicate entered into an RITC agreement with Probitas Managing Agency Limited for Syndicate 1492, reinsuring their 2018 and prior years of account (YOA). This was a conversion of a 2022 calendar year LPT into an RITC. The RITC was effective from 1 January 2023 and Syndicate 2008 assumed net reserves of £49.7m.

Syndicate 2008 assumed Syndicate 1301's assets and liabilities in respect of the 2020 and prior YOAs with effect from 1 January 2023. Syndicate 2008 assumed net reserves of £163.1m.

On 6 April 2023 the Syndicate entered into LPT agreements with QBE Syndicates 386 and 2999, effective 1 January 2023. The take-on gross reserves from both Syndicates totalled £319.0m. On the same day, the Syndicate entered into a 50% quota share agreement with Cavello Bay Reinsurance Ltd ("Cavello Bay"), an Enstar Group reinsurance company, in respect of the business ceded from QBE.

Report of the directors of the managing agent (continued)

Business review (continued)

Over the year, a number of factors have impacted the world economies such as changes in interest rates and inflation. In addition, the Russia-Ukraine conflict continues to cast a long shadow, with economic and market stresses being particularly intense in Europe given its dependence on Russian energy and commodities. Claims inflation has also been flagged as one of the key challenges facing the insurance industry in the near-term.

A review was carried out during the year to determine the impact of the ongoing war in Ukraine and also the Middle East conflict. The Syndicate has exposure to the war in Ukraine and additional reserves have been booked. However, the Syndicate does not have exposure to the Middle East conflict. Claims inflation continues to be monitored.

There were three key factors that drove the Syndicate's £20.2m loss in 2023. The first was a technical loss of £60.7m mainly driven by strengthening of reserves following actuarial reviews. The Syndicate may benefit from future additional premium if the trend seen in 2023 continues. The technical loss has been offset by investment income earned during the year which comprises interest and unrealised income. There was a reduction in interest rates over the course of 2023 which caused the market value of the Syndicate's fixed income holdings to increase giving rise to an unrealised investment gain of £28.9m. In addition, the Syndicate received £12.6m of interest income during the year.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Syndicate is set out in note 4 of the financial statements.

Going concern

The directors have performed an assessment of the Syndicate's ability to continue as a going concern, including the impact of rising interest rates and inflation.

The Syndicate has financial resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The Syndicate is in a net a liability position but Funds at Lloyd's (FAL) are available in circumstances where Syndicate assets prove insufficient to meet its financial obligations. In addition, the net liability position is mainly in respect of the 2021 YOA that closed on 31 December 2023 and this deficit will be made good by SGL No.1 Limited, the corporate company participating on the Syndicate, as part of the Lloyd's coming into line process. Further information on the capital process and Funds at Lloyd's is detailed on the capital management section on page 36 and note 24.

The directors believe that the Syndicate is well positioned to manage its business risks successfully in the current economic environment. The directors have continued to review the business plans, liquidity and operational resilience of the Syndicate, particularly in light of the risks associated with changes in interest rates and inflation.

The Syndicate performed an exercise across each portfolio to identify areas where the current economic climate in regard to inflation may have impacted the reserves. Where necessary, the Syndicate's reserves were strengthened.

Report of the directors of the managing agent (continued)

Climate risk

The Syndicate specialises in run-off, and is not a live underwriter of new policies. Exposure to climate-related risks emanates from the acquired insurance liabilities and the assets that back those liabilities. In assuming future insurance run-off liabilities, as part of our disciplined due diligence approach, we insist upon informed excellence in risk selection. This includes consideration of climate-related risk exposures and the impact of potential concentrations on our existing liabilities, as well as ESG investment risk exposures in our asset portfolios.

Our Enterprise Risk Management (ERM) framework defines the roles and responsibilities for effective oversight and management of environmental, social and governance (ESG) and climate-related risks and opportunities at the Board and senior management levels.

Climate change presents risks and opportunities to the sustainability of our business. The Syndicate's business strategy is exposed to the following risks over the short (<2030), medium (<2040) and longer (≥ 2040) term time horizons, across three major types of climate risk:

- **Physical risks (Short to Longer term):** These are the first order risks arising from weather-related events, such as floods and storms. Their impact may be felt directly through property damage, or indirectly through subsequent events such as disruption of global supply chains or resource scarcity. Our operations may be impacted by physical risks affecting key supporting infrastructure and/or our outsourced service providers. The impact and likelihood of this risk is considered low, given our global presence and the Business Continuity Framework and procedures we have in place.
- **Transition risks (Short to Medium Term):** These include financial risks deriving from the transition to a carbon net zero economy, and for Enstar this includes potential swift, adverse repricing of carbon-intensive financial assets.

In the near term our investment portfolio could be exposed to the loss of value in specific investments due to disruption caused by transitioning to a lower carbon emitting economy. The impact could increase over time if part of the transition to a greener economy is associated with increased production costs. Certain sectors could be subject to significant impairments due to changing consumer demand, the repricing of assets or changing regulatory requirements.

The recent geo-political tensions in the Middle East, and the ongoing geo-political tensions resulting from the Russia-Ukraine conflict, have the potential to accelerate these traditional risks through the need to diversify existing energy sources, including increased investment in energy derived from more sustainable sources.

- **Liability risks (Short to Medium Term):** These include third-party exposures such as claimants who have suffered climate-change related losses and damage, seeking compensation. Liability risks also include the unknown and potentially high costs of dealing with losses or damage from physical or transition risk factors. Liability risks are particularly high for those directors and officers who do not properly manage and report climate-related risks and commit errors and omissions.

As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the risks arising from Climate Change resulting in actual returns deviating adversely from those assumed when the transaction was priced.

Report of the directors of the managing agent (continued)

Many of our underlying portfolios contain lines of business that could, at the industry-wide level, be exposed to significant Climate Change risk (e.g., Environmental claims, Professional Lines, etc.). Given the Syndicate's business model of acquiring and efficiently settling legacy claims, we do not underwrite new exposures.

In order to quantify the financial impact of risks/opportunities brought about by the climate-related risks set out above, we undertake periodic analysis to quantify the potential impact on both our assets and liabilities. Our independent 2023 stress and scenario testing exercise, which included an assessment of the potential risks to our physical office infrastructure and that of key third party administrators that we use, indicated that the impact of physical, transition and liability risks on the Syndicate remains relatively low, despite wider macro environmental risks. Whilst the stress testing did not indicate that any immediate action was required, we will continue to review our exposure to climate-related physical, transition and liability risks.

Future developments

The intention of the Board is to continue to pursue reinsurance opportunities and other Lloyd's closure solutions as they arise, and to manage the ongoing liabilities of the Syndicate as economically and efficiently as possible.

On 14 February 2024 Syndicate 2008 signed a Reinsurance to Close Agreement with Syndicate 2003. Syndicate 2003 will assume net reserves of £10.3m relating to the 2001 and prior underwriting years from Syndicate 2008.

Directors

The current directors of the managing agent are set out on page 2.

None of the directors participates directly on the Syndicate.

Disclosure of information to auditors

The directors of the managing agent who held office at the date of approval of this managing agent's report confirm that, as far as they are each aware, there is no relevant audit information of which the Syndicate's auditors are unaware; and each director has taken all the steps that they ought to have taken in their capacity as a director to make themselves aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Auditors

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) (the 2008 Regulations), the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Syndicate meeting

The managing agent confirms that it does not propose to hold an annual general meeting of the member of the Syndicate.

B Dimmock

Director

For and on behalf of the Board

27 February 2024

Statement of managing agent's directors' responsibilities

The directors of the managing agent are responsible for preparing the Syndicate Annual Report and Accounts in accordance with applicable law and regulation.

The Insurance Accounts Directive (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008 require the directors of the managing agent to prepare their Syndicate's annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and Financial Reporting Standard 103 Insurance Contracts ("FRS 103"). The syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate at that date and of its profit or loss for that year.

In preparing the Syndicate's annual accounts, these annual accounts, the directors of the managing agent are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the annual accounts on the going concern basis unless it is intended for the Syndicate to cease operations, or no realistic alternative but to do so.

The directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

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

B Dimmock
Director
For and on behalf of the Board
27 February 2024

Independent auditors' report to the member of Syndicate 2008

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, 2008's syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2008 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position - Assets; the Statement of financial position - Liabilities as at 31 December 2008; the Income Statement: Technical account - General business; the Income Statement: Non-technical account - General business, the Statement of cash flows, and the Statement of changes in members' balances for the year then ended; and the notes to the syndicate annual accounts, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the syndicate annual accounts* 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 syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, 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 the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8, we have provided no non-audit services to the syndicate in the period under audit.

Independent auditors' report to the member of Syndicate 2008 (continued)

Conclusions relating to going concern

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 syndicate's ability to continue as a going concern for a period of at least twelve months from when the syndicate annual accounts are authorised for issue.

In auditing the syndicate annual accounts, we have concluded that the Managing Agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is appropriate.

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

Our responsibilities and the responsibilities of the Managing Agent 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 Annual Report other than the syndicate annual accounts and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the syndicate annual accounts 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 syndicate annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts 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 syndicate annual accounts 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 Report of the directors of the managing agent (the "Managing Agent's Report"), we also considered whether the disclosures required by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 have been included.

Based on our work undertaken in the course of the audit, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us also to report certain opinions and matters as described below.

Managing Agent's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2023 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we did not identify any material misstatements in the Managing Agent's Report.

Independent auditors' report to the member of Syndicate 2008 (continued)

Responsibilities for the syndicate annual accounts and the audit

Responsibilities of the Managing Agent for the syndicate annual accounts

As explained more fully in the Statement of managing agent's directors' responsibilities, the Managing Agent is responsible for the preparation of the syndicate annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the Managing Agent is responsible for assessing the syndicate'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 it is intended for the syndicate to cease operations, or it has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the syndicate annual accounts

Our objectives are to obtain reasonable assurance about whether the syndicate annual accounts 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual accounts.

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 syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the syndicate annual accounts. We also considered those laws and regulations that have a direct impact on the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the syndicate annual accounts (including the risk of override of controls), and determined that the principal risks were related to the postings of inappropriate journals and management bias in significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the syndicate's compliance function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes including those of the Risk Committee, Finance and Investment Committee, Claims, Reinsurance and Reserving Committee and Audit Committee and correspondence with regulatory authorities, including Lloyd's of London and the Prudential Regulatory Authority.

Independent auditors' report to the member of Syndicate 2008 (continued)

Auditors' responsibilities for the audit of the syndicate annual accounts (continued)

- Challenging assumptions and judgements made by management when determining their significant accounting estimates, in particular in relation to valuation of the IBNR component of claims outstanding.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting IBNR, journals with unusual words and those posted late in the year end close process.

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 syndicate annual accounts. 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.

A further description of our responsibilities for the audit of the syndicate annual accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 syndicate's member in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 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

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- certain disclosures of Managing Agent remuneration specified by law are not made; or
- the syndicate annual accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2024

Income statement: technical account – general business

For the year ended 31 December 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross premiums written	5	447,436		50,385	
Outwards reinsurance premiums		(141,748)		3,456	
			305,688		53,841
Change in the provision for unearned premiums					
Gross amount		3,796		12,740	
Reinsurers' share		(1,803)		(7,874)	
			1,993		4,866
	18		307,681		58,707
Other technical income, net of reinsurance	6		12,288		-
Allocated investment return transferred from the non-technical account	11		41,323		(25,749)
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	18	(417,270)		(330,034)	
Reinsurers' share	18	173,051		120,989	
			(244,219)		(209,045)
Change in the provision for claims					
Gross amount	18	(205,708)		274,422	
Reinsurers' share	18	68,240		(145,907)	
			(137,468)		128,515
Change in other technical provisions, net of reinsurance			980		-
Net operating income/(expenses)	8		114		(17,536)
Balance on the technical account – general business			(19,301)		(65,108)

All operations relate to continuing activities.

The notes on pages 19 to 51 form an integral part of these financial statements.

Income statement: non-technical account – general business

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Balance on the technical account – general business		(19,301)	(65,108)
Non technical account - other charges		(1,385)	(5,443)
Investment income	11	12,562	7,771
Unrealised gains/(losses) on investments	11	28,936	(33,329)
Investment expenses and charges	11	(175)	(191)
Allocated investment return transferred to technical account	11	(41,323)	25,749
Profit on foreign exchange		528	3,355
Loss for the financial year		(20,158)	(67,196)

All operations relate to continuing activities.

There are no items of other comprehensive income in the accounting period, therefore no statement of other comprehensive income has been presented.

The notes on pages 19 to 51 form an integral part of these financial statements.

Statement of financial position – assets

As at 31 December 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Investments					
Other financial investments	12	901,816		646,194	
Deposits with ceding undertakings		141,551		265,823	
			1,043,367		912,017
Reinsurers' share of technical provisions					
Provision for unearned premiums	18	5,504		7,559	
Claims outstanding	18	600,627		537,057	
			606,131		544,616
Debtors					
Debtors arising out of direct insurance operations	13	11,723		4,566	
Debtors arising out of reinsurance operations	14	20,778		15,204	
Other debtors	15	83,668		63,136	
			116,169		82,906
Other assets					
Other assets	16	-		2,640	
Cash at bank and in hand	21	9,980		35,694	
			9,980		38,334
Prepayments and accrued income					
Accrued interest		4,912		3,043	
Deferred acquisition costs		3,340		6,651	
			8,252		9,694
Total assets			1,783,899		1,587,567

The notes on pages 19 to 51 form an integral part of these financial statements.

Statement of financial position – liabilities

As at 31 December 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Capital and reserves					
Members' balances			(36,022)		(15,864)
Technical provisions					
Provision for unearned premiums	18	10,799		15,147	
Claims outstanding	18	1,361,564		1,186,259	
			1,372,363		1,201,406
Deposits received from reinsurers			397,050		352,767
Creditors					
Creditors arising out of reinsurance operations	19	18,883		11,829	
Other creditors	20	28,394		28,270	
			47,277		40,099
Accruals and deferred income			3,231		9,159
Total liabilities and equity			1,783,899		1,587,567

The notes on pages 19 to 51 form an integral part of these financial statements.

The Syndicate financial statements on pages 13 to 51 were approved by the Board of Enstar Managing Agency Limited on 23 February 2024 and were signed on its behalf by:

B Dimmock
 Director
 27 February 2024

Statement of changes in members' balances

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Members' balances brought forward at 1 January	(15,864)	98,674
Loss for the year	(20,158)	(67,196)
Payments of profit to members' personal reserve fund ¹	-	(47,342)
Members' balances carried forward at 31 December	(36,022)	(15,864)

The notes on pages 19 to 51 form an integral part of these financial statements.

Members participate on Syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

¹ During the period the Syndicate did not distribute any profit (2022: £47.3m) to SGL No.1 Limited, the corporate member as there was no 2020 Year of account to close.

Statement of cash flows

For the year ended 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss for the year	(20,158)		(67,196)	
<i>Adjustments:</i>				
Increase/(decrease) in technical provisions	170,957		(189,082)	
(Increase)/decrease in reinsurers share of technical provisions	(61,515)		111,291	
(Increase)/decrease in debtors	(33,263)		18,367	
Increase/(decrease) in creditors	7,178		(4,444)	
Investment return	(41,323)		25,749	
Movement in other assets/liabilities	169,282		(1,024)	
Foreign exchange loss/(gain)	22,962		(52,467)	
Net cash inflow/(outflow) from operating activities		214,120		(158,806)
Cash Flow from investing activities				
Acquisitions of financial instruments	(394,509)		(132,376)	
Proceeds from sales of financial instruments	254,103		213,986	
Interest received	12,387		7,580	
(Increase)/decrease in deposits with credit institutions	(104,406)		91,699	
(Increase)/decrease in overseas deposits	(5,092)		44,563	
Net cash (outflow)/inflow from investing activities		(237,517)		225,452
Net cash flow from financing activities:				
Transfer to members in respect of underwriting participations	-		(47,342)	
Net cash outflow from financing activities		-		(47,342)
Net (decrease)/increase in cash and cash equivalents		(23,397)		19,304
Cash at bank and in hand at 1 January		35,694		14,014
Effect of exchange rate changes on cash and cash equivalents		(2,317)		2,376
Cash at bank and in hand at 31 December		9,980		35,694

The notes on pages 19 to 51 form an integral part of these financial statements.

Notes (forming part of the financial statements)

1. Basis of preparation

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable accounting standards in the United Kingdom and Republic of Ireland, including Financial Reporting Standard 102 *The Financial Reporting Standard* ("FRS 102"). FRS 102 requires the application of Financial Reporting Standard 103 *Insurance Contracts* ("FRS 103").

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

The financial statements are presented in Pound Sterling ("GBP"), which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The managing agent has prepared the financial statements on the expectation that continued capital support will be in place such that the Syndicate will continue to write new RITC business in future underwriting years of account.

Going concern

The Directors have performed an assessment of the Syndicate's ability to continue as a going concern. Having assessed the Syndicate's financial position at 31 December 2023, performance for the year then ended and to the date of signing of the financial statements, we have not found any evidence to suggest that the Syndicate will have difficulty in meeting future obligations.

Even though the Syndicate is in a net a liability position, the Funds at Lloyd's (FAL) are available in circumstances where Syndicate assets prove insufficient to meet its financial obligations. In addition, the net liability position is mainly in respect of the 2021 YOA that closed on 31 December 2023 and this deficit will be made good by SGL No.1 Limited, the corporate company participating on the Syndicate, as part of the Lloyd's coming into line process.

The Directors are satisfied that the Syndicate's operating model is sufficiently flexible to support the continuing delivery of key services for the foreseeable future.

2. Use of judgements and estimates

In preparing these financial statements, the directors of the Managing agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The measurement of the provision for claims outstanding involves judgments and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgment is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

Notes (continued)

2. Use of judgements and estimates (continued)

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate Managing Agent's in-house actuaries and is reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced. The provision for claims also includes amounts in respect of internal and external claims handling costs.

In arriving at the level of claims provisions no margin is applied over and above the actuarial best estimate.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 4.

3. Significant accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements.

Premiums written

Premiums written comprise the reinsurance to close and loss portfolio transfer premiums on contracts inception during the financial year as well as adjustments made in the year to premiums written in prior accounting periods by the reinsured Syndicates. Premiums exclude taxes and duties levied on them.

Unearned premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the statement of financial position date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Acquisition costs

Costs incurred in acquiring general insurance contracts are deferred. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Claims provisions and related recoveries

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). The calculation of IBNR involves projecting the development of claims from past experience to form a view of the likely ultimate claims to be incurred. The key sensitivities in this calculation are the choices of development patterns and loss ratios. The most critical assumption in regard to claims provisions is that the past is a reasonable predictor of the likely level of claims development in the future.

Outstanding claims also includes a provision for all claims handling expenses to cover the anticipated future costs of negotiating and settling claims which have been incurred, whether reported or not, up to the reporting date. The provision is estimated using forecast expenses and claims development patterns.

Anticipated salvage and subrogation and other recoveries are recognised as other assets.

Notes (continued)

3. Significant accounting policies (continued)

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in making these estimates.

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised

Foreign currencies

The Syndicate has adopted Pounds Sterling as both its presentational and functional currency. As such, no differences arise on conversion between the two. This achieves consistency with prior year reporting.

Transactions in foreign currencies are translated to the functional currency using the average rates of exchange for the period. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the statement of financial position date. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 *Financial Instruments: Recognition and Measurement* (as adopted for use in the UK).

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the income statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Deposits with credit institutions, debtors, and accrued interest are classified as loans and receivables.

Notes (continued)

3. Significant accounting policies (continued)

Recognition

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Syndicate commits itself to purchase or sell the asset.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in the income statement. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Identification and measurement of impairment

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

Off-setting

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Syndicate currently has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes (continued)

3. Significant accounting policies (continued)

Investment return

Investment income comprises interest income, dividends receivable and realised investment gains. Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest payable, realised losses and impairment losses.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is recognised as it accrues on the next coupon payment.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the statement of financial position date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals in the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

Deposits with ceding undertakings

Deposits with ceding undertakings are funds retained by ceding (re)insurers and those held by Lloyd's Brussels on behalf of the Syndicate to settle Part VII claims. These funds are held at amortised cost in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Notes (continued)

3. Significant accounting policies (continued)

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at 25%) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the statement of financial position under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

Pension costs

Enstar (EU) Limited, which employs the staff utilised by EMAL, operates a defined contribution pension scheme. Pension costs relating to staff performing Syndicate duties are charged to the Syndicate and included within "net operating expenses".

4. Risk and capital management

Introduction and overview

This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of EMAL sets the risk appetite annually as part of the Syndicate's business planning and Individual Capital Assessment process. The Board of the managing agent has established procedures to review and update the risk register regularly and to monitor performance against the risk appetite using a series of key risk indicators. The principal risks and uncertainties facing the Syndicate are as follows:

Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). Given that the business of the Syndicate is reinsuring Syndicates in run-off, the remaining insurance risk is primarily claims and reserving risk. Reserve adequacy is monitored through quarterly review.

Notes (continued)

4. Risk and capital management (continued)

Concentration of insurance risk

The Syndicate's exposure to insurance risk is well diversified. The following table provides an analysis of the geographical breakdown of its gross and net claims reserves by class of business.

2023 Gross	Accident and Health	Marine, aviation and transport	Fire and other damage to property	Third party liability	Other	Reinsurance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United States	4,761	5,639	20,406	93,350	6,581	438,202	568,939
United Kingdom	1,648	9,573	4,572	87,908	6,094	163,196	272,991
EEA	-	-	-	-	-	247,633	247,633
Other Non-EEA	158	1,600	1,127	13,096	(451)	87,853	103,383
Australia & New Zealand	22	663	5,247	41,234	4,459	26,345	77,970
Canada	5	804	2,854	23,255	353	63,377	90,648
Total	6,594	18,279	34,206	258,843	17,036	1,026,606	1,361,564

2022 Gross	Accident and Health	Marine, aviation and transport	Fire and other damage to property	Third party liability	Other	Reinsurance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United States	(987)	6,108	21,326	111,863	(19,312)	371,653	490,651
United Kingdom	847	5,374	2,081	116,556	2,748	102,880	230,486
EEA	-	-	-	-	-	245,868	245,868
Other Non-EEA	41	79	269	18,756	4,622	62,949	86,716
Australia & New Zealand	24	28	3,916	72,257	1,929	7,266	85,420
Canada	1	455	1,194	27,399	790	17,279	47,118
Total	(74)	12,044	28,786	346,831	(9,223)	807,895	1,186,259

Notes (continued)

4. Risk and capital management (continued)

Concentration of insurance risk (continued)

2023	Accident and Health	Marine, aviation and transport	Fire and other damage to property	Third party liability	Other	Reinsurance	Total
Net	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United States	4,708	513	16,109	27,743	(675)	306,398	354,796
United Kingdom	247	4,376	3,206	36,656	2,425	92,439	139,349
EEA	-	-	-	-	-	122,951	122,951
Other Non-EEA	130	1,604	417	6,497	(205)	48,763	57,206
Australia & New Zealand	(7)	336	2,387	20,011	2,217	13,581	38,525
Canada	5	463	1,491	12,725	177	33,249	48,110
Total	5,083	7,292	23,610	103,632	3,939	617,381	760,937

2022	Accident and Health	Marine, aviation and transport	Fire and other damage to property	Third party liability	Other	Reinsurance	Total
Net	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United States	(662)	2,190	6,431	39,159	(7,493)	299,076	338,701
United Kingdom	(242)	768	1,014	44,872	(375)	62,960	108,997
EEA	-	-	-	-	-	112,110	112,110
Other Non-EEA	22	42	(19)	7,801	851	27,747	36,444
Australia & New Zealand	13	7	1,537	19,571	109	4,504	25,741
Canada	-	137	585	11,950	94	14,443	27,209
Total	(869)	3,144	9,548	123,353	(6,814)	520,840	649,202

Notes (continued)

4. Risk and capital management (continued)

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR). A five per cent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date.

A five percent increase or decrease in total net claims liabilities would have the following effect on profit or loss and equity:

	2023		2022	
	5 per cent increase £'000	5 per cent decrease £'000	5 per cent increase £'000	5 per cent decrease £'000
Accident and health	(254)	254	43	(43)
Marine, aviation and transport	(365)	365	(157)	157
Fire and other damage to property	(1,181)	1,181	(477)	477
Third party liability	(5,182)	5,182	(6,168)	6,168
Other	(197)	197	341	(341)
Reinsurance	(30,869)	30,869	(26,042)	26,042
Total	(38,048)	38,048	(32,460)	32,460

Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation. The Syndicate is exposed to credit risk in respect of the following:

- debt securities;
- deposits with ceding undertakings
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- cash and cash equivalents; and
- other debtors and accrued interest.

The nature of the Syndicate's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Notes (continued)

4. Risk and capital management (continued)

Management of credit risk

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies such as Standard and Poor's.

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty and maintains an authorised list of acceptable cash counterparties.

Exposure to credit risk

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored by the individual business units as part of their credit control processes. The impact of reinsurer default is regularly assessed and managed accordingly.

All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations.

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

The Syndicate has inherited the reinsurance programs of the reinsured Syndicates, so the risk is largely the exposure to reinsurers on past reinsurance rather than new purchases of reinsurance. Intra-group reinsurance arrangements are in place in relation to Syndicates 588/861 and are collateralised 100% on a funds withheld basis. The Syndicate also has an intra-group reinsurance arrangement with Cavello Bay for 50% of the net results on the business originally written in the 2018 and 2019 underwriting years; as well as business written in the 2023 underwriting year which relates to the QBE LPT. This is collateralised at 120% through a combination of funds withheld and a letter of credit.

The Syndicate holds deposits with ceding undertakings arising from the LPT with Hiscox and cash transferred to Lloyd's Europe following Lloyd's Part VII transfer.

Any new purchase of reinsurance may only be carried out with the Board's prior approval of the related security.

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance and reinsurance operations, cash at bank and in hand, and other debtors and accrued interest that are neither past due, nor impaired.

Notes (continued)

4. Risk and capital management (continued)

Year 2023	AAA	AA	A	BBB	<BBB	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other financial investments							
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	369,604	369,604
Debt securities and other fixed income securities	100,738	61,012	177,337	104,808	7,799	10,052	461,746
Deposits with credit institutions	-	-	2,644	-	-	-	2,644
Overseas deposits	38,885	6,976	4,681	4,705	3,504	9,071	67,822
Deposits with ceding undertakings	-	-	141,551	-	-	-	141,551
Reinsurers' share of technical provisions	-	34,526	148,817	13,816	429	403,039	600,627
Cash at bank and in hand	-	729	9,251	-	-	-	9,980
Total	139,623	103,243	484,281	123,329	11,732	791,766	1,653,974

Year 2022	AAA	AA	A	BBB	<BBB	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments							
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	275,268	275,268
Debt securities and other fixed income securities	82,272	51,221	101,144	50,535	7,349	10,133	302,654
Deposits with credit institutions	-	-	2,904	-	-	-	2,904
Overseas deposits	35,863	10,512	10,262	4,936	2,840	955	65,368
Deposits with ceding undertakings	-	-	265,823	-	-	-	265,823
Reinsurers' share of technical provisions	-	54,691	148,519	19,476	361	314,010	537,057
Cash at bank and in hand	-	8	35,686	-	-	-	35,694
Total	118,135	116,432	564,338	74,947	10,550	600,366	1,484,768

Notes (continued)

4. Risk and capital management (continued)

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. The Syndicate does not consider these debtors to be impaired on the basis of collection of the amounts owed to the Syndicate.

These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties. An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

Year 2023	Debtors arising from direct insurance operations £'000	Debtors arising from reinsurance operations £'000
Past due but not impaired financial assets:		
Past due by:		
Up to 3 months	-	12,793
Three to Six Months	-	5,187
Six Months to one year	-	1,273
Greater than one year	-	1,524
Past due but not impaired financial assets	-	20,777
Impaired financial assets	-	-
Gross value of past due and impaired financial assets	-	20,777
Less: individually assessed impairment allowances	-	-
Net carrying value of past due and impaired financial assets	-	20,777
Neither past due nor impaired financial assets	11,723	-
Net carrying value	11,723	20,777

Year 2022	Debtors arising from direct insurance operations £'000	Debtors arising from reinsurance operations £'000
Past due but not impaired financial assets:		
Past due by:		
Up to 3 months	-	8,346
Three to Six Months	-	5,769
Six Months to one year	-	2,601
Greater than one year	-	(1,930)
Past due but not impaired financial assets	-	14,786
Impaired financial assets	-	-
Gross value of past due and impaired financial assets	-	14,786
Less: individually assessed impairment allowances	-	-
Net carrying value of past due and impaired financial assets	-	14,786
Neither past due nor impaired financial assets	4,566	-
Net carrying value	4,566	14,786

Notes (continued)

4. Risk and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts.

The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation. Cashflow forecasts are regularly prepared and reviewed. The only source of additional funds currently available to the Syndicate is a cash call though other options may be investigated in due course.

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial instruments. For insurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For financial assets and liabilities, it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date.

Year 2023	Undiscounted net cash flows					
	Carrying amount	Total cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Other financial investments:						
Shares and other variable yield securities and units in unit trusts	369,604	369,604	369,604	-	-	-
Debt securities	461,746	461,746	32,620	82,845	236,763	109,518
Deposits with credit institutions	2,644	2,644	2,644	-	-	-
Overseas deposits	67,822	67,822	67,822	-	-	-
Deposits with ceding undertakings	141,551	141,551	54,768	30,601	47,750	8,432
Reinsurers share of technical provisions	600,627	600,627	156,708	189,060	106,392	148,467
Debtors and accrued interest	121,081	121,081	121,081	-	-	-
Cash at bank and in hand	9,980	9,980	9,980	-	-	-
Total assets	1,775,055	1,775,055	815,227	302,506	390,905	266,417
Technical provisions	1,361,564	1,361,564	355,240	428,581	241,180	336,563
Creditors	47,277	47,277	47,277	-	-	-
Total liabilities	1,408,841	1,408,841	402,517	428,581	241,180	336,563

Notes (continued)

4. Risk and capital management (continued)

Management of liquidity risk (continued)

Year 2022	Carrying amount £'000	Total cash flows £'000	Undiscounted net cash flows			
			Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Other financial investments:						
Shares and other variable yield securities and units in unit trusts	275,268	275,268	275,268	-	-	-
Debt securities	302,654	302,654	24,453	36,237	140,376	101,588
Deposits with credit institutions	2,904	2,904	2,904	-	-	-
Overseas deposits	65,368	65,368	65,368	-	-	-
Deposits with ceding undertakings	265,823	265,823	90,475	57,519	95,818	22,011
Reinsurers share of technical provisions	537,057	537,057	126,801	164,028	104,109	142,119
Debtors and accrued interest	85,949	85,949	85,949	-	-	-
Cash at bank and in hand	35,694	35,694	35,694	-	-	-
Total assets	1,570,717	1,570,717	706,912	257,784	340,303	265,718
Technical provisions	1,186,259	1,186,259	280,079	362,307	229,958	313,915
Creditors	40,099	40,099	40,099	-	-	-
Total liabilities	1,226,358	1,226,358	320,178	362,307	229,958	313,915

In the above tables, equity investments, which have no contractually required cash flows, but which are actively traded, are included in the 'less than one year' column. In practice cash could be realised through the sale of these equity investments, and through the sale of the Syndicate's investments in debt securities, the majority of which are actively traded. The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Notes (continued)

4. Risk and capital management (continued)

Management of market risks

The agency's Finance and Investment Committee meets quarterly to review the performance of the investments held and the return achieved on the Syndicate's cash deposits. Goldman Sachs Asset Management Limited ("GSAM") were appointed in August 2017 as an investment manager acting on behalf of the Syndicate. The other key aspect of market risk is that the Syndicate could incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. This has been mitigated by the currency matching of assets and liabilities as far as can be achieved allowing for regulatory funding restrictions.

In line with group policy, as at 31 December 2023, the Syndicate had no currency forward contracts.

Interest rate risk

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

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Finance & Investment Committee monitors the duration and sensitivity to interest rate movements of these assets on a regular basis.

Currency risk

The Syndicate writes business primarily in Sterling, Euros, US dollars, Canadian dollars and Australian dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of Sterling against these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled.

The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

Notes (continued)

4. Risk and capital management (continued)

Currency risk (continued)

Year 2023	GBP £'000	USD £'000	EUR £'000	CAD £'000	AUD £'000	JPY £'000	Total £'000
Other financial investments	225,395	310,707	207,066	92,536	66,112	-	901,816
Deposits with ceding undertakings	10,779	112,748	15,141	2,860	23	-	141,551
Reinsurers' share of technical provisions	186,641	227,465	119,077	42,878	28,997	1,073	606,131
Insurance and Reinsurance receivables	9,138	23,786	(11,684)	2,812	8,449	-	32,501
Cash and Cash Equivalents	3,463	3,546	1,380	866	650	75	9,980
Other assets	35,259	50,511	10,550	1,813	(6,213)	-	91,920
Total assets	470,675	728,763	341,530	143,765	98,018	1,148	1,783,899
Technical provisions	361,624	611,420	240,527	94,274	62,761	1,757	1,372,363
Insurance and reinsurance payables	626	14,932	1,614	(106)	1,817	-	18,883
Other Creditors	110,322	159,521	92,346	37,555	28,664	267	428,675
Total liabilities	472,573	785,873	334,487	131,723	93,242	2,024	1,819,921
Net assets/(liabilities)	(1,897)	(57,110)	7,043	12,042	4,776	(876)	(36,022)

Year 2022	GBP £'000	USD £'000	EUR £'000	CAD £'000	AUD £'000	JPY £'000	Total £'000
Other financial investments	173,404	237,881	140,564	49,988	44,357	-	646,194
Deposits with ceding undertakings	18,945	220,677	15,327	10,706	168	-	265,823
Reinsurers' share of technical provisions	146,694	206,276	124,031	19,748	46,518	1,349	544,616
Insurance and reinsurance receivables	4,128	8,563	6,396	311	382	(10)	19,770
Cash and cash equivalents	11,882	3,835	17,274	81	2,527	95	35,694
Other assets	39,236	29,703	7,576	(117)	(928)	-	75,470
Total assets	394,289	706,935	311,168	80,717	93,024	1,434	1,587,567
Technical provisions	276,901	581,643	226,760	46,731	67,136	2,235	1,201,406
Insurance and reinsurance payables	1,537	8,430	1,407	(18)	473	-	11,829
Other Creditors	113,771	147,710	85,513	20,434	22,460	308	390,196
Total liabilities	392,209	737,783	313,680	67,147	90,069	2,543	1,603,431
Net assets/(liabilities)	2,080	(30,848)	(2,512)	13,570	2,955	(1,109)	(15,864)

Notes (continued)

4. Risk and capital management (continued)

Sensitivity analysis to market risks

An analysis of the Syndicate's sensitivity to interest rate, currency and other price risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, if that change had occurred at the end of the reporting period and had been applied to the risk exposures at that date.

	2023	2022
	Profit or loss for the year	Profit or loss for the year
	£'000	£'000
Interest rate risk		
+ 100 basis points shift in yield curves	(16,948)	(12,914)
- 100 basis points shift in yield curves	16,948	12,914
Currency risk		
10 percent increase in GBP/euro exchange rate	(704)	251
10 percent decrease in GBP/euro exchange rate	704	(251)
10 percent increase in GBP/US dollar exchange rate	5,711	3,085
10 percent decrease in GBP/US dollar exchange rate	(5,711)	(3,085)
Equity price risk		
5 percent increase in equity prices	1,959	128
5 percent decrease in equity prices	(1,959)	(128)

The impact of the reasonably possible changes in the risk variables on Members' balances would be the same, since the Syndicate recognises all changes in recognised assets and liabilities in the income statement.

A 10% increase/decrease in exchange rates, 5% increase/decrease in equity prices and a 100 basis point increase/decrease in yield curves have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

Notes (continued)

4. Risk and capital management (continued)

Operational risk

This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate. The agency seeks to manage this risk through the use of detailed procedure manuals and a structured programme of compliance testing of processes and systems, including those of sub-contractors used. This includes cyber security risk, which is the threat posed by the higher maturity of attack tools and methods and the increased motivation of cyber attackers.

RITC risks

These are risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, assimilate acquired portfolios into our internal control system in order to maintain effective internal controls.

Group risk

This is the risk that changes in group strategy or the fortunes of other group companies will lead to losses to the Syndicate. This risk is reviewed quarterly as part of the regular review processes.

Regulatory risk

The managing agent is required to comply with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Lloyd's requirements include adherence to oversight principles and those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to a regulatory change. The agency monitors regulatory developments and assesses their impact on agency policy and procedures. In addition, the agency carries out a compliance monitoring programme.

Reputation risk

This is the risk that negative publicity regarding an institution's business practices will lead to a loss of revenue or litigation.

In the modern digital era, reputational risk and subsequent threat to our strong brand is becoming more significant. Loss of confidence from customers or regulators could cause long-term harm to the business.

Reputation risk is included as a specific category in the Syndicate's risk register and forms part of the regular risk assessment process, facilitated by the Risk Management team.

Capital management

Capital framework at Lloyd's

Lloyd's is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000, and in accordance with the Solvency II Framework.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's would comply with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly, the capital requirement in respect of Syndicate 2008 is not disclosed in these financial statements.

Notes (continued)

4. Risk and capital management (continued)

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Solvency Capital Requirement (SCR) for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one-year time horizon (one-year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicates on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2023 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), assets held and managed within a Syndicate (funds in Syndicate), or as the member's share of the members' balances on each Syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the statement of financial position on pages 15 and 16 are considered in the calculation of the members' and Lloyd's capital requirements. In circumstances where the members' balances are in deficit, they are added to the FAL requirement and funded by the member.

Notes (continued)

5. Analysis of underwriting result

An analysis of the underwriting result before investment return is presented in the table below:

Year 2023	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Net Technical Result £'000
Accident and health	4,131	4,238	148	(195)	(5,678)	(1,487)
Marine, aviation and transport	85,649	85,845	(109,879)	(1,500)	32,496	6,962
Fire and other damage to property	40,568	40,102	(74,825)	(957)	42,609	6,929
Third party liability	9,216	7,436	(7,560)	(4,899)	(6,640)	(11,663)
Other	19,940	13,166	(33,516)	(538)	16,155	(4,733)
Total direct	159,504	150,787	(225,632)	(8,089)	78,942	(3,992)
Reinsurance*	287,932	300,445	(396,366)	20,491	18,798	(56,632)
Total	447,436	451,232	(621,998)	12,402	97,740	(60,624)

*The reinsurance gross written and earned premium amounts within the financial result are mainly as a result of premium received on the LPT with QBE and the RITC of Starstone, Syndicate 1301.

Year 2022	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Net Technical Result £'000
Accident and health	14	785	652	(168)	(826)	443
Marine, aviation and transport	(281)	-	5,553	(664)	(4,185)	704
Fire and other damage to property	(981)	3,122	(2,147)	(648)	285	612
Third party liability	62	1,661	(10,812)	(6,550)	7,439	(8,262)
Other	(1,613)	4,780	31,853	(741)	(26,049)	9,843
Total direct	(2,799)	10,348	25,099	(8,771)	(23,336)	3,340
Reinsurance	53,184	52,777	(80,711)	(8,765)	(6,000)	(42,699)
Total	50,385	63,125	(55,612)	(17,536)	(29,336)	(39,359)

Notes (continued)

6. Other technical income, net of reinsurance

The £12.3m relates to other technical income received as part of the QBE LPT.

7. Claims

Negative movements on claims incurred net of reinsurance arose in respect of the following classes of business:

	2023	2022
	£'000	£'000
Accident and health	(5,252)	146
Marine, aviation and transport	(77,331)	1,368
Fire and other damage to property	(30,610)	(528)
Third party liability	(13,981)	(2,552)
Miscellaneous	(11,990)	10,567
Reinsurance	(235,717)	(86,714)
Change in prior year provisions	(374,881)	(77,713)
Current year movement	(5,826)	(2,817)
Claims incurred, net of reinsurance	(380,707)	(80,530)

The above movements also include the take-on balances of the RITC with Syndicate 1301 (amounting to £235.0m Gross and £158.0m Net) and LPT contract with QBE (amounting to £319.0m Gross and £159.5m Net).

8. Net operating income/(expenses)

	2023	2022
	£'000	£'000
Acquisition costs:		
Brokerage and commissions	9,013	(8,291)
Administrative expenses	(15,671)	(17,718)
Paid ULAE transferred to gross incurred claims	6,772	8,473
Net operating income/(expenses)	114	(17,536)

Notes (continued)

8. Net operating income/(expenses) (continued)

Administrative income/(expenses) include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
- fees payable to the Syndicate's auditors for the audit of these financial statements	(771)	(432)
- fees payable to the Syndicate's auditors for the audit of regulatory returns	(115)	(106)
- fees payable to the Syndicate's auditors and its associates in respect of other services pursuant to legislation	(62)	(121)
- additional fees related to the prior year end audit of the financial statements	(145)	-
Fee Paid to Managing Agent	(1,628)	(1,236)
Management Fee	(23,779)	(26,821)
Reinsurers' share of expenses	9,962	13,210
Other	867	(2,212)
	(15,671)	(17,718)

In 2023, a fixed fee of £1.6m (2022: £1.2m) was charged to the Syndicate by the Managing Agent. The fee was based on 0.5% of the Syndicate's economic capital assessment ("ECA"). The Syndicate then recharged 70% of this fee to the Managing agent as an estimate of the managing agent's expenses incurred by the Syndicate. This amount is included within "net operating expenses". In 2023, the Syndicate transferred £6.8m (2022: £8.5m) of its expenses to the technical account. These expenses are related to the unallocated loss adjustment expenses ("ULAE") paid during the year.

9. Key management personnel compensation

The directors of Enstar Managing Agency Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2023	2022
	£'000	£'000
Directors' emoluments	1,055	1,018
Contribution to pension schemes	80	75
	1,135	1,093

Notes (continued)

9. Key management personnel compensation (continued)

The amounts charged to the Syndicate by its managing agent in respect of emoluments paid to the Syndicate's run-off manager in the financial year were:

	2023	2022
	£'000	£'000
Emoluments	237	253
Contribution to pension schemes	24	28
	261	281

10. Staff numbers and costs

During 2023, all staff continued to be employed on behalf of EMAL by Enstar (EU) Limited ("EEUL"). EEUL charges EMAL a management fee that covers all salary, pension, accommodation, computer and other costs as a single amount. The total amount of EEUL management fees recharged to EMAL and the Syndicate for the year amounts to £23.8m (2022: £26.8m).

	2023	2022
	Number	Number
Administration and finance	82	88
Underwriting	1	1
Claims	38	60
	121	149

11. Investment return

The investment return transferred to the technical account from the non-technical account comprises the following:

	2023	2022
	£'000	£'000
Investment income:		
Interest and dividend income	18,633	11,887
Realised gains/(losses)	(6,071)	(4,116)
Unrealised gains/(losses) on investments	28,936	(33,329)
Investment management expenses, including interest	(175)	(191)
Investment return transferred to the technical account from the non-technical account	41,323	(25,749)
Total investment return	41,323	(25,749)

Notes (continued)

11. Investment return (continued)

As at 31 December 2023 and 31 December 2022 all financial assets were measured at fair value through profit and loss.

The table below presents the average amounts of funds in the year per currency and analyses by major currency the average investment yields in the year.

	2023	2022 (restated)*
	£'000	£'000
Average amount of syndicate funds available for investment during the year		
Sterling	223,571	185,000
Euro	175,272	142,123
US dollar	303,376	300,422
Canadian Dollar	79,402	55,433
Australian Dollar	56,005	50,445
Total funds available for investment, in sterling	837,626	733,423
Total investment return	41,323	(25,749)
Annual investment yield		
Sterling	5.44%	-3.40%
Euro	4.58%	-3.78%
US dollar	11.72%	-4.01%
Canadian Dollar	3.35%	-1.62%
Australian Dollar	2.61%	-2.64%
Total annual investment yield, in sterling	4.93%	-3.51%

* The prior year figures have been reduced by £733m due to an error of reporting the total average funds as Japanese Yen and then including those in the total.

Notes (continued)

12. Other financial investments

	Carrying value		Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shares and other variable yield securities and units in unit trusts	369,604	275,268	346,446	259,845
Debt securities and other fixed income securities	461,746	302,654	470,392	346,284
Overseas deposits	67,822	65,368	67,822	65,368
Loans and deposits with credit institutions	2,644	2,904	2,644	2,904
Total other financial investments	901,816	646,194	887,304	674,401

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 – financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.
- Level 3 – financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

Notes (continued)

12. Other financial investments (continued)

The table below analyses financial instruments held at fair value in the Syndicate's balance sheet at the reporting date by its level in the fair value hierarchy.

2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	37,948	260,326	71,330	369,604
Debt securities and other fixed income securities	-	461,746	-	461,746
Loans and deposits with credit institutions	-	2,644	-	2,644
Overseas deposits	-	67,822	-	67,822
Total	37,948	792,538	71,330	901,816

2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	18,762	180,899	75,607	275,268
Debt securities and other fixed income securities	-	302,654	-	302,654
Loans and deposits with credit institutions	-	2,904	-	2,904
Overseas deposits	-	65,368	-	65,368
Total	18,762	551,825	75,607	646,194

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. Units in unit trusts are valued using the latest unit price or share price provided by the unit trust. Shares and other variable securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured on prices of recent transactions in the same instrument. The Syndicate has no exposure to hedge funds.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Notes (continued)

12. Other financial investments (continued)

Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

The fair values for all securities in the fixed maturity investments portfolio are independently provided by the investment accounting service providers, investment managers and investment custodians, each of which utilise internationally recognized independent pricing services. The unadjusted price provided by the investment accounting service providers, investment managers or investment custodians is recorded and validated through a process that includes, but is not limited to:

- (i) comparison of prices against alternative pricing sources;
- (ii) quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);
- (iii) evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing;
- (iv) comparing the price to our knowledge of the current investment market.

The Syndicate has on-going due diligence processes with respect to the other investments carried at fair value and their managers. These processes are designed to assist in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted. Certain funds do not provide full transparency of their underlying holdings; however, the Syndicate obtains the audited financial statements for funds annually, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported net asset values.

At the reporting date all debt instruments were valued using valuation techniques based on observable market data.

Movement in level 3 investments

The following table provides an analysis of investments valued with reference to level 3 inputs.

	2023 £'000	2022 £'000
At 1 January	75,607	59,799
Purchases	3,345	8,404
Disposals	(9,282)	(787)
Fair value gains recognised in profit from continuing operations	4,193	3,891
Foreign exchange (loss)/gain	(2,533)	4,300
At 31 December	71,330	75,607

Notes (continued)

13. Debtors arising out of direct insurance operations

	2023	2022
	£'000	£'000
Amounts due within one year	11,723	4,566
	11,723	4,566

14. Debtors arising out of reinsurance operations

	2023	2022
	£'000	£'000
Amounts due within one year	20,778	15,204
	20,778	15,204

15. Other debtors

	2023	2022
	£'000	£'000
Lloyd's Central Accounting debtors	40,613	29,462
Loss funds	24,120	26,203
US Federal Income Tax	10,851	993
Other	8,084	6,478
	83,668	63,136

16. Other assets

As at 31 December 2022, assets of £2.6m pertained to the 2019 year of account RITC. This amount was amortised in full during the year.

Notes (continued)

17. Claims development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. Balances have been translated at exchange rates prevailing at 31 December 2023 in all cases.

Pure underwriting year - Gross	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	Total £'000
Estimate of ultimate gross claims											
At end of underwriting year	51,178	64,515	72,587	121,378	102,089	55,412	83,037	1,606,621	-	363,165	2,519,982
One year later	89,737	109,901	147,537	241,414	185,243	107,046	88,963	1,638,140	-	-	2,607,981
Two years later	88,990	120,047	166,367	265,607	205,674	116,808	64,256	1,682,777	-	-	2,710,526
Three years later	85,731	1,021,653	733,262	266,397	203,613	113,262	62,953	-	-	-	2,486,871
Four years later	989,173	1,198,950	757,828	269,852	282,351	126,212	-	-	-	-	3,624,366
Five years later	1,086,445	1,205,372	767,336	386,601	277,975	-	-	-	-	-	3,723,729
Six years later	1,080,573	1,199,692	852,391	388,040	-	-	-	-	-	-	3,520,696
Seven years later	1,067,606	1,211,401	855,177	-	-	-	-	-	-	-	3,134,184
Eight years later	1,061,374	1,249,079	-	-	-	-	-	-	-	-	2,310,453
Nine years later	1,046,776	-	-	-	-	-	-	-	-	-	1,046,776
Less gross claims paid	983,682	1,129,713	757,469	343,995	213,001	95,620	35,512	1,473,750	-	79,421	5,112,163
Gross ultimate claims reserve	63,094	119,366	97,708	44,045	64,974	30,592	27,441	209,027	-	283,744	939,991
Provision in respect of prior years	421,573	-	-	-	-	-	-	-	-	-	421,573
Gross claims reserves	484,667	119,366	97,708	44,045	64,974	30,592	27,441	209,027	-	283,744	1,361,564
Pure underwriting year - Net	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	Total £'000
Estimate of ultimate gross claims											
at end of underwriting year	50,673	55,480	67,164	78,976	64,165	49,271	44,813	1,606,621	-	181,582	2,198,745
One year later	83,147	99,340	138,048	146,779	108,232	90,111	63,919	1,638,140	-	-	2,367,716
Two years later	82,947	106,411	152,616	158,104	116,756	96,156	57,681	1,682,777	-	-	2,453,448
Three years later	80,577	895,514	530,746	160,868	114,100	92,266	53,607	-	-	-	1,927,678
Four years later	845,997	863,484	557,616	161,839	173,238	104,498	-	-	-	-	2,706,672
Five years later	835,912	900,495	568,045	232,813	220,987	-	-	-	-	-	2,758,252
Six years later	849,565	921,806	626,795	313,139	-	-	-	-	-	-	2,711,305
Seven years later	850,881	946,629	629,824	-	-	-	-	-	-	-	2,427,334
Eight years later	857,882	985,406	-	-	-	-	-	-	-	-	1,843,288
Nine years later	863,980	-	-	-	-	-	-	-	-	-	863,980
Less net claims paid	833,686	928,937	591,909	286,043	186,693	82,805	24,593	1,473,750	-	39,710	4,448,126
Net ultimate claims reserve	30,294	56,469	37,915	27,096	34,294	21,693	29,014	209,027	-	141,872	587,674
Provision in respect of prior years	173,263	-	-	-	-	-	-	-	-	-	173,263
Net claims reserves	203,557	56,469	37,915	27,096	34,294	21,693	29,014	209,027	-	141,872	760,937

The calendar year developments in the tables above include the impact of reserves newly acquired through RITC and LPT transactions.

Notes (continued)

18. Technical provisions

	2023			2022		
	Gross £'000	Reinsurance £'000	Net £'000	Gross £'000	Reinsurance £'000	Net £'000
Incurred claims outstanding:						
Claims notified	941,338	(480,175)	461,163	1,018,937	(551,347)	467,590
Claims incurred but not reported	244,921	(56,882)	188,039	344,837	(89,914)	254,923
Balance at 1 January	1,186,259	(537,057)	649,202	1,363,774	(641,261)	722,513
RITC take on reserves	234,962	(76,950)	158,012	-	-	-
Change in prior year provisions	388,016	(164,341)	223,675	55,612	24,918	80,530
Claims paid during the year	(417,270)	173,051	(244,219)	(330,034)	120,989	(209,045)
Effect of movements in exchange rates	(30,403)	4,670	(25,733)	96,907	(41,703)	55,204
Balance at 31 December	1,361,564	(600,627)	760,937	1,186,259	(537,057)	649,202
Claims notified	1,001,897	(473,641)	528,256	941,338	(480,175)	461,163
Claims incurred but not reported	359,667	(126,986)	232,681	244,921	(56,882)	188,039
Balance at 31 December	1,361,564	(600,627)	760,937	1,186,259	(537,057)	649,202
Unearned premiums						
Balance at 1 January	15,147	(7,559)	7,588	26,713	(14,646)	12,067
Premiums written during the year	447,436	(141,748)	305,688	50,385	3,456	53,841
Premiums earned during the year	(451,232)	143,551	(307,681)	(63,125)	4,418	(58,707)
Effect of movements in exchange rate	(552)	252	(300)	1,174	(787)	387
Balance at 31 December	10,799	(5,504)	5,295	15,147	(7,559)	7,588

The table above shows changes in the insurance contract liabilities and assets from the beginning of the period to the end of the period.

Change in prior year provisions also include the take-on balances of the LPT contract with QBE amounting to £319.0m and subsequent ceding of 50% of these provisions to Cavello Bay amounting to £159.5m. Gross Premium of £283.5m and RI premium of £141.7m relating to the QBE LPT are also included in the above table.

Notes (continued)

19. Creditors arising out of reinsurance operations

Creditors arising out of reinsurance operations	2023	2022
	£'000	£'000
Due within one year	18,883	11,829
Total	18,883	11,829

20. Other creditors

	2023	2022
	£'000	£'000
Profit commissions	18,885	17,131
Intercompany payables	5,466	5,658
Other creditors	4,043	5,481
Total	28,394	28,270

21. Cash and cash equivalents

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents.

	2023	2022
	£'000	£'000
Short term deposits with credit institutions*	2,644	2,904
Cash at bank and in hand	9,980	35,694
Total cash and cash equivalents	12,624	38,598

* The short term deposits with credit institutions amount has been reported as part of the other financial investments balance in the balance sheet.

22. Related parties

The main component of operating expenses was the Enstar (EU) limited management fees of £23.8m (2022: £26.8m) as shown in note 8.

At 31 December 2023, Syndicate 2008 owed £4.1m to EMAL (2022: £7.3m). No amount of profit commission is due to EMAL at 31 December 2023 (2022: £Nil).

B Dimmock, M Heap and S Hextall are directors of SGL No.1 Limited which provides 100% of the nominal stamp capacity of the Syndicate. The Syndicate has no stamp arranged for 2024 (2023 YOA: £5.0m).

In 2008, the Syndicate ceded to Fitzwilliam (SAC) Insurance Limited ("FW") a 100% quota share in respect of the reinsurance to close of Syndicates 588 and 861. The amount owing to FW at 31 December 2023 is £5.1m (2022: £7.7m). This amount is collateralised on a "funds withheld" basis.

Notes (continued)

22. Related parties (continued)

The Syndicate cedes 100% of all profits or losses in relation to the unexpired risks on Syndicate 2243 and a portion of the business on S1301 to StarStone Insurance SE ("SISE"). As at 31 December 2023, the amount owed by SISE was £5.2m (2022: £5.4m).

The Syndicate also has an intra-group reinsurance arrangement with Cavello Bay Reinsurance Ltd ("Cavello Bay") for 50% of the net results on the original 2018 and 2019 years of account that were RITC'ed into 2021 YOA and QBE LPT business that has been reported in the 2023 YOA. It is collateralised at 120% through a combination of funds withheld and a letter of credit. As at 31 December 2023, the amount owed by Cavello Bay was £380.8m (2022: £303.8m) and this amount was supported by funds withheld amounting to £365.9m (2022: £334.2m) plus letter of credit amounting to £127.7m (2022: £134.7m).

23. Foreign exchange rates

The following currency exchange rates have been used for principal foreign currency transactions.

	2023		2022	
	Year-end rate	Average rate	Year-end rate	Average rate
Euro	1.1535	1.1498	1.1297	1.1720
US dollar	1.2763	1.2432	1.2099	1.2321
Canadian dollar	1.6856	1.6778	1.6370	1.6039
Australian dollar	1.8673	1.8727	1.7743	1.7771
Japanese yen	179.7575	174.7108	158.5118	161.9128

24. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyds ("FAL"). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority requirements and resource criteria. The determination of FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these financial statements by way of such capital resources. However, the Managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses.

25. Post-balance sheet events

On 14 February 2024, Syndicate 2008 signed a Reinsurance to Close Agreement with Syndicate 2003. The RITC is effective from 1 January 2024 and Syndicate 2003 will assume net reserves of £10.3m relating to the 2001 and prior underwriting years from Syndicate 2008.

Notes (continued)

26. Ultimate parent company

The ultimate parent company and controlling entity of EMAL is Enstar Group Limited, incorporated in Bermuda.

The annual U.S. Securities and Exchange Commission filing of Enstar Group Limited may be obtained from:

U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549
U.S.A.
www.sec.gov