

Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.



Everest Syndicate 2786

Syndicate Annual Report and Accounts
31 December 2023

Contents

Directors and Administration	1
Managing Agent's report	2
Statement of Managing Agent's responsibilities	9
Independent auditors' report to the member of Syndicate 2786	10
Income statement	14
Statement of changes in member's balance.....	16
Statement of financial position	17
Statement of cash flows	19
Notes to the financial statements	20
1. Basis of preparation	20
2. Accounting policies	20
3. Segmental analysis.....	28
4. Technical provisions	30
5. Net operating expenses	31
6. Staff costs.....	31
7. Auditors' remuneration.....	31
8. Emoluments of the directors of Asta Managing Agency Ltd	32
9. Other Financial investments.....	33
10. Debtors arising out of direct insurance operations	35
11. Debtors arising out of reinsurance operations	35
12. Creditors arising out of direct insurance operations	35
13. Creditors arising out of reinsurance operations.....	35
14. Cash and cash equivalents.....	36
15. Other assets.....	36
16. Related parties	36
17. Disclosure of interests	37
18. Funds at Lloyd's	38
19. Off-balance sheet items.....	38
20. Risk management	38
21. Post balance sheet events.....	49

Directors and Administration

Managing Agent

Asta Managing Agency Ltd

Directors

P A Jardine (Chairman)*

R P Barke

C V Barley

S Bradbury

E M Catchpole*

K A Green*

L Harfitt

D B Jones

L J M McMaster

S D Redmond*

K Shah

*Non Executive Directors**

Managing Agent's Registered Office

5th Floor
20 Gracechurch Street
London
EC3V 0BG

Managing Agent's Registered Number

1918744

Active Underwriter

R Crocker

Bankers

Lloyds Bank
Citibank NA
RBC Dexia

Investment Managers

New England Asset Management, Inc.

Registered Independent Auditors and Signing Actuary

PricewaterhouseCoopers LLP

Managing Agent's report

The Syndicate's Managing Agent is a company registered in England and Wales. The directors of the Managing Agent present their report 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 ("Lloyd's Regulations 2008").

100% of the capital is provided by one corporate member. As such, the member has waived its right to receive underwriting accounts in respect of the closed year of account and therefore no information on this basis has been provided.

Results

The result for calendar year 2023 is a profit of £17,625,407 (2022: profit £5,237,322).

The Syndicate presents its results under FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. In accordance with FRS102, the Syndicate has identified its insurance contracts and accounted for them in accordance with FRS103.

Principal activity and review of the business

The Syndicate's principal activity continues to be the underwriting of direct insurance and reinsurance business in the Lloyd's market.

The Syndicate writes predominately Third-Party Liability insurance primarily in the United Kingdom.

During late 2023 the Syndicate actively began investing with New England Asset Management, Inc. acting as the investment managers.

Managing Agent's report continued

Gross written premium income by class of business for the calendar year was as follows;

	2023	2022
	£'000	£'000
Accident and Health	11,452	(100)
Marine	20,083	149
Transport	10,467	344
Energy – Marine	-	261
Energy – Non-Marine	4,085	598
Fire and other damage of Property	36,523	19,694
Third party liability	130,904	119,858
Pecuniary Loss	4,785	9,309
Reinsurance	32,601	41,488
	250,900	191,601

The Syndicate's key financial performance indicators during the year were as follows;

	2023	2022	Change
	£'000	£'000	%
Gross written premiums	250,900	191,601	30.9%
Profit for the financial year	17,625	5,237	236.5%
Combined ratio*	95.8%	98.7%	3.0%

**The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned. Lower ratios represent better performance.*

	2023	2022	2021
	YOA	YOA	YOA
	Open	Open	Closed
Capacity (£'000)	320,000	200,000	150,000
Forecast Profit (£'000)	16,856	20,771	11,246
Forecast result / return on capacity (%)	5.3%	10.4%	7.5%

Managing Agent's report continued

Principal risks and uncertainties

The Syndicate sets risk appetite annually, which is approved by the Agency as part of the Syndicate's business planning and Solvency Capital Requirement ('SCR') process. The Agency Risk and Solvency Committee meets at least quarterly to oversee the risk management framework. The Syndicate Board, a sub-committee of the Agency Board, reviews the risk profile as reflected in the risk register, and monitors performance against risk appetite using a series of key risk indicators. The principal risk 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). The Syndicate Board and Underwriting Committee manages insurance risk through challenge and oversight of the approved business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate Board then monitors performance against the business plan and the aggregation of risk through exposure management reporting through the year. The Syndicate Board considers any proposed underwriting that impacts the syndicate's ESG profile to ensure consistency with the agreed ESG approach. Reserve adequacy is monitored through quarterly review by the Asta Actuarial team and the Reserving Committee.

Credit risk

The key aspect of credit risk is reinsurance counterparty risk which is the risk of default by one or more of the Syndicate's reinsurers and intermediaries. The Syndicate policy is to only use approved reinsurers, supported by collateralisation where required. The Agency Reinsurance Security Committee sets approval and usage criteria, monitors reinsurer ratings and is required to approve and oversee the application of the reinsurer approval policy. The syndicate may also be exposed to broker credit risk, in particular where risk transfer arrangements are in place. Aged debt reporting for premiums is reviewed in the Syndicate Boards.

Market risk

Market risk exposure impacting the Syndicate relates to fluctuations in interest rates or exchange rates and inflation. The Syndicate is exposed to foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Agency's policy is to maintain received income or incurred expenditure in the core currencies in which they were received or paid. Any surplus or deficit in a core currency would be subject to review by the Syndicate Board.

Investments are monitored through Investment Managers with quarterly Investment Committees that review the performance, duration and ESG ratings for the investments.

Managing Agent's report continued

Liquidity risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash or can only meet obligations at excessive cost. To mitigate this risk the Syndicate Board and Investment Committee reviews cash flow projections regularly and ensures that, where needed, the Syndicate has liquidity facilities in place or has utilised the option of a cash call from Capital providers.

Operational risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. The Agency seeks to manage this risk through a robust operational risk and control framework including detailed procedure manuals and a thorough training programme. This is underpinned by a structured programme of testing of processes and systems by internal audit, who serve as an independent line of assurance, reporting directly to the Chair of the Agency Audit Committee. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Agency is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. The Agency has a Head of Regulatory Affairs who manages a function that monitor business activity and regulatory developments to assess any effects on both the Agency and the Syndicate.

The Syndicate has no appetite for failing to adhere to the requirements of the FCA Consumer Duty regulations and continues its focus on ensuring that it is treating customers fairly. The Syndicate manages and monitors consumer duty risk through a suite of risk indicators and reporting metrics as part of its documented consumer duty risk framework. The consumer duty risk framework is consistently applied across all Asta syndicates and is overseen by the Conduct Oversight Group (COG), which is an AMA Board Committee that includes a non-executive director as a member who fulfils the role of Consumer Duty Champion.

Group / strategic risk

Group Risk is the risk of contagion that arises from being associated with key stakeholders and the impact that activities and events that occur within other connected or third parties has on the business.

Strategic risk covers the risks faced by the Syndicate due to changes in underlying strategy of the business or that of its key stakeholders (including strategic conflicts of interest).

Future developments

The Syndicate will continue to transact the current classes of general direct insurance and reinsurance business. If opportunities arise to write new classes of business, these will be investigated at the appropriate time.

The capacity for the 2024 year of account is £340.0m (2023 year of account £320.0m).

Managing Agent's report continued

Environmental, Social and Governance (ESG)

The Syndicate has an ESG policy in place, which was submitted to Lloyd's alongside the 2023 Business plan. The policy was aligned to Lloyd's ESG guidance from October 2021. In November 2023, Lloyd's launched a consultation on their roadmap for "Insuring the transition", setting out their proposed approach for the next three years across all areas of sustainability for the market, including underwriting, investments, exposure management, capital and reserving. During 2024, the Syndicate ESG policy will be reviewed and developed against the roadmap, including the development of management information for ongoing monitoring and action, where required.

Managing the Financial Risks of Climate change

Following the Prudential Regulation Authority's (PRA) Supervisory Statement in 2019 and subsequent Dear CEO letter in 2020, Asta have built a climate change framework, applicable to all syndicates, covering physical, transition and liability climate change risks, based on the underlying business written by each syndicate. Asta's managed syndicates accept climate change risk where it is an inherent part of an insurance business model, providing it is understood, managed and controlled and/or compensated. There is no appetite for uncontrolled, unmanaged exposure to the financial risks of climate change.

The framework ensures Board-level engagement and accountability with Lloyd's and PRA's requirements and expectations, assigning clear responsibilities for managing the financial risks associated with climate change. The AMA Chief Risk Officer, who is a Board member, is responsible for the climate change framework, including identifying and managing financial climate related risks.

The Syndicate will continue to leverage the resources available to it as part of the Everest Re Group Ltd. to assess and manage the inherent risk posed by the impact of climate change on the various lines of business that it intends to underwrite. The Syndicate will incorporate climate and weather risk factors into its underwriting practices for each line of business that it identifies as being exposed to such risk.

Everest Group has signed up to the UN Principles for Sustainable Insurance: which includes the following two relevant risk management and underwriting principles:

-) Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions
-) Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics

Asta continue on an ongoing basis to monitor against regulatory guidance and expectations, as it is released, on managing the financial risks of climate change.

Managing Agent's report continued

Emerging Risks

An emerging risk or opportunity is defined as “a developing issue, triggered externally, with the potential to have a significant business impact but which may not be sufficiently understood or accounted for”. The business impact in this case could represent a downside risk or an upside opportunity. Emerging risks and opportunities include:

-) Syndicate insurable risks, as areas of potential future losses or new product offerings;
-) Those risks that may affect a syndicate's ability to carry out normal business operations and/or lead to unplanned significant costs/income;
-) Both new risks and those which are re-emerging in a new context.

The Agency and Syndicate continue to monitor the impact of emerging risks on syndicate business, taking into account their impacts on the strategic direction of the syndicate. Monitoring takes place in various forums, including the Asta Emerging Risks and Opportunities Group (“EROG”) which meets quarterly and considers emerging risks and opportunities from both an internal and external lens. Specific areas of focus over the external environment across the year at Syndicate and Asta level include:

-) The geopolitical landscape from a tension and broader political risk impact, including any exposures stemming from regional conflicts (e.g. Russia - Ukraine conflict).
-) The heightened inflationary environment and subsequent volatility surrounding inflation risk. This has also been considered by the Syndicate within their annual business planning process and reserve reviews.

2024 will see a significant proportion of the world go to the polls in elections including both in the UK and US, which may see changes of government on both sides of the Atlantic. Knock-on impacts from worldwide elections in 2024 may impact geopolitical stability in the wider world as well as having more regional social impacts.

Directors and Officers

Details of the Directors of the Managing Agent that were serving at the year end and up to the date of signing of the financial statements are provided on page 1. Changes to directors from the last report were as follows:

C N Griffiths	Resigned 28 February 2023
S Bradbury	Appointed 22 May 2023
A J Hubbard	Resigned 30 June 2023

Disclosure of information to the auditors

So far as each person who was a director of the Managing Agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Syndicate auditors' in connection with the auditor's report, of which the auditors' are unaware. Having made enquiries of fellow directors of the Agency and the Syndicate's Auditors', each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's auditors' is aware of that information.

Managing Agent's report continued

Independent Auditors

The Managing Agent intends to appoint KPMG LLP as the Syndicate's auditors' who replace PricewaterhouseCoopers LLP.

Syndicate Annual General Meeting

In accordance with the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the Managing Agent does not propose holding an annual meeting this year; objections to this proposal or the intention to appoint the auditors' for a further 12 months can be made by Syndicate members within 21 days of this notice.

On behalf of the Board

C V Barley
Director
27 February 2024

Statement of Managing Agent's responsibilities

The Managing Agent is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare financial statements at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Financial statements are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the financial statements, the Managing Agent is required to:

-) select suitable accounting policies and then apply them consistently subject to changes arising on the adoption of new accounting standards in the year;
-) make judgements and estimates that are reasonable and prudent;
-) state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the notes to the Syndicate accounts; and
-) prepare the Syndicate accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so.

The Managing Agent is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the member of Syndicate 2786

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, 2786's syndicate annual accounts:

-) give a true and fair view of the state of the syndicate's affairs as at 31 December 2023 and of its profit 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 Syndicate Annual Report and Accounts (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2023; the Income statement for period end 31 December 2023; the Statement of cash flows as at 31 December 2023, 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 7, we have provided no non-audit services to the syndicate in the period under audit.

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.

Independent auditors' report continued

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 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.

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 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.

Independent auditors' report continued

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 risk of fraud in revenue recognition and management override of controls, including potential management bias in significant accounting estimates, particularly in relation to claims incurred but not reported and estimated premium income, and the posting of inappropriate journals. . Audit procedures performed by the engagement team included:

-) Discussions with management involved in the Risk and Compliance functions, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
-) Inspecting the meeting minutes of the Syndicate Board and Reserve Committee meetings;
-) Inspecting key correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's in relation to compliance with laws and regulations;
-) Identifying and testing journal entries, based on a risk criteria;
-) Testing and challenging where appropriate the assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the estimation of claims incurred but not reported and the estimation of estimated premiums income; and
-) Design audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Independent auditors' report continued

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.

Siobhan Byrne (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

	Notes	2023 £'000	2022 £'000
Gross premiums written	3	250,900	191,601
Outward reinsurance premiums		(23,789)	(17,283)
Net written premiums		227,111	174,318
Change in the provision for unearned premiums			
Gross amount		(32,254)	(14,484)
Reinsurers' share		6,589	932
	4	(25,665)	(13,552)
Earned premiums, net of reinsurance		201,446	160,766
Allocated investment return transferred from the non-technical account		10,634	949
Claims paid			
Gross amount		(70,925)	(59,256)
Reinsurers' share		9,059	6,676
		(61,866)	(52,580)
Changes in the provision for claims outstanding			
Gross amount		(43,808)	(17,811)
Reinsurers' share		(5,327)	(21,613)
	4	(49,135)	(39,424)
Claims incurred, net of reinsurance		(111,001)	(92,004)
Net operating expenses	5	(81,903)	(66,741)
Balance on technical account – general business		19,176	2,970

All the amounts above are in respect of continuing operations.

The notes on pages 20 to 49 form part of these financial statements.

Income statement continued

Non-technical account - General business

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Balance on technical account – general business	19,176	2,970
Investment income	9,039	949
Gains on the realisation of investments	90	-
Unrealised gains on investments	1,803	-
Losses on the realisation of investments	(9)	-
Unrealised losses on investments	(245)	-
Investment management charges	(44)	-
Allocated investment return transferred to the general business technical account	(10,634)	(949)
Exchange (losses) / gains	(1,551)	2,268
Profit for the financial year	<u>17,625</u>	<u>5,238</u>

There were no recognised gains and losses in the year other than those reported in the Income Statement and hence no Statement of Other Comprehensive Income has been presented.

All the amounts above are in respect of continuing operations.

The notes on pages 20 to 49 form part of these financial statements.

Statement of changes in member's balance

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Member's balance brought forward at 1 January	(17,346)	(49,792)
Profit for the financial year	17,625	5,238
Loss collection	10,685	27,208
Member's balance carried forward at 31 December	<u>10,964</u>	<u>(17,346)</u>

The notes on pages 20 to 49 form part of these financial statements.

Statement of financial position

As at 31 December 2023

	Notes	2023 £'000	Restated 2022 £'000
Assets			
<i>Investments</i>			
Other financial investments	9	275,299	120,214
Deposits with ceding undertakings		697	517
<i>Reinsurers' share of technical provisions</i>			
Provision for unearned premiums	4	13,280	7,199
Claims outstanding	4	32,792	39,137
		46,072	46,336
<i>Debtors</i>			
Debtors arising out of direct insurance operations	10	112,048	113,027
Debtors arising out of reinsurance operations	11	74,637	66,454
Other debtors		8,520	11,683
		195,205	191,164
<i>Cash and other assets</i>			
Cash at bank and in hand	14	42,674	118,159
Other assets	15	56,199	60,875
		98,873	179,034
<i>Prepayments and accrued income</i>			
Prepayments		2,300	743
Deferred acquisition costs	4	27,365	22,908
		29,665	23,651
<i>Total assets</i>		645,811	560,916

The notes on pages 20 to 49 form part of these financial statements.

Statement of financial position continued

As at 31 December 2023

	Notes	2023 £'000	Restated 2022 £'000
Member's balance and liabilities			
<i>Capital and reserves</i>			
Member's balance		10,964	(17,346)
<i>Liabilities</i>			
<i>Technical provisions</i>			
Provision for unearned premiums	4	131,973	104,340
Claims outstanding	4	396,431	364,566
		528,404	468,906
<i>Creditors</i>			
Creditors arising out of direct insurance operations	12	18,419	13,668
Creditors arising out of reinsurance operations	13	81,610	92,531
Other creditors		-	413
		100,029	106,612
<i>Accruals and deferred income</i>		6,414	2,743
<i>Total liabilities</i>		634,847	578,262
<i>Total members' balances and liabilities</i>		645,811	560,916

The notes on pages 20 to 49 form part of these financial statements.

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

The financial statements on pages 14 to 49 were approved by board of directors on 22 February 2024 and were signed on its behalf by:

R P Barke
Director
27 February 2024

Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 £'000	Restated 2022 £'000
Cash flows from operating activities			
<i>Profit for the financial year</i>		17,625	5,238
Increase in gross technical provisions		59,498	62,967
Decrease in reinsurers' share of gross technical provisions		264	18,563
(Increase) in debtors		(4,041)	(19,688)
(Decrease) / Increase in creditors		(6,583)	7,057
Movement in other asset/liabilities		2,333	(22,007)
Changes to market value and currency		(8,230)	9,570
Investment Return		(10,634)	(949)
<i>Net cash inflow from operating activities</i>		50,232	60,751
Cash flows from investing activities			
Purchases of other financial investments		(283,415)	-
Sale of other financial investments		30,732	-
Investment income received		10,051	949
Deposits with ceding undertakings		(180)	755
<i>Net cash (outflow) / inflow from investing activities</i>		(242,812)	1,704
Cash flows from financing activities			
Loss collections from members' personal reserve fund		10,685	27,208
<i>Net cash inflow from financing activities</i>		10,685	27,208
Net (decrease) / increase in cash and cash equivalents		(181,895)	89,663
Cash and cash equivalents at beginning of year		235,966	155,873
Changes to market value and currency		8,230	(9,570)
Cash and cash equivalents at end of year	14	<u>62,301</u>	<u>235,966</u>

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

Notes to the financial statements

For the year ended 31 December 2023

1. Basis of preparation

Statement of compliance

The financial statements have been prepared in compliance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The financial statements are prepared on a going concern basis, under the historical cost convention except for certain financial instruments which are measured at fair value. The financial statements are prepared in GBP which is the functional and presentational currency of the Syndicate and rounded to the nearest £'000.

As permitted by FRS 103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

2. Accounting policies

Critical Accounting Estimates and Judgements

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.

The measurement of the provision for claims outstanding involves judgements 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, judgement 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.

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated based on the information currently available to them, the ultimate liability will vary as a result of subsequent information and events.

Accounting policies continued

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates, primarily relating to binder business, are judgemental and could result in misstatements of revenue recorded in the financial statements.

The main assumption underlying future premium, is that past premium development can be used to project future premium development. The value of the premium yet to be signed is £125.8m

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.

Gross premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. They are recognised on the date on which the policy incepts. Gross written premiums are stated gross of brokerage payable and exclude taxes and duties levied on them.

Reinsurance premiums

Reinsurance written premiums comprise the total premiums payable for the whole cover provided by contracts entered into during the period, including portfolio premiums payable, and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Outwards reinsurance premiums are accounted for and earned in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Claims incurred

Claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date, but not reported until after the year end.

The provision for claims comprises amounts set aside for claims notified and claims incurred, but not yet reported (IBNR).

The IBNR provision also includes an explicit margin, a liability for a reasonable and prudent level of conservatism to cover adverse claim deviation.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

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 and the claims experience for the year. The Syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly, the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Provisions for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Unexpired risks

A provision for unexpired risks is made where claims and related expenses are likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return.

At the 31 December 2023 the Syndicate had £0 of net unexpired risk provision (2022: £0).

Accounting policies continued

Deferred acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs, such as intermediary commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as the administrative expenses connected with the processing of proposals and the issuing of policies.

Deferred acquisition costs are costs arising from conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods.

Deferred acquisition costs are amortised over the period in which the related premiums are earned.

Reinsurance assets

The Syndicate cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Syndicate may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Syndicate will receive from the reinsurer. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2022.

Ceded reinsurance arrangements do not relieve the Syndicate from its obligations to policyholders.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are not recognised when the de-recognition criteria for financial assets have been met.

Accounting policies continued

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Foreign currencies

The Syndicate's functional currency and presentational currency is GBP.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Exchange differences are recorded in the non-technical account.

The following balance sheet rates of exchange have been used in the preparation of these accounts:

	2023	2022
	Year End	Year End
USD	1.27	1.20
CAD	1.68	1.63
EUR	1.15	1.13
AUD	1.87	1.77
HKD	9.95	9.39
JPY	179.75	158.71
SGD	1.68	1.61

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 EU).

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.

Accounting policies continued

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.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date the Syndicate commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

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 the profit and loss are measured at fair value with fair value changes recognised immediately in the profit and loss. 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.

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not measured 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 profit or loss. 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 profit or loss.

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.

Accounting policies continued

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business.

Fair value measurement of investments

Financial instruments that are classified as fair value through the profit or loss account are assigned a level using a fair value hierarchy that reflects the significance of the inputs used in these measurements.

The Syndicate uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

Level 1 financial instruments comprise government bonds that are regularly traded, deposits with credit institutions and collective investment schemes which comprise Money Market Funds.

-) Bonds have been valued at fair value using quoted prices in an active market.
-) Money Market Funds are valued on a stable net asset value (NAV) basis. Money Market Funds are readily convertible into cash, 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.

Level 2 financial instruments are less regularly traded government and agency bonds, supranational bonds, corporate bonds, currency derivatives, bond futures, and fund investments.

-) Bonds are included in the balance sheet at bid price using prices supplied by the custodian or by the investment managers, who obtain market data from numerous independent pricing services. The prices used are reconciled against a common market pricing source.
-) Investments in regulated collective investment schemes are valued based on the valuations of each of the individual funds as published publicly by the managers.
-) Investments in pooled investments in unregulated investment schemes (hedge funds) are valued based on the underlying NAVs of each of the individual funds. Hedge fund NAVs are provided by the administrators of the schemes.
-) Investments in investment pools are valued based on the valuations supplied by the investment manager (Lloyd's).

Level 3 financial instruments have a fair value derived from inputs that are not based on observable market data.

-) The Lloyd's Central Fund loan is categorised as a Level 3 financial investment.

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 20%) 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 other overseas tax payable by members on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

Pension costs

The Managing Agent operates a defined contribution scheme. Pension contributions to Syndicate staff are charged to the Syndicate and included within net operating expenses.

Syndicate operating expenses

Where expenses are incurred by the Managing Agent or on behalf of the Managing Agent on the administration of managed Syndicates, these expenses are apportioned using various methods depending on the type of expense. Expenses which are incurred jointly for the Managing Agent and managed Syndicates are apportioned between the Managing Agent and the Syndicates depending on the amount of work performed, resources used and volume of business transacted.

Restatement of prior year

These balances were subject to restatement due to recognition of late incepting premium. The impact is limited to the Statement of financial position with no impact on the Income statement.

	2022	Restated
	£'000	2022
		£'000
Assets		
Debtors arising out of direct insurance operations	107,235	113,027
Debtors arising out of reinsurance operations	63,491	66,454
Deferred acquisition costs	21,114	22,908
Liabilities		
Provision for unearned premiums	93,792	104,340

The restatement will be adjusted for in the Statement of cash flows accordingly.

3. Segmental analysis

An analysis of the underwriting result before investment return is set out below:

2023	Gross written premiums	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Accident and Health	11,452	4,969	(3,729)	(2,389)	(187)	(1,336)
Marine	20,083	13,572	(9,702)	(4,943)	1,400	327
Transport	10,467	5,949	(3,413)	(2,296)	(392)	(152)
Energy – Non-Marine	4,085	809	(606)	147	(272)	78
Fire and other damage of property	36,523	28,908	(11,834)	(10,558)	(2,028)	4,488
Third-party liability	130,904	128,786	(71,273)	(49,518)	(6,720)	1,275
Pecuniary Loss	4,785	5,943	(3,333)	(1,891)	8	727
	<u>218,299</u>	<u>188,936</u>	<u>(103,890)</u>	<u>(71,448)</u>	<u>(8,191)</u>	<u>5,407</u>
Reinsurance:	<u>32,601</u>	<u>29,710</u>	<u>(10,843)</u>	<u>(10,455)</u>	<u>(5,277)</u>	<u>3,135</u>
Total	<u>250,900</u>	<u>218,646</u>	<u>(114,733)</u>	<u>(81,903)</u>	<u>(13,468)</u>	<u>8,542</u>

Segmental Analysis continued

2022	Gross written premiums	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Accident and Health	(100)	(341)	(41)	178	(64)	(268)
Marine	149	274	(67)	(145)	(32)	30
Aviation	-	-	(2)	-	126	124
Transport	344	335	(12)	(158)	(50)	115
Energy – Marine	261	275	(164)	(129)	(32)	(50)
Energy – Non-Marine	598	1,054	(482)	(369)	(59)	144
Fire and other damage of property	19,694	17,865	(43)	(6,692)	(5,229)	5,901
Third-party liability	119,858	112,808	(59,193)	(43,634)	(21,112)	(11,131)
Pecuniary Loss	9,309	8,932	(686)	(3,270)	(2,177)	2,799
	150,113	141,202	(60,690)	(54,219)	(28,629)	(2,336)
Reinsurance:	41,488	35,915	(16,377)	(12,522)	(2,659)	4,357
Total	191,601	177,117	(77,067)	(66,741)	(31,288)	2,021

Premiums were predominately concluded in the UK during 2022 and 2023.

Commissions on direct insurance gross premiums written during 2023 were £39,826,476 (2022: £33,151,464).

4. Technical provisions

	Gross provisions £'000	2023 Reinsurance assets £'000	Net £'000
Claims outstanding			
Balance at 1 January	364,566	(39,137)	325,429
Change in claims outstanding	43,808	5,327	49,135
Effect of movements in exchange rates	(11,943)	1,018	(10,925)
Balance at 31 December	396,431	(32,792)	363,639
Claims notified	85,724	(6,856)	78,868
Claims incurred but not reported	310,707	(25,936)	284,771
Balance at 31 December	396,431	(32,792)	363,639
Unearned premiums			
Balance at 1 January	104,340	(7,199)	97,141
Change in unearned premiums	32,254	(6,589)	25,665
Effect of movements in exchange rates	(4,621)	508	(4,113)
Balance at 31 December	131,973	(13,280)	118,693
Deferred acquisition costs			
Balance at 1 January	22,908	-	22,908
Change in deferred acquisition costs	5,721	(1,146)	4,575
Effect of movements in exchange rates	(1,264)	3	(1,261)
Balance at 31 December	27,365	(1,143)	26,222
		Restated 2022	
	Gross provisions £'000	Reinsurance assets £'000	Net £'000
Claims outstanding			
Balance at 1 January	329,386	(58,449)	270,937
Change in claims outstanding	17,811	21,613	39,424
Effect of movements in exchange rates	17,369	(2,301)	15,068
Balance at 31 December	364,566	(39,137)	325,429
Claims notified	95,833	(17,909)	77,924
Claims incurred but not reported	268,733	(21,228)	247,505
Balance at 31 December	364,566	(39,137)	325,429
Unearned premiums			
Balance at 1 January	87,102	(6,450)	80,652
Change in unearned premiums	14,484	(932)	13,552
Effect of movements in exchange rates	2,754	183	2,937
Balance at 31 December	104,340	(7,199)	97,141
Deferred acquisition costs			
Balance at 1 January	18,819	(95)	18,724
Change in deferred acquisition costs	3,303	95	3,398
Effect of movements in exchange rates	786	-	786
Balance at 31 December	22,908	-	22,908

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

5. Net operating expenses

	2023	2022
	£'000	£'000
Acquisition costs	(51,494)	(41,663)
Change in deferred acquisition costs	5,721	3,303
RI Acquisition costs	2,357	(334)
Change in RI deferred acquisition costs	(1,146)	95
Administration expenses	(37,341)	(28,142)
Net operating expenses	<u>(81,903)</u>	<u>(66,741)</u>

Members' standard personal expenses amounting to £3,827,936 (2022: £3,311,054) are included in administrative expenses. Members' standard personal expenses include Lloyd's subscriptions, new Central Fund contributions and Managing Agent's fees.

6. Staff costs

	2023	2022
	£'000	£'000
Group recharge	<u>(26,766)</u>	<u>(17,277)</u>
	<u>(26,766)</u>	<u>(17,277)</u>

Staff costs are included as part of bulk recharges from Everest entities and as such are not separately identifiable. The above table shows total recharges in which staff costs will form part of.

Staff costs incurred by the Managing Agent, Asta Managing Agency Ltd form part of the Time and Materials fee, see Note 16. Asta Staff work across numerous Syndicates and therefore it is not possible to disclose the average employee information.

7. Auditors' remuneration

	2023	2022
	£'000	£'000
Audit of the financial statements	(182)	(193)
Other services pursuant to Regulations and Lloyd's Byelaws	(57)	(58)
Other services relating to actuarial review	(115)	(130)
	<u>(354)</u>	<u>(381)</u>

Auditors' remuneration is included as part of the administrative expenses in note 5 to the financial statements.

8. Emoluments of the directors of Asta Managing Agency Ltd

The aggregate emoluments of the Directors and staff of the Managing Agency are met by Asta Managing Agency Ltd and are disclosed within the financial statements of that company, with the exception of S.P.A. Norton, L Harfitt and R.P. Barke. S.P.A Norton's and L Harfitt's remuneration is disclosed in the financial statements of Asta Capital Ltd and the remuneration of R.P. Barke is disclosed in the financial statements of Asta Insurance Markets Ltd and were all charged in the accounts of Asta Managing Agency Ltd.

No emoluments of the Directors or staff of Asta Managing Agency Ltd were directly charged to the Syndicate.

No other compensation was payable to key management personnel.

The Active Underwriter received the following aggregate remuneration, charged as a Syndicate expense:

	2023 £'000	2022 £'000
Active Underwriter's emoluments	590	404
	<hr/> 590	<hr/> 404

9. Other Financial investments

	2023	
	Carrying value	Purchase price
	£'000	£'000
Shares and other variable yield securities and units in unit trusts		
- Designated at fair value through profit or loss	22,034	22,034
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	253,265	251,692
	<u>275,299</u>	<u>273,726</u>

	2022	
	Carrying value	Purchase price
	£'000	£'000
Shares and other variable yield securities and units in unit trusts		
- Designated at fair value through profit or loss	120,214	120,214
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	-	-
	<u>120,214</u>	<u>120,214</u>

Amounts included within Shares and other variable securities include CIS (Collective Investment Scheme) where funds are invested in a single vehicle which invests in investments.

There was no material change in fair value for financial instruments held at fair value attributable to own credit risk in the current or comparative year.

Other Financial investments continued

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 December 2023				
Shares and other variable yield securities and units in unit trusts	19,627	-	2,407	22,034
Debt securities and other fixed income securities	35,956	217,309	-	253,265
Total	55,583	217,309	2,407	275,299

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 December 2022				
Shares and other variable yield securities and units in unit trusts	41,107	76,700	2,407	120,214
Debt securities and other fixed income securities	-	-	-	-
Total	41,107	76,700	2,407	120,214

Included in the level 1 category are 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 Syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 category are 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 and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

Included in the level 3 category, are 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.

10. Debtors arising out of direct insurance operations

	2023	Restated 2022
	£'000	£'000
Due from intermediaries (within one year)	112,048	113,027
	<u>112,048</u>	<u>113,027</u>

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

11. Debtors arising out of reinsurance operations

	2023	Restated 2022
	£'000	£'000
Due from ceding insurers (within one year)	74,637	64,311
Due from ceding insurers (after one year)	-	2,143
	<u>74,637</u>	<u>66,454</u>

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

12. Creditors arising out of direct insurance operations

	2023	2022
	£'000	£'000
Direct Business - Intermediaries (within one year)	18,419	13,668
	<u>18,419</u>	<u>13,668</u>

13. Creditors arising out of reinsurance operations

	2023	2022
	£'000	£'000
Reinsurance ceded (within one year)	81,610	91,577
Reinsurance ceded (after one year)	-	954
	<u>81,610</u>	<u>92,531</u>

14. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash at bank and in hand	42,674	118,159
Shares and other variable yield securities and units in unit trusts (excluding Syndicate Loan to Central Fund)	19,627	117,807
	<u>62,301</u>	<u>235,966</u>

The Syndicate Loan to Central Fund has been excluded from Shares and other variables yields as it is not considered a cash and cash equivalent.

15. Other assets

Other assets comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

16. Related parties

The ultimate parent company of Asta Managing Agency Ltd is Tennessee Topco Limited following the acquisition of Asta Capital Ltd by the Davies Group Limited on the 13th July 2022.

Asta provides services and support to Syndicate 2786 in its capacity as Managing Agent. During the year, managing agency fees of £2,018,750 (2022: £1,496,400) were charged to the Syndicate. Asta also recharged £2,530,960 (2022: £2,618,123) worth of service charges in the year and as at 31 December 2023 an amount of £401,622 (2022: £388,119) was owed to Asta in respect of this service.

From time to time, Syndicates managed by Asta enter into (re)insurance contracts with one another. All such transactions are subject to Asta's internal controls which ensure that all are compliant with Lloyd's Related Party Byelaw provisions. All transactions are entered into on an arms length basis.

Everest Group Ltd provides 100% of the Syndicate's insurance capacity. The Group has recharged expenses to the Syndicate during 2023 of £26,765,751 (2022: £17,277,314) from various Everest entities.

17. Disclosure of interests

Managing Agent's interest

During 2023 Asta was the Managing Agent for twelve Syndicates, one Special Purpose Arrangements and five Syndicates in a Box. Syndicates 1322, 1609, 1699, 1892, 1985, 1988, 2288, 2525, 2689, 2786, 4242 and 4747 as well as Special Purpose Arrangements 1416 and Syndicates in a Box 1796, 1902, 2880, 3456 and 5183 were managed on behalf of third party capital providers.

On 1 January 2024, Asta took on the management of Syndicate in a box 1922

On 1 January 2024, Asta reinsured to close Syndicate 2288 into Renaissance Re Syndicate 1458

The agency also provides administrative services to Syndicates and Special Purpose Arrangements, also undertaking several ancillary roles for other clients.

The Financial Statements of the Managing Agency can be obtained by application to the Registered Office (see page 1).

18. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (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 PRA requirements and resource criteria. 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 members' FAL to meet liquidity requirements or to settle losses.

19. Off-balance sheet items

The Syndicate has not been party to an arrangement, which is not reflected in its statement of financial position, where material risks and benefits arise for the Syndicate.

20. Risk management

a) Governance framework

The Syndicate's risk and financial management framework aims to protect the Syndicate's members capital from events that might otherwise prevent the Syndicate from meeting its policyholder obligations, while maximising the returns to its members. The directors recognise the critical importance of having efficient and effective risk management systems in place.

Asta maintains a risk management function for the Syndicate with clear terms of reference from the Syndicate Board, its committees and sub-committees. Asta supplements this with a clear organisational structure with documented delegated authorities and responsibilities from the main Asta Managing Agency Ltd board to the Syndicate who perform the underwriting activities. Lastly, the Syndicate policy framework sets its risk management and control and business conduct standards for operations. Asta reviews and monitors each policy to ensure compliance with the policy throughout the Syndicate.

The Syndicate board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate goals, and specify reporting requirements. The Syndicate board places significant emphasis on the assessment and documentation of risks and controls, including the articulation of the Syndicate's risk appetite.

b) Capital management objectives, policies and approach

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

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

Risk management continued

Although 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 2786 is not disclosed in these financial statements.

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 Syndicate on which it participating but not other members' shares. Accordingly, the capital requirement 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 year 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), held within 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, the ending members balances reported on the statement of financial position on page 17, represent future cash calls required from members at the reporting date.

c) Insurance risk

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Risk management continued

The Syndicate purchases reinsurance as part of its risk mitigation programme. The Syndicate's reinsurance program is predominantly covered by a whole account, non-proportional losses occurring during policy which covers the calendar year. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

Sub-committees of the Syndicate board oversee the management of reserving risk. The use of standardised and internal modelling techniques, as well as benchmarking and the review of claims development are key in mitigating reserving risk. The purpose of these underwriting, reinsurance and reserving strategies is to limit exposure to catastrophes or large losses based on the Syndicate's risk appetite as decided by the Syndicate board.

The Syndicate uses both its own and commercially available risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an un-modelled event are greater than those arising from a modelled event.

As a further guide to the level of catastrophe exposure written by the Syndicate, the following table shows hypothetical claims arising out of the RDS on the Syndicate's in-force exposure at 31 December 2023.

	Estimated Gross Loss	Estimated Net Loss
	£'000	£'000
Cyber – Major Data Security Breach	(62,992)	(59,055)
Cyber – Cloud Cascade	(59,843)	(55,906)
Cyber – Ransomware Contagion	(48,819)	(44,882)
Cyber – Blackout II	(15,748)	(11,811)
AEP Loss 30 Year Return Period – Whole World	(34,453)	(15,555)

The figures above are sought from the Syndicate Business Forecast (SBF) which is unaudited.

Key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Risk management continued

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on net liabilities, profit and members' balances. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

	2023	2022
	£'000	£'000
Gross		
Five percent increase in claim liabilities	19,822	18,228
Five percent decrease in claim liabilities	(19,822)	(18,228)
Net		
Five percent increase in claim liabilities	18,182	16,271
Five percent decrease in claim liabilities	(18,182)	(16,271)

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Claims development table

The tables below show the Syndicate's cumulative incurred claims development, including both claims notified and IBNR for each underwriting year, together with the cumulative payments to date on a gross and net of reinsurance basis at the balance sheet date.

The Syndicate has elected to translate estimated claims and claims payments at a consistent rate of exchange as determined by the balance sheet date.

Risk management continued

Underwriting year	2016	2017	2018	2019	2020	2021	2022	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimate of cumulative gross claims incurred:								
At end of first underwriting year	20,997	40,018	36,109	36,928	63,760	47,675	46,540	59,738
One Year Later	49,472	80,103	91,331	113,994	118,086	96,818	96,719	
Two Years Later	50,867	92,278	104,454	118,421	109,463	97,847		
Three Years Later	67,108	92,647	104,987	106,089	96,383			
Four Years Later	69,296	91,872	109,536	111,706				
Five Years Later	66,443	91,582	117,320					
Six Years Later	60,703	93,826						
Seven Years Later	58,490							
Less cumulative gross paid	(44,898)	(75,438)	(74,621)	(59,285)	(37,153)	(29,435)	(13,074)	(1,694)
Liability for gross outstanding claims (2016 to 2023)	13,592	18,388	42,699	52,421	59,230	68,412	83,645	58,044
Total gross outstanding claims (all years)								396,431

Risk management continued

Underwriting year	2016	2017	2018	2019	2020	2021	2022	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimate of cumulative net claims incurred:								
At end of first underwriting year	16,528	27,971	29,023	28,841	41,961	35,558	44,653	53,028
One Year Later	37,315	59,027	76,310	95,942	90,753	82,820	92,720	
Two Years Later	40,509	69,907	93,051	102,421	89,858	86,682		
Three Years Later	46,258	71,940	93,819	92,519	76,630			
Four Years Later	45,949	70,548	99,488	97,838				
Five Years Later	44,628	71,396	108,070					
Six Years Later	45,274	73,877						
Seven Years Later	44,028							
Less cumulative net paid	(34,005)	(57,158)	(66,224)	(51,177)	(23,998)	(21,971)	(13,074)	(1,627)
Liability for net outstanding claims (2016 to 2023)	10,023	16,719	41,846	46,661	52,632	64,711	79,646	51,401
Total net outstanding claims (all years)								363,639

Risk management continued

The uncertainty associated with the ultimate claims experience of an underwriting year is greatest when the underwriting year is at an early stage of development and the margin for future experience potentially being more adverse than assumed is at its highest. As claims develop, and the ultimate cost of the claims becomes more certain, the relative level of margin should decrease. Due, however, to the uncertainty inherent in the claims estimation process, initial reserves may not always be in a surplus.

d) 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.

1) Credit risk

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

The following policies and procedures are in place to mitigate the exposure to credit risk:

-) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits. If the counterparty is downgraded or does not have a good credit rating, then collateral is sought to mitigate any risk. This is monitored by the Reinsurance Security Committee, a sub-committee of the Syndicate Board.

Risk management continued

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

2023	£'000			Total
	Neither past due nor impaired	Past due	Impaired	
Shares and other variable yield securities	22,034	-	-	22,034
Debt Securities	253,265	-	-	253,265
Overseas Deposits	56,199	-	-	56,199
Deposits with ceding undertakings	697	-	-	697
Reinsurers share of claims outstanding	32,792	-	-	32,792
Debtors arising out of direct insurance operations	112,048	-	-	112,048
Reinsurance Debtors	38,807	-	-	38,807
Other debtors	87,295	-	-	87,295
Cash and cash equivalents	42,674	-	-	42,674
Total	645,811	-	-	645,811

Restated 2022	£'000			Total
	Neither past due nor impaired	Past due	Impaired	
Shares and other variable yield securities	120,214	-	-	120,214
Debt Securities	-	-	-	-
Overseas Deposits	60,875	-	-	60,875
Deposits with ceding undertakings	517	-	-	517
Reinsurers share of claims outstanding	39,137	-	-	39,137
Debtors arising out of direct insurance operations	113,027	-	-	113,027
Reinsurance Debtors	39,342	-	-	39,342
Other debtors	69,645	-	-	69,645
Cash and cash equivalents	118,159	-	-	118,159
Total	560,916	-	-	560,916

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

Risk management continued

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2023 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

2023	£'000						Total
	AAA	AA	A	BBB	BBB or less	Not Rated	
Shares and other variable yield securities	-	-	22,034	-	-	-	22,034
Debt Securities	88,410	109,322	55,533	-	-	-	253,265
Overseas Deposits	32,729	5,380	3,831	3,699	4,406	6,154	56,199
Deposits with ceding undertakings	-	-	697	-	-	-	697
Reinsurers share of claims outstanding	-	10,919	21,873	-	-	-	32,792
Reinsurance Debtors	-	-	38,807	-	-	-	38,807
Cash and cash equivalents	-	-	42,674	-	-	-	42,674
Total	121,139	125,621	185,449	3,699	4,406	6,154	446,468

Restated 2022	£'000						Total
	AAA	AA	A	BBB	BBB or less	Not Rated	
Shares and other variable yield securities	-	-	120,214	-	-	-	120,214
Debt Securities	-	-	-	-	-	-	-
Overseas Deposits	34,022	8,704	4,239	4,241	2,889	6,780	60,875
Deposits with ceding undertakings	-	-	517	-	-	-	517
Reinsurers share of claims outstanding	-	-	39,137	-	-	-	39,137
Reinsurance Debtors	-	-	39,342	-	-	-	39,342
Cash and cash equivalents	-	-	118,159	-	-	-	118,159
Total	34,022	8,704	321,608	4,241	2,889	6,780	378,244

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

Risk management continued

Maximum credit exposure

It is the Syndicate's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business.

2) Liquidity risk

Liquidity risk is the risk that the Syndicate may not have enough cash to pay insurance claims and other liabilities. The Syndicate tries to reduce this risk by reviewing its expected cash obligations on a quarterly basis and keeping adequate cash on deposit to meet those obligations.

The table below summarises the maturity profile of the Syndicate's financial liabilities based on remaining undiscounted contractual obligations, including interest payable and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

2023	£'000					Total
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	
Creditors	-	100,029	-	-	-	100,029
Claims Outstanding	-	97,460	139,737	86,180	73,054	396,431
Total	-	197,489	139,737	86,180	73,054	496,460

2022	£'000					Total
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	
Creditors	-	105,245	1,367	-	-	106,612
Claims Outstanding	-	85,632	111,500	78,178	89,256	364,566
Total	-	190,877	112,867	78,178	89,256	471,178

3) 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.

Risk management continued

a) Currency risk

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

The Syndicate's functional currency is GBP and its exposure to foreign exchange risk arises primarily with respect to transactions in Euro, US, Canadian and Australian dollars. The Syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

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

2023	£'000						Total
	GBP	USD	EUR	CAD	AUD	OTH	
Total Assets	138,962	217,117	61,146	86,498	137,510	4,578	645,811
Total Liabilities	(181,691)	(215,780)	(63,572)	(57,140)	(115,633)	(1,031)	(634,847)
Net Assets / (Liabilities)	(42,729)	1,337	(2,426)	29,358	21,877	3,547	10,964

Restated 2022	£'000						Total
	GBP	USD	EUR	CAD	AUD	OTH	
Total Assets	157,683	155,276	48,702	70,508	124,804	3,943	560,916
Total Liabilities	(164,911)	(173,344)	(58,503)	(58,665)	(121,811)	(1,028)	(578,262)
Net Assets / (Liabilities)	(7,228)	(18,068)	(9,801)	11,843	2,993	2,915	(17,346)

The Syndicate takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of the Syndicate, against variation in foreign exchange rates.

*Refer to page 27 of the accounting policies for further details on the 2022 restatement.

Risk management continued

Sensitivity to changes

The table below gives an indication of the impact on profit of a percentage change in the relative strength of Sterling against the value of the US dollar, Canadian dollar, Australian dollar and Euro simultaneously. The analysis is based on the information as at 31st December 2023.

	Impact on profit and members' balance	
	2023	2022
	£'000	£'000
Sterling weakens		
10% against other currencies	5,015	(1,303)
20% against other currencies	10,029	(2,607)
Sterling strengthens		
10% against other currencies	(5,015)	1,303
20% against other currencies	(10,029)	2,607

b) Interest rate risk

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

Floating rate instruments expose the Syndicate to cash flow interest risk, whereas fixed rate instruments expose the Syndicate to fair value interest risk.

The impact of higher rates of inflation has been considered through explicit allowances on prior underwriting years and is allowed for in forecasts and risk pricing.

The Syndicate has no significant concentration of interest rate risk.

21. Post balance sheet events

The Syndicate will distribute £11.2m to its member of the 2021 YoA.