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**Mosaic Syndicate 1609**

**Financial Statements**  
**For the 36 Months ended 31 December 2023**  
**2021 Underwriting Year Accounts**

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## **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\*

### **Signing Director**

C V Barley

### **Managing Agent's Registered Office**

5<sup>th</sup> Floor

20 Gracechurch Street

London

EC3V 0BG

### **Managing Agent's Registered Number**

1918744

### **Active Underwriter**

A C G Mackay

### **Bankers**

Barclays Plc

Citibank N.A,

RBC Dexia

### **Independent Auditors**

PricewaterhouseCoopers LLP

### **Signing Actuaries**

PricewaterhouseCoopers LLP

## **Managing Agent's Report for the 2021 Closing Year of Account**

For the 36 months ended 31 December 2023.

The Directors of Asta Managing Agency Ltd (Asta) present their report at 31 December 2023 for the 2021 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

### **Underwriting year results**

The syndicate generated profit of \$2.7m after standard personal expenses on gross written premiums of \$5.3m for the 2021 underwriting year.

### **Principle activities and review of the business**

A full disclosure on the principle activities of the syndicate can be found within the managing agents report within the annual accounts on page 5, and within the Active Underwriter's report within the annual accounts on page 2.

### **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 and Officers 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 auditor in connection with the auditor's report, of which the auditor is 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 auditor is aware of that information.

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk and capital management.

Approved by the Board of Directors and signed on behalf of the Board.

C V Barley  
Director  
27 February 2024

## Statement of Managing Agent's responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare Syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

In preparing the Syndicate underwriting year accounts, the Managing Agent is required to:-

- select suitable accounting policies and apply them consistently throughout each underwriting year and from one underwriting year to the next, subject to changes from newly adopted accounting standards. Where items affect more than one underwriting year, the Managing Agent must ensure that the Syndicate treats the affected member equitably. In particular, the premium charged for reinsurance to close should be equitable between the reinsured and reinsuring members of the Syndicate;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate underwriting year accounts comply with the Lloyd's Regulations 2008 and Syndicate Accounting Byelaw. 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 UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# Independent Auditor's Report to the Members' of Syndicate 1609

## 2021 Closed Year of Account

### Report on the audit of the syndicate underwriting year financial statements

#### Opinion

In our opinion, 1609's syndicate underwriting year financial statements for the 2021 year of account for the 36 months ended 31 December 2023 (the "underwriting year financial statements"):

- 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 2021 closed year of account;
- 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 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the 2021 Underwriting Year Accounts (the "Underwriting Year Accounts"), which comprise: the statement of financial position as at 31 December 2023; the income statement, the statement of cash flows, the statement of changes in members' balances for the 36 months then ended; and the notes to the underwriting year financial statements, 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)"), including ISA (UK) 800, 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 underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the underwriting year financial statements 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.

#### Emphasis of matter – Basis of preparation

Without modifying our opinion, we draw attention to note 1 of the underwriting year financial statements, which describes the basis of preparation. In particular, as these underwriting year financial statements relate to a closed underwriting year of account, matters relating to going concern are not relevant to these underwriting year financial statements. The underwriting year financial statements are prepared in accordance with a special purpose framework for the specific purpose as described in the *Use of this report* paragraph below. As a result, the underwriting year financial statements may not be suitable for another purpose.

# Independent Auditor's Report to the Members' of Syndicate 1609

## Continued

### Reporting on other information

The other information comprises all of the information in the Underwriting Year Accounts other than the underwriting year financial statements and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the underwriting year financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

### Responsibilities for the underwriting year financial statements and the audit

#### Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of Managing Agent's Responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2021 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibilities for the audit of the underwriting year financial statements

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

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

Based on our understanding of the 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 underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts



## Independent Auditor's Report to the Members' of Syndicate 1609

Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (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, estimated premium income and the posting of inappropriate journals. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, and the compliance function of the Managing Agent, including consideration of known or suspected instances of non-compliance with laws and regulation, 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
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

A further description of our responsibilities for the audit of the underwriting year financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) 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.

## Independent Auditor's Report to the Members' of Syndicate 1609 Continued

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), 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
- the underwriting year financial statements 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 36 months ended 31 December 2023

	Notes	\$'000	\$'000
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written	4	152,543	
Outward reinsurance premiums		<u>(36,666)</u>	115,877
<b>Reinsurance to close premiums received, net of reinsurance</b>			
<b>Allocated investment return transferred from the non-technical account</b>			1,589
<b>Claims incurred, net of reinsurance</b>			
Claims paid - Gross amount		(7,525)	
- Reinsurers' share		<u>93</u>	
Net claims paid		(7,432)	
Reinsurance to close premium payable net of reinsurance	6	<u>(46,688)</u>	(54,120)
<b>Net operating expenses</b>	7		(60,585)
<b>Balance on the technical account – general business</b>	5		<u>2,761</u>

The notes on pages 13 to 26 form part of these financial statements.

## Income statement continued

### Non-technical account - general business

	Notes	\$'000
<b>Balance on the technical account – general business</b>		2,761
Investment income	9	1,589
Net realised losses on investments	9	-
Net unrealised losses	9	-
Investment manager's fees	9	<u>-</u>
		4,350
Allocated investment return transferred to general business technical account		(1,589)
Exchange losses		<u>(46)</u>
<b>Profit for the closed year of account</b>		<u>2,714</u>

There were no recognised gains or losses relating to the current or preceding year other than those included in the income statement. Therefore, no statement of other comprehensive income has been presented.

The notes on pages 13 to 26 form part of these financial statements.

## Statement of financial position

As at 31 December 2023

	Notes	\$'000	\$'000
<b>Assets</b>			
<b>Investments</b>	10		24,709
<b>Debtors</b>			
Debtors arising out of direct insurance operations		933	
Debtors arising out of reinsurance operations	11	9,443	
Other debtors, prepayments and accrued income		<u>344</u>	
			10,720
<b>Reinsurance recoveries anticipated on gross reinsurance premiums payable to close the account</b>			12,485
<b>Other Assets</b>			
Cash at bank and in hand	13		21,603
Overseas Deposits			1,020
Inter Year Loan			-
Other prepayments and accrued income			75
<b>Total Assets</b>			<u>70,612</u>
<b>Liabilities</b>			
<b>Amounts due to / (from) members</b>			2,714
<b>Reinsurance to close premiums payable to close the Account – gross amount</b>	6		59,175
<b>Creditors</b>			
Creditors arising out of direct insurance operations		2,952	
Creditors arising out of reinsurance operations	12	5,182	
Other creditors, accruals and deferred income		<u>589</u>	
			8,723
<b>Total Liabilities</b>			<u>70,612</u>

The notes on pages 13 to 26 form part of these financial statements.

The Syndicate underwriting year accounts were approved by the Board of Asta Managing Agency Ltd on 22 February 2024 and were signed on its behalf by

R P Barke  
Director  
27 February 2024

## Statement of members' balances

For the 36 months ended 31 December 2023

	<b>\$'000</b>
Profit for the closed year of account	2,714
Members' agents' fees paid on behalf of members	-
Cash call on Members	-
<b>Members' balances at 31 December 2023</b>	<u>2,714</u>

The notes on pages 13 to 26 form part of these financial statements.

## Statement of cash flows

For the 36 months ended 31 December 2023

	Notes	\$'000
<b>Cash flows from operating activities</b>		
Profit for the year of account		2,714
Net unrealised losses and foreign exchange		-
(Increase) in debtors		(10,795)
Increase in creditors		8,723
Non cash consideration received as part of RITC received		-
RITC premium payable, net of reinsurance	6	46,690
		<u>47,332</u>
<b>Cash flows from investing activities</b>		
Net purchase of portfolio investments	10	(24,709)
Increase in overseas deposits	10	(1,020)
		<u>(25,729)</u>
<b>Cash flows from financing activities</b>		
Member's agents fees paid on behalf of members		-
Cash call		-
		<u>-</u>
<b>Net increase in cash and cash equivalents</b>		<b>21,603</b>
<b>Cash and cash equivalent at 1 January 2021</b>		<u>-</u>
<b>Cash and cash equivalent at end of the year of account</b>	<b>13</b>	<u><b>21,603</b></u>

The notes on pages 13 to 26 form part of these financial statements.

## Notes to the financial statements

For the 36 months ended 31 December 2023

### 1. Basis of preparation

The Syndicate underwriting year accounts have been prepared under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Lloyd's Regulations") and in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as issued in August 2014, and Financial Reporting Standard 103 "Insurance Contracts" ("FRS 103").

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

The financial statements are prepared in USD which is the reporting and presentational currency of the Syndicate and rounded to the nearest \$'000. The functional currency of the Syndicate is US Dollars.

Members participate on a Syndicate by reference to a year of account and each Syndicate year of account is a separate annual venture. These accounts relate to the 2021 year of account which has been closed by reinsurance to close at 31 December 2023. Consequently, the statement of financial position represents the assets and liabilities of the 2021 year of account at the date of closure and the income statement and statement of cash flows reflect the transactions for that year of account during the 36 months period until closure.

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

As each Syndicate year of account is a separate annual venture, there are no comparative figures.

### 2. Accounting policies

#### Significant 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 annual accounts.

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.



## Accounting policies continued

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.

### Underwriting transactions

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of that three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the year of account to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums follow the year of account of the original premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due, but not yet notified to the Syndicate year of account.

Gross claims paid are allocated to the same year of account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses.

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims and unexpired risks) relating to the closed year. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, return premiums and other payments in respect of the closing year to the members of the successor year of account and gives them the benefit of refunds, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The outstanding claims comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

## Accounting policies continued

Notified claims are estimated on a case by case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics. The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's 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. 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.

The provision for claims includes amounts in respect of internal and external claims handling costs.

The Syndicate uses a number of statistical techniques to assist in making the above estimates. 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 methods used, and the estimates made, are reviewed regularly.

A provision for unexpired risks is created where claims, related expenses and deferred acquisition costs, likely to arise after the balance sheet date in respect of contracts relating to the closing year of account, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

## 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.

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.

## Accounting policies continued

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

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

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or 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 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.

### Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

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

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

## Accounting policies continued

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

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

### Syndicate operating expenses & profit commission

Costs incurred by the Managing Agent in respect of the Syndicate are charged to the Syndicate and included within the relevant profit and loss account heading. Where expenses do not relate to any specific year of account, they are apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent and the Syndicate, they are apportioned as follows:

- Salaries and Related Costs  
According to time of each individual spent on Syndicate matters.
- Accommodation Costs  
According to number of personnel.
- Other Costs  
As appropriate in each case.
- Profit Commission  
Profit commission is charged by the Managing Agent at a rate of 6% for the first \$12m of profit and a rate of 3.5% of profit in excess of \$12-24m and 2% above \$24m. Profit Commission is calculated excluding any deduction of Mosaic Agency Profit Commissions. Such commission does not become payable until after the appropriate year of account closes, normally at 36 months. Profit commission on naturally open years is accrued on the basis of earned profit to date.
- Pensions  
The Managing Agent operates a defined contribution pension scheme and its recharges to the Syndicate in respect of salaries and related costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the recharge relates.

## 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 income tax 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. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue & Customs.

Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

### Foreign currencies

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

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 same exchange rates have been used for the income statement and balance sheet, therefore there is no other comprehensive income.

## 3. Risk management

Effective from 31 December 2023, the RITC process means that Insurance, Financial, Credit, Liquidity, Market and Capital risks are transferred to the accepting 2022 Year of Account of the Syndicate. Accordingly, these Underwriting Year accounts do not have any associated disclosures as required by section 34 of FRS 102. Full disclosures relating to these risks are provided in the main Annual accounts of the Syndicate.

#### 4. Particulars of business written

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

	<b>Gross Premiums Written and Earned \$'000</b>	<b>Gross Claims Incurred \$'000</b>	<b>Net Operating Expenses \$'000</b>	<b>Reinsurance Balance \$'000</b>	<b>Total \$'000</b>
Fire and Other					
Damage to Property	9,288	(2,021)	(3,718)	(2,548)	1,001
Third Party Liability	117,200	(53,277)	(46,805)	(17,029)	89
Reinsurance	26,055	(11,402)	(10,062)	(4,509)	82
	<u>152,543</u>	<u>(66,700)</u>	<u>(60,585)</u>	<u>(24,086)</u>	<u>1,172</u>

All business is written in the United Kingdom.

Gross operating expenses are the same as net operating expenses.

#### 5. Analysis of result by year of account

	<b>2021 Pure Year \$'000</b>	<b>2021 Total \$'000</b>
Technical account balance before allocated investment return and net operating expenses	61,757	61,757
Brokerage and commission on gross premium	<u>(36,315)</u>	<u>(36,315)</u>
	25,442	25,442
Net other expenses	(24,270)	(24,270)
Investment income	1,589	1,589
	<u>(22,681)</u>	<u>(22,681)</u>
Balance on technical account	<u>2,761</u>	<u>2,761</u>

## 6. Reinsurance to close premium payable net of reinsurance

	Reported \$'000	IBNR \$'000	Total \$'000
Gross outstanding losses	(2,382)	(56,792)	(59,174)
Reinsurance recoveries anticipated	1	12,485	12,486
Net outstanding losses	<u>(2,381)</u>	<u>(44,307)</u>	<u>(46,688)</u>

## 7. Net operating expenses

	\$'000
Acquisition costs	(41,006)
Administration expenses	(24,270)
Reinsurance commission	4,691
	<u>(60,585)</u>

Members' standard personal expenses amounting to \$5.2m are included in administrative expenses. Members' standard personal expenses include Lloyd's subscriptions, New Central Fund contributions, managing agent's fees and profit commission.

## 8. Auditors' remuneration

	\$'000
Audit of these financial statements	(168)
Other services pursuant to Regulations and Lloyd's Byelaws	(30)
Other non-audit services	(50)
	<u>(248)</u>

## 9. Investment income

	\$'000
Income from financial investments	1,589
Net losses on realisation of investments	-
Net unrealised losses on investments	-
Investment managers fees	-
	<u>1,589</u>

## 10. Financial investments

	<b>Market Value \$'000</b>	<b>Cost \$'000</b>
Holdings in collective investment schemes	24,709	24,709
Debt securities and other fixed income securities	-	-
Overseas deposits as investments	1,020	1,020
	<u>25,729</u>	<u>25,729</u>

There was no material change in fair value for financial instruments held at fair value (other than derivatives) attributable to own credit risk in the current or comparative period.

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

	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
31 December 2023				
Shares and other variable yield securities and units in unit trusts	24,709	-	-	24,709
Overseas deposits	537	483	-	1,020
Total	<u>25,246</u>	<u>483</u>	<u>-</u>	<u>25,729</u>

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, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

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.



## 11. Debtors arising out of reinsurance operations

	<b>\$'000</b>
Due within one year	9,443
Due after one year	-
	<u>9,443</u>

## 12. Creditors arising out of reinsurance operations

	<b>\$'000</b>
Due within one year – Reinsurance accepted	<u>(5,182)</u>
	<u>(5,182)</u>

## 13. Cash and cash equivalents

	<b>\$'000</b>
Cash at bank and in hand	<u>21,603</u>
	<u>21,603</u>

Holdings in collective investment schemes are included within financial investments

## 14. Disclosure of interests

### Managing Agent's interest

During 2023 Asta was the Managing Agent for twelve Syndicates, one Special Purpose Arrangement and five Syndicates in a Box. Syndicate 1322, 1609, 1699, 1892, 1985, 1988, 2288, 2525, 2689, 2786, 4242, and 4747 as well as Special Purpose Arrangement 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 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).

## **15. Related parties**

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

Asta provides services and support to Syndicate 1609 in its capacity as Managing Agent. The 2021 year of account was charged Managing Agency fees of \$1.5m. Asta also recharged \$1.9m worth of service charges to the 2021 year of account. As at 31 December 2023, nothing 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 Bylaw provisions. All transactions are entered into on an arms length basis.

## **16. Off-balance sheet items**

No off balance sheet items recognised for the 2021 year of account.

## **17. 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 annual accounts 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.

## **18. Post balance sheet event**

The Syndicate will distribute \$2.7m to members in Q2 2024, in relation to the 2021 year of account profits.

## Summary of Closed Year Results - unaudited

For the year ended 31 December 2023

Year of Account	2021
<b>Syndicate allocated capacity (£'000)</b>	<b>100,000</b>
<b>Syndicate allocated capacity (\$'000)</b>	<b>127,000</b>
Number of Underwriting members	521
Aggregate net premiums (\$'000)	74,871
Results for an illustrative share of £10,000	\$0.1
Gross premiums	<u>15,254</u>
Net premiums	7,487
Reinsurance to close from an earlier account	-
Net claims	(743)
Reinsurance to close	(4,669)
Profit/(Loss) on exchange	(5)
Syndicate operating expenses	(1,436)
Balance on technical account	<u>634</u>
Investment income less investment expenses and charges and investment gains less losses	159
Profit on ordinary activities	<u>793</u>
<b>Illustrative personal expenses</b>	-
Profit commission	(522)
Personal expenses	<u>271</u>
Profit after illustrative profit commission and personal expenses	<u>£</u>
Profit after illustrative profit commission and personal expenses	<u>214</u>