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SYNDICATE 1969

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Syndicate 1969

Key performance indicators

Annual basis	2021 $'m	2020 $'m	Change
Gross premium written	704.7	553.7	27%
Net premium written	344.4	286.3	20%
Net premium earned	306.2	272.9	12%
Profit/ (Loss) for the financial year	(8.7)	9.4	
Claims ratio	64%	63%	1%
Expense ratio	39%	36%	3%
Combined ratio	103%	99%	4%

Underwriting year basis	2019	2018	2017	2016	2015	2014	2013	2012
Profit/ (Loss) on capacity	5.8%	(1.0)%	(26.4)%	(30.7)%	4.6%	7.4%	0.4%	9.1%

The forecast range for the 2020 year of account result is a profit of between 3.5% to a loss of 1.5% on capacity.

Highlights:

- Continued improvements to underlying underwriting margins with risk adjusted rate changes on renewal business of 15% for 2021;
- Strong growth across a number of established and newer classes of business, with overall growth of premium income of 27%;
- Combined ratio of 103% including 14% from catastrophes following another active year for catastrophe losses;
- Underlying combined ratio of 86% excluding catastrophe losses and losses attributable to prior years of 3%;
- Improving market conditions expected to continue throughout 2022, with the syndicate's underwriters well placed to profitably grow portfolios in the hardening market.

"2021 was a challenging year for Apollo with significant natural catastrophe events across the globe affecting the property accounts. In all other areas of the business the rating and business mix changes are helping to improve underwriting margins. We have continued to reduce gross natural catastrophe exposure materially in 2021 and into 2022 and further grown the gross specialty lines. In addition for 2022 we have improved the net position for our property catastrophe exposure, reduced the reinsurance spend on the casualty classes and are working on combining reinsurance purchases on the specialty classes to improve the planned profit. The combined impact of the changes in gross exposure and net retentions significantly reduces the percentage of profit at risk from natural catastrophe events. With these actions, continued rating improvements, and the appointment of further talented Apollo staff, I begin the year optimistic as to the outcome for 2022"

David Ibeson

Syndicate 1969

Contents

Directors and administration

Managing agent

Apollo Syndicate Management Limited

Registered office

One Bishopsgate
London, EC2N 3AQ

Company registration number

09181578

Company secretary

PC Bowden

Directors

JM Cusack	(Non-Executive Chairman)
FA Buckley	(Non-Executive Director)
MEL Goddard	(Non-Executive Director)
MP Hudson	(Non-Executive Director)
AP Hulse	(Non-Executive Director)
DCB Ibeson	(Chief Executive Officer)
JD MacDiarmid	
VVV Mistry	
JR Slaughter	
SAC White	

Active Underwriter

NG Jones

Bankers

Citibank

Natwest

Royal Bank of Canada

Registered Auditor

Deloitte LLP
Statutory Auditor
Hill House, 1 Little New Street
London
EC4A 3TR

Report of the directors of the managing agent

The directors of the managing agent present their audited report, which incorporates the strategic review, for Syndicate 1969 ("the syndicate") for the year ended 31 December 2021.

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") and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and Financial Reporting Standard 103: Insurance Contracts ('FRS103').

Underwriting year accounts for the closed 2019 account of Syndicate 1969 are included following these annual accounts.

Principal activity
There have not been any significant changes to the syndicate's principal activity during the year, which continues to be the transaction of general insurance and reinsurance business.

Syndicate 1969 trades through Lloyd's worldwide licences and rating and has the benefit of the Lloyd's brand. Lloyd's has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor's and AA- (Very Strong) from Fitch.

The syndicate's capacity for the 2021 year of account was £475.0m ($589.0m at the Lloyd's planning rate of $1.24) of which £180.0m ($223.2m) related to Special Purpose Arrangement ("SPA") syndicates. SPA capacity for Syndicate 6133 is £65.0m ($80.6m) and Syndicate 1971 is £115.0m ($142.6m). Stamp capacity for the 2022 year of account is £450.0m ($621.0m at the Lloyd's planning rate of $1.38). For 2022, the syndicate will no longer include any SPAs, as SPA 1971 becomes a stand-alone syndicate and SPA 6133 is no longer writing business.

Apollo Syndicate Management Limited ("ASML") is approved as a managing agency at Lloyd's and is authorised by the Prudential Regulation Authority. ASML is regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Results

Annual basis	2021 $'m	2020 $'m	Change
Gross premium written	704.7	553.7	27%
Net premium written	344.4	286.3	20%
Net premium earned	306.2	272.9	12%
Profit/(Loss) for the financial year	(8.7)	9.4	
Claims ratio	64%	63%	1%
Expense ratio	39%	36%	3%
Combined ratio	103%	99%	4%

Notes:
The claims ratio is the ratio of net claims incurred to net premiums earned.
The expense ratio is the ratio of net operating expenses to net premiums earned.
The combined ratio is the sum of the claims and expense ratios.
The expense and combined ratios exclude investment return and foreign exchanges gains and losses.

Report of the directors of the managing agent

ASML uses a range of key performance indicators, including those shown in the table, to measure the performance of the syndicate against its objectives and overall strategy. These indicators are regularly reviewed and are measured against plan and prior year outcomes.

The syndicate predominantly writes business denominated in US Dollars and therefore reports accordingly. This aids comparability between years and reduces volatility in the reported results caused by foreign currency exchange rates.

Review of the business

Syndicate 1969 achieved premium growth in 2021 of 27% to $704.7m (2020: $553.7m). The ibott ("Insuring Businesses of Tomorrow, Today") and Property Treaty classes continued to be supported by SPA syndicates 1971 and 6133, respectively. Net of these SPAs, the syndicate achieved premium growth in 2021 of 24% to $473.5m (2020: $383.3m) with the most significant growth areas being Non-Marine Liability ($27.1m), Crisis Management ($13.1m), Aviation ($10.6m) and Product Recall ($8.2m). The underlying growth for other business was $31.1m, with growth achieved across nearly all lines, which have started to recover from the economic slowdown and the effects of the COVID-19 pandemic in 2020. We consider the Apollo portfolio to be resilient and well positioned for profitable growth in 2022.

We saw positive pricing momentum across nearly all of our classes of business this year, whilst noting signs that rate increases decelerated in a few classes towards the end of 2021. Rate increases across the syndicate averaged 15% in 2021 , following increases of 17% in 2020. The most significant were in ibott Rover (25%), Non-Marine Liability (17%), Marine & Energy Liability (13%) and Property D&F (12%). We anticipate continued pricing improvement in 2022 in the majority of lines of business with rate adequacy forecast to improve across the portfolio.

2021 calendar year result

The result for the 2021 calendar year is a loss of $8.7m (2020: profit of $9.4m) with a combined ratio of 103% (2020: 99%). The 2021 calendar year result aggregates the performance during the year of all open years of account (2019, 2020 and 2021) and movements from the 2018 closed year of account. The 2021 calendar year result has underperformed against plan due to two factors; prior year movements and catastrophe losses exceeding budget. However, the underlying performance of the portfolio has been positive and has been in line with or better than plan for many of our classes. Risk adjusted rate changes have outstripped the expectations set in the approved SBF for s1969 which has helped to achieved improved underlying performance after adjusting for catastrophe losses and prior year movements. The underlying combined ratio of 86% (2020: 88%) excludes losses of 14% (2020: 8%) from the four largest catastrophe events and prior year development of 3% (2020: release of 2%). COVID-19 related loss estimates have remained stable over the 2021 calendar year, but accounted for 5% of the combined ratio in 2020.

The result has been affected by the frequency of catastrophe losses, which some independent commentators believe to be the third-largest insured loss total since 2011. This total was driven by two major events in the US and the second-most severe flood event ever experienced in Europe. 2021 was marked by the occurrence of several unusual mid-sized catastrophe events. These included winter storms, which affected the southern US in February. The North Atlantic hurricane season was the third-most active on record, with 21 named storms.

These natural catastrophes pushed the syndicate's overall result into a loss for the year, as the US is where the syndicate has a significant proportion of its exposure. Hurricane Ida and the Texas Winter Storm affected the Property Direct and Facultative ("Property D&F"), Property Binders and Property Treaty classes. The storms in Europe, namely Storm Volker and Bernd Flooding, have affected the International Property Treaty class. The total net cost to Syndicate 1969 of these events for the 2021 calendar year exceeded the catastrophe allowance for the calendar year by $25.3m.

Report of the directors of the managing agent

To address the increased frequency of natural catastrophe losses negatively impacting the syndicate's results, the gross peak US windstorm exposures in the Property D&F and Property Binding Authority accounts have reduced by approximately 13% during the calendar year and 21% over the last two calendar years. In addition, the renewal of the Property combined outwards reinsurance programme at 1/1/22 will provide an improved net position, if we see a repeat of the frequency and severity of the prior year losses. These actions in conjunction with the past four years of positive risk adjusted rate changes and our growing Specialty classes will help to mitigate the impact of future adverse natural catastrophe losses on the result. Excluding specific catastrophe losses, the combined underlying performance of the Property D&F and Binding Authority classes has outperformed plan for the past three underwriting years and further risk adjusted rate increases in 2022 are forecasted in our plan for 2022.

The calendar year result was also impacted by adverse incurred claims development on prior accident years in the Non-Marine Liability class. The 2018 year has experienced further adverse loss experience in the Construction and Binders sub-classes from a number of individual large losses. The class has been further affected by social inflation, whereby we have seen an increase in the frequency of claims and a higher percentage of insureds making claims. The remediation plan for the class, as implemented since 2018, has already resulted in us moving out of those relatively more exposed segments (such as pharmaceuticals and chemicals). The overall result for the 2018 year of account in the 2021 calendar year was a loss of $4.1m.

In spite of the adverse movements of the Non-Marine Liability reserves, the 2019 to 2021 individual underwriting years of account are all forecast to be profitable for this class.

Our estimates for the 2020 COVID-19 related losses and 2020 catastrophe events for the syndicate have remained stable over the 2021 calendar year.

The earned result for the 2021 year of account in the calendar year was a loss of $22.3m (2020: loss of $12.3m) reflecting the front loading of expenses. The year is forecast to be profitable at closure, as discussed in the underwriter's report on page 57.

The overall earned result for the 2020 and 2019 pure years of account in the calendar year was a profit of $17.7m, demonstrating the resilience of the syndicate portfolio and remediation actions taken in previous years.

Investment performance
The investment objective is to invest the premium trust funds in a manner designed primarily to preserve capital values and provide liquidity.

The syndicate produced an investment loss of $1.1m in the year (2020: positive investment return of $8.9m). This reflected very low running yields on the portfolio, together with the impact of increases in interest rates in the final quarter of the year. We shortened the duration of our bond portfolio in anticipation of this but could not escape the impact entirely. At the balance sheet date the fixed income portfolio holdings totalled $231.9m (2020: $259.6m) reflecting the transfer of assets in support of the Reinsurance to Close of the 2017 and prior years of the syndicate to Syndicate 1994.

Capital
One of the advantages of operating in the Lloyd's market is the favourable capital ratios that are available due to the diversification of business written in Syndicate 1969 and in Lloyd's as a whole. ASML assesses the syndicate's capital requirements through a rigorous process of risk identification and quantification using an internal capital model at a 1:200 year confidence level. The model is based on Solvency II regulatory requirements and has been approved by Lloyd's. The ultimate Solvency Capital Requirement ("SCR") is subject to an uplift determined by Lloyd's based on its assessment of the economic capital requirements for the Lloyd's market in total. The SCR

together with the Lloyds' uplift is referred to as the Economic Capital Assessment ("ECA"). The ECA for the 2021 underwriting year was set at 65% of capacity and for the 2022 underwriting year is 44% of capacity.

Lloyd's unique capital structure provides excellent financial security to policyholders and capital efficiency for members. The Lloyd's chain of security underlies the financial strength that ultimately backs insurance policies written at Lloyd's and has three links:

1. All premiums received by syndicates are held in trust as the first resource for settling policyholders' claims;
2. Every member is required to hold capital in trust funds at Lloyd's which are known as Funds at Lloyd's ("FAL"). FAL is intended primarily to cover circumstances where syndicate assets are insufficient to meet participating members' underwriting liabilities. FAL is set with reference to the ECA's of the syndicates that the member participates on. Since member FAL is not under the control of the managing agent, it is not shown in the syndicate accounts. The managing agent is, however, able to make a call on members' FAL to meet liquidity requirements or to settle underwriting losses if required; and
3. Lloyd's central assets are available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met through the resources of any member further up the chain. Lloyd's also retains the right to request a callable contribution equal to 3% of members' capacity on the syndicate.

Principal risks and uncertainties

The managing agent has established a risk management function for the syndicate with clear terms of reference from the Board of Directors and its committees. The ASML Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of these policies.

The risk appetites are set annually as part of the syndicate business planning and capital setting process. The risk management function is also responsible for maintaining the syndicate's Own Risk and Solvency Assessment ("ORSA") process and provides regular updates to the Board. The formal ORSA report for the syndicate is provided to the Board annually for approval.

The managing agent recognises that the syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely. The principal risks and uncertainties facing the syndicate have been identified as insurance risk, financial risk, credit risk, liquidity risk and market risk.

Insurance risk is the risk the syndicate faces that the amount of claims and benefit payments, or the timing thereof, differs from expectations. The Underwriting Committee oversees the management of underwriting risk and the implementation of a disciplined underwriting strategy that is focused on writing quality business, product pricing and the purchase of a comprehensive reinsurance programme. The Board sets limits to the syndicate's exposure to catastrophe events both on a gross and net of reinsurance basis and adherence to these limits is reported monthly to the Underwriting Committee.

Financial risk for the syndicate is the risk the financial assets are insufficient to fund the obligations arising from its insurance contracts as they fall due. An investment mandate reflecting the syndicate's risk appetite is in place and has been approved by the Board. Compliance with this is controlled through the investment manager's systems and monitored through the monthly and quarterly reporting process.

Credit risk is the risk of financial loss to the syndicate if a counterparty fails to discharge a contractual obligation. The syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. ASML manages credit risk by placing limits on exposure to a single counterparty and reference to the credit rating of the counterparty. On a quarterly basis the Finance Committee reviews the credit exposures.

Liquidity risk is the risk that the syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities as they fall due. ASML's approach to managing liquidity risk includes use of daily liquidity monitoring, quarterly cash flow forecasts and management of asset duration. Contingency funding plans are in place to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

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, excluding those that are caused by credit downgrades which are included under credit risk. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. For each of the major components of market risk the syndicate has policies and procedures in place which detail how each risk should be managed and monitored.

Numeric analysis of the risks set out above is included in note 4 to the annual accounts. The use of financial derivatives is governed by ASML risk management policies. ASML does not use derivative financial instruments for speculative purposes. The Board has agreed a number of key risk indicators and approved the corresponding appetite for each measure. A traffic light indicator is used for monitoring current levels of risk based upon agreed thresholds and tolerances.

Emerging risks

The agreement for the implementation of the Brexit withdrawal agreement legislation was ratified by the Council of the European Union ("EU") on 30 January 2020. The UK's withdrawal from the EU took effect on 31 January 2020 with a transition period ending on 31 December 2020. An agreement on future trade was reached by 31 December 2020 and took effect from 1 January 2021.

To date the only material impact of Brexit on ASML has been the reduction in the value of Sterling relative to US Dollars since the vote. This has materially reduced ASML's (mainly Sterling) expenses relative to its (mainly US Dollar) premium income. There are a number of scenarios where Sterling could appreciate against US Dollars in the future, as has happened in the first weeks of 2021, but the longer term drivers of Sterling's value depend on international trade and political factors which are difficult to forecast.

The syndicate is not expected to be materially directly impacted by Brexit from an underwriting standpoint given that it writes only a small amount of European insurance and reinsurance business. Lloyd's has established an insurance company trading as Lloyd's Brussels which gives syndicates access to the EU market. ASML commenced writing business through Lloyd's Brussels from 1 January 2019. During 2020 the 2018 and prior business of the syndicate was subject to a Part VII transfer to Lloyd's Brussels. All Brussels' business is 100% reinsured back to the respective syndicates.

Prospectively, the UK Government and regulators continue to review the application of Solvency II requirements for UK regulated firms in a post-Brexit environment. The impacts of any proposed changes will be assessed in terms of potential impact upon the syndicate.

The financial risks associated with climate change continue to be an area of focus for ASML. These risks include physical, transition and liability risks.

Physical risks arise directly from the increased risks to assets and businesses presented by severe weather events, rising sea-levels and associated flooding and wild-fire risks.

Report of the directors of the managing agent

In this respect there is consensus within the scientific community that, at a global level:

- Average temperatures (including sea surface temperatures) are increasing because of increasing levels of anthropogenic greenhouse gases in the atmosphere,
- Extended periods of drought, high rainfall and extreme temperatures are occurring at a higher frequency than in the past, and
- The frequency and severity of life-threatening weather events including storms, floods and wildfires are increasing.

ASML manages its exposure to the physical risks of climate change as part of its overall approach to the underwriting of property damage and business interruption risks. For example, we routinely conduct stress tests of the frequency and severity assumptions for North Atlantic hurricane events and for 2022 a specific climate risk load has been included within relevant class loss ratios to capture some element of the uncertainty. Furthermore, investigations to support an enhanced in-house view of climate-related risk continue between our exposure management, underwriting, actuarial and risk management teams.

Transition risks arise from public policy and market responses to the threats of climate change. For example, most governments and many businesses have adopted policies intended to reduce future greenhouse gas emissions by reducing the use of fossil fuels. In this context, ASML anticipates that insurance revenues generated from some energy sector businesses may reduce unless those businesses de-carbonise their operations. Our response so far has concentrated on reducing our exposure to the most carbon-intensive fossil fuel operations including coalmining. In this context ASML is also evaluating opportunities around providing suitable cover, products and claims service to our clients that align positively to ASML’s service model through the transition to a low carbon economy.

Liability risks may arise if policyholders such as energy companies are held liable for losses to third parties resulting from climate risks. ASML does not currently consider this risk to be material for Syndicate 1969 but this continues to be closely monitored.

ASML's Chief Risk Officer has been given the responsibility for advising the Board on the management of the financial risks of climate change. An agreed plan of action continues to be developed and implemented by appropriately skilled and experienced teams within the business to ensure that all material climate change-related risks within the underwriting and investment portfolios are appropriately managed.

The ongoing impact of the global pandemic and associated government actions continues to create uncertainty across all principal risk categories. Apollo’s insurance liabilities are not directly materially affected by the pandemic, however Apollo may be exposed to secondary factors, such as asymmetric inflationary factors as a result of changing consumer habits (e.g. US timber price inflation impacting US windstorm losses), or changes in loss activity or revenue as a result of changing consumer behaviour (such as a reduction in commercial flights). At a whole account level it as not anticipated that the overall impact on profitability expectations will be materially affected.

Apollo has successfully adapted its operational model and resilience in response to a series of UK “hard” and “soft” lockdowns, enabling its employees to work both remotely and from the office (pre prevailing government advice). It is not anticipated that Apollo’s operational risk environment is materially heightened as a result of the change in the business model. Apollo continues to monitor for changes in employee attitudes and working norms as a result of a potential shift in the insurance broader market.

Syndicate 1969

Report of the directors of the managing agent

Corporate governance
The ASML Board is chaired by Julian Cusack, who is supported by four further non-executive directors, all of whom are independent. Nicolas J Burkinshaw resigned from the Board on 7 May 2021. James Slaughter, Chief Underwriting Officer, was appointed to the Board on 6 July 2021. Andrew J Gray resigned as Company Secretary to the Board on 16 March 2021. Peter Bowden was appointed as his replacement on the same day. Farah Buckley was appointed as an independent Non-Executive Director on 1 July 2021. David Ibeson is the Chief Executive Officer and there were four further executive directors throughout 2021.

Defined operational and management structures are in place and terms of reference exist for all Board and executive committees.

The ASML Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and is supported by the Audit Committee, the Risk Committee and the Remuneration and Nominations Committee. These supporting committees are comprised of independent non-executive directors.

Section 172 statement
The directors adopt the responsibilities to promote the success of the syndicate as if s172 of the Companies Act were applicable and have acted in accordance with these responsibilities during the year. The Board has identified the following key stakeholders: capital providers to the managed syndicates, employees, the shareholder of ASML, Lloyd's and regulators, policyholders and brokers.

Throughout the year the Board considered the wider impact of strategic and operational decisions on its stakeholders. Examples include the development and execution of the business plans for the managed syndicates; the assessment and raising of capital; communications with capital providers; and changes to Board composition. The Board considers that the interests of all stakeholders were aligned for these decisions.

The support and engagement of capital providers of the syndicate is imperative to the future success of our business. We have regular meetings with capital providers and members' agents throughout the year to discuss the performance and future prospects for the syndicates which they support. Feedback received during these meetings enables the Board to factor the views of these key stakeholders into the development of business plans for future years.

Developing and maintaining relationships with brokers and policyholders is central to the success of the syndicate. In normal times underwriters travel widely with our broking partners to visit clients and attend industry events to promote the Lloyd's brand and ensure we continue to provide an excellent service to our policyholders. In the face of the constraints imposed by the COVID-19 pandemic, we have maintained contact with brokers and clients by video conference and all other communication mechanisms at our disposal. In developing insurance propositions and marketing them with our broking partners and in settling claims, we always seek to treat customers fairly.

We maintain open and transparent relationships with our regulators and Lloyd's, which are managed through our compliance team. Regular meetings are held with representatives of Lloyd's and the PRA and significant regulatory engagements are reported to the Board.

Staff matters
ASML's people are a key asset and resource and their retention and development are fundamental to the success of the business. ASML's strategy is to build a strong culture of staff engagement, communication and contribution recognition. This is achieved through monthly staff briefings, a fully open plan cross-function office environment, seeking feedback, having a speak up culture and a continued focus on diversity, inclusion and also mental health.

Report of the directors of the managing agent

ASML strives to act as a single team where employees work closely across functions, have mutual respect and enjoy working in a collaborative environment, whether in the office or remotely. An external independent hotline and internal mechanisms of communication mean that staff can call anonymously if they have work related concerns. Terms and conditions offered to employees, as part of their overall remuneration package, remain competitive with the rest of the London Market insurance industry and staff are provided with opportunities to develop their skills and capabilities. The managing agent seeks to provide a good working environment for its staff that is safe, supportive and complies with relevant legislation and also actively supports flexible working. The operational effectiveness of all aspects of remote working is monitored continually by management as well as being tested and challenged by risk management and internal audit.

Business operations
ASML is Lloyd's-centric with a purely London-based operation and distribution model. ASML fully embraces and supports Lloyd's vision of being a broker market, as well as accessing local markets through third party cover holders.

ASML aims to maintain a lean operating model utilising technology and outsourcing arrangements where flexibility is required or greater efficiency can be achieved. As a mid-sized business, ASML is able to expand and contract as market conditions dictate. Through the use of specific outsourcing, ASML maintains an appropriate support function commensurate with its underwriting capacity. We continue to invest in actuarial, risk management and data management resources in order to ensure that the discipline we aim for in underwriting is matched by the intensity of scrutiny given to pricing, reserving and second line of defence activities.

We note Lloyd's Blue Print initiatives offering a number of radical ideas for the future of the market. In our opinion there is a distance to go before these can be translated into workable options but we continue to participate in consultations actively and position ourselves as necessary to maximise the benefit to ASML, its syndicates and its capital providers.

As a result of the COVID-19 pandemic the ASML office has been closed for much of the year. All employees are able to work effectively, both remotely and from the office with suitable access to business systems. Whilst social distancing policies have changed the working environment significantly, all ASML teams are able to continue to operate in support of brokers and policy holders. This has been helped by the significant progress the Lloyd's market has made in recent years with electronic placement of risks and claims handling. The banking and investment operations use online processes and have not been adversely impacted by the pandemic.

Aligned with the recent Financial Conduct Authority and Prudential Regulation Authority Operational Resilience and Third Party Oversight policies, Apollo has successfully undertaken a thorough self-assessment of our operational resilience. We continue to focus on ensuring we maintain robust and resilient plans to prevent, adapt, respond and recover from operational disruptions with the primary objective to protect our customers and integrity of our business.

Environmental, Social and Governance
During 2021 ASML has developed and begun implementing a formal ESG Strategy that includes approaches to manage the financial risks associated with climate change and proactive diversity and inclusion initiatives. The majority of the ESG related activities were coordinated by the ASML Social Responsibility and Impact Group (SRIG) which comprises representatives from across Apollo, both in terms of seniority and breadth of business activities. The SRIG is currently chaired by an ASML Board director, and the group helps the Board and Executive team to govern these considerations in an open, engaged, and constructive manner.

Report of the directors of the managing agent

From an environmental perspective ASML is committed to a long-term sustainable approach to protecting the environment, as well as socially responsible underwriting and sustainable investing. This now includes specific ESG related underwriting and investment risk appetites to be implemented during 2022 and a public commitment to be net carbon zero by year end 2023 for emissions that are within ASML's control (for Scope 1 & 2 emissions). ASML will seek to support clients and partners to transition to a low carbon sustainable economy.

At Apollo our people are at the heart of everything we do and we are committed to creating a diverse and inclusive workplace, one where difference is celebrated and everyone is welcome, included and can thrive.

We operate a zero tolerance policy to bullying and harassment and all forms of discrimination. This includes, but is not limited to, all of the protected characteristics of the Equality Act of 2010 as well as neurodiversity, parental and caring responsibilities, socio-economic status and working patterns.

ASML conducted a diversity survey which had a 91% completion rate and are implementing feedback from the survey. The Lloyd's Culture survey was also completed with above market average engagement and positive results when compared to Lloyd's benchmark data. ASML also provided all staff with racial awareness training, and inclusive hiring manager training and inclusive leadership training for business managers and leaders. During the 2021 calendar year, ASML began to sponsor and support six Lloyd's market inclusion networks, and has nominated "Inclusion Champions" who each who represent ASML on these Lloyd's inclusion networks and provide a link back to the business. ASML also sponsored an event within the 2021 Dive In festival in relation to neurodiversity. Neurodiversity training has been undertaken by teams within ASML to further develop in-house learning.

The ASML CEO and Board Chair are both Ambassadors for Race Action through Leadership. In 2021 ASML also became a member of the Employers Network for Equality and Inclusion (ENEI) and the Employers Initiative on Domestic Abuse (EIDA). We also worked with SEO London to provide internships at Apollo and with BeMeta to provide our employees with access to weekly sessions of mental health coaching.

From a gender perspective, the ratio of female to male Board directors is 20% at year-end 2021 (11% at year-end 2020). The ratio is 26% (2020: 18%) for the Executive and direct reports (excluding executive assistants). Within the overall business the ratio of male:female employees is 65%:35%. Further details in relation to current and planned D&I activities conducted within ASML can be found on the Apollo website.

The ASML Board drives the tone for good governance and the overall ESG strategy. ASML has aligned its strategy with five of the UN Sustainable Development Goals in the short to medium term. The Board and Executive are actively engaged in embedding ESG considerations throughout the governance committees within ASML, and have supported related considerations within ASML suppliers and outsource service partners.

At this point in time, the syndicate is not required to comply with Streamlined Energy and Carbon Reporting ('SECR').

ASML will continue to develop data and formalise ESG reporting metrics, which will include the development of specific climate related stress and scenario testing. ASML has engaged an independent ESG rating specialist and will work with them to identify and continue to drive improvements throughout 2022.

Directors and directors' interests
The directors who held office at the date of signing this report are shown on page 2. Directors' interests are shown in note 22 as part of the related parties note to the accounts.

Report of the directors of the managing agent

Annual General Meeting
The directors do not propose to hold an Annual General Meeting for the syndicate. If any members' agent or direct corporate supporter of the syndicate wishes to meet with them the directors are happy to do so.

Disclosure of information to the auditor
Each person who is a director of the managing agent at the date of approving this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the syndicate's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Auditor
Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor. The managing agent hereby gives formal notification of a proposal to re-appoint Deloitte LLP as auditor of Syndicate 1969 for a further year.

Events after the balance sheet date
For 2022 year of account, the syndicate no longer acts as host to any SPA syndicates and the associated business will not be written by the syndicate. SPA Syndicate 1971 has converted to a stand-alone syndicate and SPA Syndicate 6133 is no longer writing business. As part of the plan to manage the orderly winding down of SPA Syndicate 6133 the syndicate has written a reinsurance with Syndicate 1910, managed by Ariel Re, to cede the unexpired risk on the Property Treaty account with effect from 1 January 2022. Ariel Re is a capital provider to both Syndicate 1910 and Syndicate 6133.

Apollo completed a corporate reorganisation during 2021, the effect of which was that ASML became a fully owned subsidiary of a new holding company, Apollo Group Holdings Limited ("AGHL"). Prior to 31 August 2021 ASML was a subsidiary of Apollo Partners LLP ("APL"). On 11 October 2021 AGHL agreed an investment by Alchemy Special Opportunities Fund IV LP ("Alchemy"). Alchemy's investment in AGHL was completed on 11 February 2022, following receipt of regulatory approvals.

Alchemy's investment has allowed AGHL to provide underwriting capacity to support the Apollo managed syndicates 1969 and 1971. Apollo will provide capacity of £105m on Syndicate 1969 and £47m on Syndicate 1971 for the 2022 year of account.

At the time of writing, there are clear humanitarian concerns in relation to the military conflict between Russia and Ukraine. The ASML Board and Risk Committee continue to monitor macro geopolitical and economic factors that could directly and/or indirectly impact the syndicate's risk profile. From an ASML perspective, we have assessed our financial, insurance, and operational risk positions. This will remain an area of focus for ASML as the situation develops over time. Insurance risk and asset exposures have been collated and will be monitored. ASML management have taken a proactive position with regard to communicating with brokers and clients, where appropriate. The overall level of insurance and asset exposure is not considered to be material. Operational considerations include an enhanced security posture to potential increase in cyber/information security threats.

Economic uncertainty may increase concerns around global inflationary pressures and supply chain issues. The syndicate underwriting and ASML actuarial teams have worked collaboratively to understand the effects of 'conventional' and 'social' inflation and to determine base assumptions to include in our 2022 business plan. Additional volatility testing contributes to an understanding of the supporting solvency capital requirements.

Report of the directors of the managing agent

Future developments

The 2022 business plan for the syndicate focuses on writing the existing spread portfolio of specialist lines of business profitably. Where appropriate ASML will be repositioning existing classes in the light of loss experience and changes in the rating environment. ASML will remain vigilant and regard opportunities to write profitable new lines of business when they arise.

The syndicate will maintain a comprehensive outwards reinsurance programme across all classes of business. The majority of the natural catastrophe property exposures continue to be covered by an excess of loss programme placed with both fully collateralised and traditional reinsurance vehicles. Other class level risk appetites will continue to be managed using a combination of excess of loss, quota share and facultative covers.

ASML will continue to operate a number of consortia on which the syndicate is the lead and for which ASML and the syndicate share overriding commissions and the syndicate receives profit commission. These arrangements enable the syndicate to benefit from ASML's recognised leadership and relationships across the insurance market whilst maintaining a diversified portfolio of business.

The syndicate's conservative investment strategy will be maintained and the portfolio will remain largely consistent with the position at the balance sheet date.

In addition to Apollo's aligned support of underwriting of the syndicate, Apollo has also received positive support from a committed base of capital providers. A strong, diversified and knowledgeable spread capital base gives significant competitive advantage and maintaining this will remain a focus. I thank them for their support.

I would like to take this opportunity to thank our staff for their hard work and commitment to the business during the last year.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
4 March 2022

Statement of managing agent's responsibilities

The managing agent is responsible for preparing the syndicate annual accounts 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 syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The syndicate annual accounts 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 syndicate annual accounts, the managing agent is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the notes to the syndicate annual accounts; and
- prepare the syndicate annual 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 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 annual accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Syndicate 1969

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 1969 (the 'syndicate'):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in members' balances;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the managing agent's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 in operations for a period of at least twelve months from when the syndicate financial statements are authorised for issue.

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

Independent auditor's report to the members of Syndicate 1969

Other information
The other information comprises the information included in the annual report, other than the syndicate annual financial statements and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate annual financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of managing agent
As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the syndicate annual financial statements and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the syndicate annual financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Syndicate 1969

We obtained an understanding of the legal and regulatory frameworks that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Estimation of pipeline premiums requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. In response our testing included, on a sample basis, comparing management's estimates on prior year policies against actual premiums received as well as to historical experience on similar policies.
- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's.

Independent auditor's report to the members of Syndicate 1969

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008
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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the managing agent's report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in the managing agent's report.

Matters on which we are required to report by exception
Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Knight, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 March 2022

Profit and loss account

for the year ended 31 December 2021

Technical account – General business	Notes	2021 $'000	2020 $'000
Gross premiums written	5	704,689	553,701
Outward reinsurance premiums		(360,304)	(267,438)
Net premiums written		344,385	286,263
Change in the provision for unearned premiums:			
Gross amount	6	(39,638)	(28,981)
Reinsurers' share	6	1,466	15,606
Change in the net provision for unearned premiums		(38,172)	(13,375)
Earned premiums, net of reinsurance		**306,213**	**272,888**
Allocated investment return transferred from the non-technical account	11	**(1,058)**	**8,856**
Claims paid			
Gross amount		(398,036)	(257,418)
Reinsurers' share		157,880	111,207
Net claims paid		(240,156)	(146,211)
Change in the provision for claims			
Gross amount	6	(53,188)	(60,209)
Reinsurers' share	6	96,978	33,948
Change in the net provision for claims		43,790	(26,261)
Claims incurred, net of reinsurance		**(196,366)**	**(172,472)**
Net operating expenses	7	(117,760)	(98,795)
Balance on the technical account - general business		**(8,971)**	**10,477**

All operations relate to continuing activities.

The notes on pages 24 to 54 form an integral part of these annual accounts.

Profit and loss account
for the year ended 31 December 2021

Non-technical account	Notes	2021 $'000	2020 $'000
Balance on the technical account - general business		**(8,971)**	**10,477**
Investment return	11	(1,058)	8,856
Allocated investment return transferred to the technical account - general business		1,058	(8,856)
Profit / (Loss) on foreign exchange		291	(1,030)
(Loss) / Profit for the financial year		**(8,680)**	**9,447**

There were no amounts recognised in other comprehensive income in the current or preceding year other than those included in the profit and loss account.

Statement of changes in members' balances
For the year ended 31 December 2021

	2021 $'000	2020 $'000
Members' balances brought forward at 1 January	(307)	(16,782)
(Loss) / Profit for the financial year	(8,680)	9,447
Transfer from members' personal reserve fund	3,978	7,386
Members' agents' fees	(388)	(358)
Members' balances carried forward at 31 December	**(5,397)**	**(307)**

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

Balance sheet
As at 31 December 2021

Assets	Notes	2021 $'000	2020 $'000
Investments			
Financial investments	4,12	371,211	416,498
Reinsurers' share of technical provisions			
Provision for unearned premiums	6	137,276	135,699
Claims outstanding	6	389,961	293,144
		527,237	428,843
Debtors			
Debtors arising out of direct insurance operations	13	289,267	163,593
Debtors arising out of reinsurance operations	14	27,217	54,453
Other debtors	15	7,456	5,493
		323,940	223,539
Other assets			
Cash and cash equivalents	16	123,448	182,828
Overseas deposits	17	23,963	30,719
		147,411	213,547
Prepayments and accrued income			
Deferred acquisition costs	7	63,544	55,552
Accrued interest and rent		668	1,259
Other prepayments and accrued income		3,748	2,601
		67,960	59,412
Total assets		**1,437,759**	**1,341,839**

Balance sheet
As at 31 December 2021

Liabilities	Notes	2021 $'000	2020 $'000
Capital and reserves			
Members' balances		(5,397)	(307)
Technical provisions			
Provision for unearned premiums	6	325,259	285,805
Claims outstanding	6	724,298	673,033
		1,049,557	958,838
Deposits received from reinsurers	18	80,218	145,441
Creditors			
Creditors arising out of direct insurance operations	19	1,297	3,555
Creditors arising out of reinsurance operations	20	127,576	119,319
Other creditors	21	172,850	101,268
		301,723	224,142
Accruals and deferred income		11,658	13,725
Total liabilities		**1,443,156**	**1,342,146**
Total liabilities and members' balances		**1,437,759**	**1,341,839**

The annual accounts on pages 19 to 54 were approved by the Board of Apollo Syndicate Management Limited on 4 March 2022 and were signed on its behalf by:

JD MacDiarmid
Finance Director
4 March 2022

Statement of cash flows
for the year ended 31 December 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Operating (loss) / profit for the financial year		(8,680)	9,447
Adjustments for:			
Increase in gross technical provisions		90,718	93,852
Increase in reinsurers' share of technical provisions		(98,393)	(51,414)
Increase in debtors		(99,993)	(45,387)
Increase in creditors		77,979	61,749
Increase in other assets / liabilities		(10,615)	(3,619)
Investment return		1,058	(8,856)
Net cash inflow/ (outflow) from operating activities		**(47,926)**	**55,772**
Cash flows from investing activities			
Purchase of equity and debt instruments		(327,490)	(430,782)
Proceeds from sale of equity and debt instruments		367,566	378,486
Investment income received		4,438	8,856
Decrease / (Increase) in overseas deposits		6,755	(3,485)
Decrease in deposits received from reinsurers		(66,027)	(43,619)
Other		(286)	-
Net cash outflow from investing activities		**(15,044)**	**(90,544)**
Cash flows from financing activities			
Transfer from members in respect of underwriting participations		3,978	7,385
Members' agents' fees paid on behalf of members		(388)	(358)
Net cash inflow from financing activities		**3,590**	**7,027**
Net decrease in cash and cash equivalents		**(59,380)**	**(27,745)**
Cash and cash equivalents at 1 January		182,828	210,573
Cash and cash equivalents at 31 December	16	**123,448**	**182,828**

The net cash outflow from investing activities and the net decrease in cash and cash equivalents include the transfer of the consideration paid to Syndicate 1994 to reinsure to close the 2017 and prior years.

Notes to the annual accounts

1. Basis of preparation

Syndicate 1969 comprises a group of members of the Society of Lloyd's that underwrite insurance business in the London Market. The address of the syndicate's managing agent is One Bishopsgate, London EC2N 3AQ.

The annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103") issued by the Financial Reporting Council.

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

The syndicate's functional and presentation currency is US Dollars. All amounts have been rounded to the nearest thousand and are stated in US Dollars unless otherwise indicated.

After making enquiries, the directors have a reasonable expectation that continued capital support will be in place such that the syndicate will continue to write new business in future underwriting years of account. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual accounts.

2. Critical accounting judgements and key sources of estimation uncertainty

In preparing these annual accounts, 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 estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified if the revision affects only that period and future periods if the revision affects both current and future periods.

Critical judgements in applying the syndicate's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the syndicate's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The syndicate's principal estimates are claims outstanding and gross written premium specifically in relation to the provision for claims that have been incurred at the reporting date but have not yet been reported ("IBNR") and pipeline premium respectively.

Gross written premium

Gross written premium comprises contractual amounts, underwriter estimates at a policy level, reflecting guidance provided by clients and cover holders, and actuarial estimates at a portfolio level based on historical experience.

Notes to the annual accounts

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The gross written premium payable on a policy is often variable, dependent on the volume of trading undertaken by the insured during a coverage period. Estimates of such additional premiums are included in premiums written but may have to be adjusted if economic conditions or other underlying trading factors differ from those expected. Gross premiums written are disclosed in note 4.

Claims outstanding

The measurement of the provision for claims outstanding and the related reinsurance requires 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 and includes IBNR. This is a 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. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the managing agent's in-house actuaries. These techniques normally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be expected and, for more recent underwriting years, the use of benchmarks and initial expected loss ratios from business plans. Where there is limited prior experience of the specific business written considerable use is made of information obtained in the course of pricing individual risks accepted and experience of analogous business. Account is taken of variations in business accepted and the underlying terms and conditions. This is particularly the case in relation to ibott Rover which is a relatively new class of business with data limitations, long tail features and inherent uncertainty in the likely quantum and incidence of claims. The provision for claims also includes amounts in respect of internal and external claims handling costs.

Accordingly, the most critical assumptions as regards to claims provisions are that the past is a reasonable indicator of the likely level of claims development, that the notified claims estimates are reasonable and that the rating and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred. The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were on risk.

The reserve setting process is integrated within Apollo's governance framework. The proposed best estimate reserves are reviewed in detail by the Reserving Committee on a quarterly basis and confidence margins added to increase the probability that the reserves are sufficient to meet liabilities so far as they can reasonably be foreseen. These reserves, including margins, are then subject to further review by the Audit Committee on behalf of the Board. The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. The ultimate liability will vary as a result of subsequent information and events, which may result in significant adjustments to the amounts provided. The estimate of the provision for claims outstanding will develop over time and the estimated claims expense will continue to change until all the claims are paid. The historic development of claims incurred estimates is set out in the loss development triangles by year of account in note 4. The adjustment in the current year for the revision to the prior year estimate of the provision for claims outstanding is disclosed in note 6.

Notes to the annual accounts

3. Significant accounting policies

The following principal accounting policies have been applied consistently in accounting for items which are considered material in relation to the syndicate's annual accounts.

Gross premiums written

Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums on policies incepted in prior accounting periods. Additional or return premiums are treated as a re-measurement of the initial premium. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet received or notified.

Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon.

Outwards reinsurance premiums

Written outwards reinsurance premiums comprise the estimated premiums payable for contracts entered into during the period. Non-proportional reinsurance contracts are recognised on the date on which the policy incepts and proportional reinsurance is recognised when the underlying gross premium is written.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to an increase retrospectively, any potential increase is recognised as soon as there is an obligation to the reinsurer.

The 2017 and prior reserves have been transferred out of the syndicate under a reinsurance to close contract which, in return for a premium transfers all known and unknown liabilities arising out of transactions connected with insurance business underwritten on those year of accounts. Accordingly, subsequent transactions in relation to 2017 and prior years of account are excluded from these financial statements.

Provisions for unearned premiums

Written premiums are recognised as earned over the life of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of earnings patterns reflecting the risk profile of the underlying policies or time apportionment as appropriate.

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

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties. The amount of any salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR claims as well as claims incurred but not enough reported ("IBNER").

Notes to the annual accounts

3. Significant accounting policies (continued)

The reinsurers' share of provisions for claims is based on amounts of claims outstanding and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Where the security rating provides an indication that the recoverable amount may be impaired a proportion of the balance will be provided for as a provision for bad debt by applying a percentage based on historical experience.

Adjustments to the amounts of claims provisions established in prior years are reflected in the annual accounts for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

Unexpired risks provision

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

A provision for unexpired risks is calculated separately by reference to classes of business which are regarded as managed together after taking into account relevant investment return. All the classes of the syndicate are considered to be managed together.

Financial assets and liabilities

The syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The syndicate's investments comprise holdings of short dated government and corporate bonds, collective investment schemes and cash and cash equivalents. The syndicate may hold derivative financial instruments. When derivatives are liabilities they are reported with other creditors in the balance sheet.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The syndicate does not hold any equity instruments.

Measurements

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Investments and derivative instruments are measured at fair value through the profit or loss. All other financial assets and liabilities are held at cost. The syndicate does not hold any non-current debt instruments and does not classify debt instruments as payable or receivable within one financial year.

Notes to the annual accounts

3. Significant accounting policies (continued)

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical profit and loss account in the period in which they arise. Interest income is recognised as it accrues. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the technical account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value. FRS 102 section 11.27 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). More information on the hierarchy is included in note 12.

Impairment of financial instruments measured at historic cost

For financial assets carried at historic cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Notes to the annual accounts

3. Significant accounting policies (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

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.

Bank overdrafts that are repayable on demand and form an integral part of the syndicate’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investment return

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charge, interest payable and amounts attributable to the funds withheld from the SPA syndicates. Realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

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.

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

Deposits received from reinsurers

The syndicate requires certain reinsurers to collateralise their potential exposure to the syndicate through the depositing of funds. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as financial investment or cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

Net operating expenses

Net operating expenses include acquisition costs, administrative expenses and members’ standard personal expenses. Reinsurers’ commissions and profit participations, consortia income and expenses attributable to the SPA syndicates represent contributions towards operating expenses and are reported accordingly.

Costs incurred by the managing agent on behalf of the syndicate are recognised on an accruals basis. No mark-up is applied.

Acquisition costs

Acquisition costs represent costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs include fees paid to consortium leaders in return for business written on behalf of the syndicate as a consortium member.

Notes to the annual accounts

3. Significant accounting policies (continued)

Acquisition costs are earned in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Reinsurers' commissions and profit participations

Under certain outwards reinsurance contracts the syndicate receives a contribution towards the expenses incurred. The outwards reinsurance contracts may allow the ceding of acquisition costs and in certain instances an allocation of administrative expenses. Reinsurance arrangements can also pay an overriding or profit commission.

The reinsurers' share of expenses is included with operating expenses and earned in line with the related expense. The reinsurers' share of deferred acquisition cost liability corresponds to the gross deferred acquisition costs and is recorded within accruals and deferred income on the balance sheet.

Consortia share of expenses

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include an entitlement to profit commission based on the performance of the business written by the consortium leader. The syndicate accrues profit commission in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commission are included as a credit to administrative expenses.

Managing agent's fees

The managing agent charges a management fee of 0.9% of syndicate capacity. This expense is recognised over the 12 months following commencement of the underwriting year to which it relates.

The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commission based on the performance of the individual years of account of the syndicate. Profit commission is accrued in line with the contractual terms and the development of the result of the underlying years of account.

Amounts charged to the syndicate do not become payable until after the appropriate year of account closes, normally at 36 months, although the managing agent may receive payments on account of anticipated profit commission if interim profits are released to members.

Foreign currencies

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions if significant or otherwise at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as monetary items.

Notes to the annual accounts

3. Significant accounting policies (continued)

Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

Pension costs

Apollo operates a defined contribution pension scheme. Pension contributions relating to managing agency staff working on behalf of the syndicate are charged to the syndicate and included within net operating expenses.

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 deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading 'other debtors'. No provision has been made for any other overseas tax payable by members on underwriting results.

Funds withheld

The underlying premiums and claims for the SPA syndicates are settled by Syndicate 1969 with policy holders as they fall due. Within the syndicate these are accounted for as a debtor or creditor with the SPA syndicate.

Reinsurance debtors and creditors arising between the syndicate and the SPA syndicates are not settled until the year of account closes. Claims outstanding together with other non-technical transactions are settled when the year of account closes.

Cash calls made during the period are received by the syndicate and credited to the funds withheld balance. These will reduce the amount due for payment to or from the SPA syndicates on closure of a loss making year.

4. Risk and capital management

Introduction and overview

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

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

Risk management framework

The primary objective of the syndicate's risk management framework is to protect the syndicate's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. All staff providing services to the syndicate are trained to recognise the critical importance of having efficient and effective risk management systems in place.

Notes to the annual accounts

4. Risk and capital management (continued)

The Board of Directors of the managing agent has overall responsibility for the establishment and oversight of the syndicate's risk management framework. The Board has established an Audit Committee and a Risk Committee which oversee the operation of the syndicate's risk management framework and reviews and monitors the management of the risks to which the syndicate is exposed.

ASML has established a risk management function, together with terms of reference for the Board of Directors, its committees and the associated executive management committees which identify the risk management obligations of each. The function is supported by a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The framework sets out the risk appetites for the syndicate and includes controls and business conduct standards.

Under the risk management framework, ASML's Risk and Capital Committee oversees the risk management function at an executive level. The management of specific risk grouping is delegated to several executive committees: the Underwriting Committee and the Reserving Committee are responsible for developing and monitoring insurance risk management policies; the management of aspects of financial risks is the responsibility of the Finance Committee. In addition, the syndicate is exposed to conduct and operational risks and the management of aspects of these risks is the responsibility of the Underwriting Committee and the Operations and Change Committee respectively. Accordingly the risk management function and the Risk and Capital Committee operates as the second line of defence above these committees.

The risk management function reports to each meeting of the Risk Committee on its activities. The Reserving Committee, Underwriting Committee, Finance Committee, and Operations and Change Committee report regularly to the Executive Committee and work closely with the risk management function on their activities as well as reporting to the Board of Directors and the relevant non-executive sub committees.

Insurance Risk

Management of insurance risk

The principal risk the syndicate faces under insurance contracts is that the amount of claims and benefit payments, or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims.

A key component of the management of underwriting risk for the syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for premium volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the syndicate's total exposure to specific risks together with limits on geographical and industry exposures to ensure that a well-diversified book is maintained.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to a single or catastrophe event, including excess of loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the syndicate's appetite, additional facultative reinsurance is purchased.

Notes to the annual accounts

4. Risk and capital management (continued)

The syndicate limits its exposure to catastrophic events based on the syndicate's risk appetite. The syndicate uses commercially available proprietary risk management software to assess catastrophe exposure, and includes adjustments to the outputs to reflect the in-house view of risk. There is, however, always a risk that the assumptions and techniques used in these models do not exactly model the actual losses that occur or that claims arising from an un-modelled event are greater than those anticipated.

The Board sets limits to the syndicate's exposure to catastrophe events both on a gross and net of reinsurance basis and adherence to these limits is regularly monitored by the Apollo exposure management team which reports monthly to the Underwriting Committee. Apollo monitors its catastrophe exposures against a range of probabilistic and scenario-based outputs, including the 1 in 30 Aggregate Exceedance Probability (AEP). A range of catastrophe risk appetites are in place, which are reported to the Risk Committee on a quarterly basis, and escalated to the Board by exception.

The table below shows the gross premium by the location of the insured as a proxy for risk location. This gives an indication of the syndicate's exposure to loss written in the calendar year by geographic area.

Gross written premium analysed by source	2021 $'000	2020 $'000
UK	75,794	58,896
Other EU countries	35,242	30,882
US	469,735	375,251
Other	123,918	88,672
Total	**704,689**	**553,701**

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking and the review of claims development are all instrumental in mitigating reserving risk.

The managing agent's in-house actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters, claims and reinsurance personnel. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims and claims on unearned premium. These projections include an analysis of claims development compared to the previous 'best estimate' projections.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review, the Reserving Committee makes recommendations to the Audit Committee and Board of Directors as to the claims provisions to be established.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate to increase the probability that the reserves are sufficient to meet liabilities.

The level of year end reserves is validated by external consulting actuaries through their report to management and their provision of a Statement of Actuarial Opinion to the managing agency and Lloyd's on gross and net reserves by year of account at 31 December 2021.

Notes to the annual accounts

4. Risk and capital management (continued)

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for attritional losses, large losses and catastrophes, or from changes in estimates of IBNR claims.

A five percent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date. A five percent increase or decrease in total earned claims liabilities would have the following effect on profit or loss and members' balances.

	2021		2020	
	Gross	**Net**	**Gross**	**Net**
	$'000	**$'000**	**$'000**	**$'000**
5% movement	36,215	16,717	33,652	18,995

On a net of reinsurance basis the effects would be more complex depending on the nature of the loss and its interaction with other losses already incurred. The incidence of profit commission payable to intermediaries may also affect the gross and net impact on results and members' balance.

Financial risk

The focus of financial risk management for the syndicate is ensuring that its financial assets are sufficient to fund the obligations arising from its insurance contracts as they fall due. The primary objective of the investment management process is to maintain capital value, which is of particular importance in volatile financial market conditions. A secondary objective is to optimise the risk-adjusted total return whilst being constrained by capital preservation and liquidity requirements. A low to medium risk investment policy has been adopted and the syndicate assets have been invested in short dated fixed income government and corporate bonds, absolute return bond funds and money market funds.

The investment management of the short dated fixed income bond portfolio is outsourced to a third party. An investment mandate reflecting the syndicate's risk appetite is in place and has been approved by the Board. Compliance with this is controlled through the investment manager's systems and monitored through the monthly and quarterly reporting process.

Credit risk

Credit risk is the risk of financial loss to the syndicate if a counterparty fails to discharge a contractual obligation.

The syndicate is exposed to credit risk in respect of the following:

- holdings in collective investment schemes;
- short dated fixed income government and corporate bonds;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- cash and cash equivalents; and
- other debtors and accrued interest.

Notes to the annual accounts

4. Risk and capital management (continued)

Management of credit risk

The investment portfolio is invested in securities which are rated BBB or above. The bond portfolio is managed to single issuer limits set by credit rating and there is a limit to the overall exposure to BBB rated securities. The syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty and maintains an authorised list of counterparties.

ASML manages reinsurer credit risk by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The syndicate's exposure to reinsurance counterparties is monitored by the reinsurance team as part of their credit control processes. On a quarterly basis the Finance Committee reviews the credit exposures to reinsurance counterparties.

ASML assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly. Where reinsurance is transacted with unrated reinsurers, the reinsurer is required to fully collateralise its exposure through depositing funds in trust for the syndicate.

ASML reviews intermediary performance against the terms of business agreements by the compliance function. The status of intermediary debt collection is reported to the Finance Committee.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance operations, debtors arising out of reinsurance operations, cash and cash equivalents and overseas deposits that are neither past due, nor impaired.

Debtors arising out of direct and reinsurance operations are comprised of pipeline premiums and balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA'). By their nature, it is not possible to classify these balances by credit rating and therefore they are included as not rated in the following tables.

2021	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
Financial investments	229,722	19,122	109,157	13,210	-	371,211
Reinsurers' share of claims outstanding	-	3,778	384,596	1,587	-	389,961
Debtors arising out of direct insurance operations	-	-	-	-	289,267	289,267
Debtors arising out of reinsurance operations	-	-	27,217	-	-	27,217
Cash and cash equivalents	92,955	-	30,493	-	-	123,448
Overseas deposits	12,296	1,061	4,455	1,915	4,236	23,963
Total	**334,973**	**23,961**	**555,918**	**16,712**	**293,503**	**1,225,067**

Notes to the annual accounts

4. Risk and capital management (continued)

2020	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
Financial investments	216,116	27,208	157,802	15,372	-	416,498
Reinsurers' share of claims outstanding	-	40,192	250,386	-	2,566	293,144
Debtors arising out of direct insurance operations	-	-	-	-	163,593	163,593
Debtors arising out of reinsurance operations	-	-	54,453	-	-	54,453
Cash and cash equivalents	156,614	-	26,214	-	-	182,828
Overseas deposits	14,810	2,166	7,214	2,383	4,146	30,719
Total	**387,540**	**69,566**	**496,069**	**17,755**	**170,305**	**1,141,235**

Financial assets that are past due or impaired

The syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

2021	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	20,618	532
91 to 180 days	12,823	40
More than 180 days	8,158	88
Past due but not impaired financial assets	41,599	660
Neither past due nor impaired financial assets	247,668	26,557
Net carrying value	**289,267**	**27,217**

Notes to the annual accounts

4. Risk and capital management (continued)

2020	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	10,731	11,740
91 to 180 days	7,109	16,943
More than 180 days	11,779	6,035
Past due but not impaired financial assets	29,619	34,718
Neither past due nor impaired financial assets	133,974	19,735
Net carrying value	**163,593**	**54,453**

There are no impaired debtors arising from direct insurance or reinsurance operations.

Liquidity risk
Liquidity risk is the risk that the syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities as they fall due. The syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses.

Management of liquidity risk
The syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the syndicate's reputation.

ASML's approach to managing liquidity risk is as follows:
- forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- the syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- assets purchased by the syndicate are required to satisfy specified marketability requirements;
- the syndicate maintains cash and liquid assets to meet daily calls; and
- the syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The syndicate holds sufficient premium trust funds in money market funds to meet daily liquidity. Holdings in money market funds are well diversified, very liquid and generally low risk. There is, however, a risk that the fund does not have sufficient liquidity to meet all redemptions in extreme conditions. The fixed income short dated government and corporate bond portfolio is relatively liquid and can be realised within a matter of days under normal market conditions. Whilst less liquid in nature the limited proportion of investments held in absolute return bond funds can be realised within a few days in normal market conditions.

The syndicate is able to make cash calls from the members to fund losses in the event that funds are needed ahead of closing the year of account.

Notes to the annual accounts

4. Risk and capital management (continued)

The maturity analysis presented in the table below shows the remaining contractual maturities for the syndicate's insurance contracts and financial assets and liabilities. For insurance and reinsurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For other financial assets and liabilities it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date. The table below takes no credit for any income from investments or any potential profit or loss on unearned premium. Therefore, unearned premium and deferred acquisition cost maturities reflect the expected claim payment profile. The bias towards shorter dated assets than liabilities reflects the syndicate's approach to managing liquidity and market risk.

2021	**Carrying amount** $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments	371,211	215,434	86,124	66,578	3,075
Reinsurers' share of technical provisions	527,237	194,121	107,110	153,738	72,268
Debtors, prepayments and accrued income	391,900	144,291	79,616	114,275	53,718
Cash and cash equivalents	123,448	123,448	-	-	-
Overseas deposits	23,963	23,963	-	-	-
Total assets	**1,437,759**	**701,257**	**272,850**	**334,591**	**129,061**
Technical provisions	(1,049,557)	(386,430)	(213,221)	(306,043)	(143,863)
Deposits received from reinsurers	(80,218)	(46,680)	(17,719)	(13,036)	(2,783)
Creditors	(301,723)	(120,203)	(179,751)	(1,769)	-
Accruals and deferred income	(11,658)	(10,877)	(621)	(160)	-
Total liabilities	**(1,443,156)**	**(564,190)**	**(411,312)**	**(321,008)**	**(146,646)**

2020	**Carrying amount** $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments	416,498	233,391	76,163	106,944	-
Reinsurers' share of technical provisions	428,843	156,114	86,109	125,401	61,219
Debtors, prepayments and accrued income	282,951	103,004	56,814	82,740	40,393
Cash and cash equivalents	182,828	182,828	-	-	-
Overseas deposits	30,719	30,719	-	-	-
Total assets	1,341,839	706,056	219,086	315,085	101,612
Technical provisions	(958,838)	(349,051)	(192,528)	(280,380)	(136,879)
Deposits received from reinsurers	(145,441)	(84,578)	(32,089)	(23,659)	(5,115)
Creditors	(224,142)	(107,609)	(108,062)	(8,471)	-
Accruals and deferred income	(13,725)	(12,020)	(759)	(946)	-
Total liabilities	**(1,342,146)**	**(553,258)**	**(333,438)**	**(313,456)**	**(141,994)**

Notes to the annual accounts

4. Risk and capital management (continued)

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, excluding those that are caused by credit downgrades which are included under credit risk. 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 within the framework set by the managing agent's investment policy. The nature of the syndicate's exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risk

For each of the major components of market risk the syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of market risk and the exposure of the syndicate at the reporting date to each major component are addressed below.

Interest rate risk

Interest rate risk arises primarily from the syndicate's exposure to financial investments and overseas deposits. Exposure to significant fluctuations in market value due to changes in bond yields is managed through investment in short duration securities; the key risk indicator is set at less than three years. Investment types include short dated fixed income bonds, absolute return bond funds and money market funds.

The syndicate limits exposure to absolute return bond funds. These funds manage exposure to changes in market value resulting from movements in bond yields by operating to a very short or even negative duration.

Profit/(Loss) for the year from total interest rate risk	2021 $'000	2020 $'000
Interest rate risk		
Impact of a 50 basis point increase	(1,456)	(2,197)
Impact of a 50 basis point decrease	1,483	3,686

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 writes business primarily in Sterling, Euros, US Dollars and Canadian Dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of its functional currency (US Dollars) against these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts so far as is allowed by regulatory requirements and for any profit or loss to be reflected in the net assets of the functional currency. From time to time, the syndicate may make limited use of foreign exchange derivative instruments to manage future currency cash flow requirements.

Notes to the annual accounts

4. Risk and capital management (continued)

Regulatory capital requirements and liquidity impact the ability to match in currency. Regulatory funding requirements are calculated on the basis of gross data and as a result a net currency asset can arise. Net assets in currency is not a direct indication of the liquidity in a currency. The syndicate is able to undertake currency trades either to help match in currency or meet liquidity needs.

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

2021	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	108,655	56,934	1,219,296	52,874	1,437,759
Total liabilities	(61,785)	(52,535)	(1,301,497)	(27,339)	(1,443,156)
Net assets / (liabilities)	**46,870**	**4,399**	**(82,201)**	**25,535**	**(5,397)**

2020	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	110,537	41,535	1,114,602	75,165	1,341,839
Total liabilities	(71,252)	(35,951)	(1,196,529)	(38,414)	(1,342,146)
Net assets / (liabilities)	**39,285**	**5,584**	**(81,927)**	**36,751**	**(307)**

An analysis of the syndicate's sensitivity to currency risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable. The sensitivity analysis assumes that all other variables remain constant and that the exchange rate movement occurs at the end of the reporting period. The impact of exchange rate fluctuations could differ significantly over a longer period. The occurrence of a change in foreign exchange rates may lead to changes in other market factors as a result of correlations.

Profit/(Loss) for the year	2021 $'000	2020 $'000
Currency risk		
10 percent strengthening of Sterling against US Dollar	5,208	4,365
10 percent weakening of Sterling against US Dollar	(4,261)	(3,571)
10 percent strengthening of Euro against US Dollar	489	620
10 percent weakening of Euro against US Dollar	(400)	(508)

Other price risk

The syndicate investments comprise holdings in short dated fixed income government and corporate bonds, absolute return bond funds and money market funds. The bond portfolio is low risk being both short dated and predominantly credit rating A or above with a modest exposure to BBB rated securities and therefore it has limited sensitivity to market movements.

Notes to the annual accounts

4. Risk and capital management (continued)

Up to 20% of the Syndicate 1969 investment portfolio can be invested in absolute return bond funds which, whilst more sensitive to market risk, are still relatively low risk and managed against a LIBOR benchmark. Given the volatility during the COVID-19 pandemic the absolute return fund holding has been reduced to a nominal amount (2020: 0%). The money market funds are near cash and therefore have minimal exposure to market movements.

A fair value hierarchy is provided in note 12 which categorises the syndicate according to the level of judgement exercised in valuation.

Capital management

Capital framework at Lloyd's

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

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

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

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 and approval by Lloyd's. ASML use an internal model developed in house to calculate the SCR as opposed to adopting a standard formula. The SCR is reviewed and approved by the Board through the Own Risk Solvency Assessment ("ORSA") process and an independent annual internal model validation process.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for their own share of underwriting liabilities on the syndicates on which they participate but not for other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member; operate on a similar basis. Each member's SCR is based on the member's share of the syndicate's SCR 'to ultimate'.

Where a member participates on more than one syndicate, Lloyd's sums together each syndicate's SCR but a credit for diversification is allowed to reflect the spread of risk 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 rather than a Solvency II requirement, is to support Lloyd's financial strength, licence and ratings objectives.

Notes to the annual accounts

4. Risk and capital management (continued)

Provision of capital by members

Each member may provide capital to meet their ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the members' balances on each syndicate on which they participate.

Accordingly all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the balance sheet, represent resources available to meet members' and Lloyd's capital requirements.

Claims development

The level of reserving uncertainty varies significantly from class to class. The Property business written by the syndicate has a short-tailed risk profile, however, the increase in premium written through the Non-Marine Liability and Marine & Energy Liability classes has lengthened the tail of the book as a whole.

The syndicate's current catastrophe exposure is predominantly US windstorm related. Property catastrophe claims, such as earthquake or hurricane losses, can take several months or years to develop as adjusters visit damaged property and agree claim valuations.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The 2017 and prior net claims were part of the reinsurance to close transferred to Syndicate 1994 at the beginning of 2021, and therefore not included in this table any more. Balances have been translated at exchange rates prevailing at 31 December 2021 in all cases.

Gross claims development as at 31 December 2021:

Pure underwriting year	2018 $'m	2019 $'m	2020 $'m	2021 $'m	Total $'m
Incurred gross claims					
At end of underwriting year	205.4	152.0	173.1	234.3	
one year later	323.4	285.8	357.7	-	
two years later	339.6	305.0	-	-	
three years later	347.2	-	-	-	
Incurred gross claims	347.2	305.0	357.7	234.3	1,244.2
Less gross claims paid	(235.8)	(137.2)	(112.2)	(34.7)	(519.9)
Gross claims outstanding provision	**111.4**	**167.8**	**245.5**	**199.6**	**724.3**

Notes to the annual accounts

4. Risk and capital management (continued)

Net claims development as at 31 December 2021:

Pure underwriting year	2018 $'m	2019 $'m	2020 $'m	2021 $'m	Total $'m
Incurred net claims					
At end of underwriting year	82.7	67.6	87.0	101.6	
one year later	176.9	147.1	170.1	-	
two years later	188.8	150.3	-	-	
three years later	193.3	-	-	-	
Incurred net claims	193.3	150.3	170.1	101.6	615.3
Less net claims paid	(122.5)	(76.4)	(68.0)	(14.1)	(281.0)
Net claims outstanding provision	**70.8**	**73.9**	**102.1**	**87.5**	**334.3**

All balances presented are in respect of premiums earned to the balance sheet date and therefore reflect the pattern of earnings and risk exposed over a number of calendar years.

Year of account development

The table below presents the annual results split by year of account. Movements in results for closed years of account are reflected within the results for the year into which they closed by reinsurance to close.

Profit / (Loss) before members' agents' fees	2021 $'000	2020 $'000
Year of account		
2018	-	7,741
2019	2,646	13,961
2020	10,998	(12,255)
2021	(22,324)	
Calendar year result	**(8,680)**	**9,447**

The 2019 year of account profit balance of $19,278,000 (after members' agents' fees of $456,000) will be distributed to members in 2022. During 2021 $3,749,000 (including members' agents' fees of $585,000) was collected from members in respect of the 2018 year of account.

Notes to the annual accounts

5. Segmental analysis

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

2021	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expense $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	51,754	50,388	(22,570)	(15,321)	(4,790)	7,705
Fire and other damage to property	130,052	142,339	(97,559)	(41,923)	(9,303)	(6,446)
Third-party liability	140,964	126,093	(77,760)	(28,254)	(21,639)	(1,560)
Motor	86,511	79,871	(59,921)	(15,721)	(3,994)	235
Pecuniary loss	29,309	16,813	(7,489)	(5,231)	(2,584)	1,510
	438,590	415,504	(265,299)	(106,450)	(42,310)	1,444
Reinsurance	266,099	249,547	(185,925)	(59,794)	(13,186)	(9,357)
	704,689	**665,051**	**(451,224)**	**(166,244)**	**(55,496)**	**(7,913)**

Reinsurers' commissions and profit participations are included in the reinsurance balance and disclosed in note 7, net operating expenses.

2020	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expense $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	42,909	38,601	(13,079)	(12,471)	(4,559)	8,492
Fire and other damage to property	127,473	120,902	(79,528)	(38,364)	(15,747)	(12,737)
Third-party liability	117,129	123,348	(88,594)	(26,217)	(15,857)	(7,320)
Motor	66,776	52,482	(36,827)	(9,341)	(5,486)	828
Pecuniary loss	6,772	2,702	(1,290)	(774)	(406)	232
	361,059	338,035	(219,318)	(87,167)	(42,055)	(10,505)
Reinsurance	192,642	186,685	(98,309)	(51,432)	(24,818)	12,126
	553,701	**524,720**	**(317,627)**	**(138,599)**	**(66,873)**	**1,621**

Reinsurers' commissions and profit participations are included in the reinsurance balance and disclosed in note 7, net operating expenses.

Commission on direct insurance gross premiums written during 2021 was $77,594,000 (2020: $66,709,000).

Notes to the annual accounts

6. Technical provisions

Included within net calendar year claims incurred of $196,366,000 (2020: $172,472,000) is a deterioration of $7,832,000 in claims reserves established at the prior year end (2020: release $6,620,000).

An analysis of the movement in technical provisions is set out below:

	Unearned premiums $'000	Claims outstanding $'000	Total $'000
Gross			
At 1 January 2021	285,805	673,033	958,838
Exchange adjustments	(184)	(1,923)	(2,107)
Movement in provision	39,638	53,188	92,826
At 31 December 2021	**325,259**	**724,298**	**1,049,557**
Reinsurance			
At 1 January 2021	135,699	293,144	428,843
Exchange adjustments	111	(161)	(50)
Movement in provision	1,466	96,978	98,444
At 31 December 2021	**137,276**	**389,961**	**527,237**
Net technical provisions			
At 31 December 2021	**187,983**	**334,337**	**522,320**
At 31 December 2020	150,106	379,889	529,995

7. Net operating expenses

	2021 $'000	2020 $'000
Brokerage and commission	114,835	93,275
Other acquisition costs	24,588	21,923
Change in deferred acquisition costs	(8,150)	(3,461)
Gross acquisition costs	131,273	111,737
Administrative expenses	29,132	23,926
Members' standard personal expenses	11,447	9,670
Reinsurers' commissions and profit participations	(48,483)	(39,804)
Consortia share of expenses	(5,609)	(6,734)
Total	**117,760**	**98,795**

Notes to the annual accounts

7. Net operating expenses (continued)

An analysis of the movement in deferred acquisition costs is set out below:

	Gross	Reinsurance	Total
	$'000	$'000	$'000
At 1 January 2021	55,552	12,280	43,272
Exchange adjustments	(158)	(16)	(142)
Movement in provision	8,150	(1,301)	9,451
At 31 December 2021	**63,544**	**10,963**	**52,581**

8. Auditor's remuneration

	2021	2020
	$'000	$'000
Audit fees		
Fees payable to the syndicate's auditor for the audit of the syndicate's annual financial statements	227	167
Non-audit fees		
Audit related assurance services	113	106
Other assurance services	113	134
	226	240
Total	**453**	**407**

ASML incurred audit fees payable to the syndicate's auditors of $18,000 and other assurance services of $3,000.

9. Staff number and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	2021	2020
	$'000	$'000
Wages and salaries	26,302	20,756
Social security costs	2,697	1,876
Pension costs	1,524	1,269
Total	**30,523**	**23,901**

Notes to the annual accounts

9. Staff number and costs (continued)

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate during the year was as follows:

	2021 Number	2020 Number
Underwriting	42	36
Claims and reinsurance	7	9
Management, administration and finance	69	52
Total	**118**	**97**

There are 5 Non-Executive directors on the ASML board who allocate their time to the syndicate.

10. Emoluments of the directors of the managing agent

For the purposes of FRS 102, the directors of ASML are deemed to be the key management personnel.

For the period ending 31 December 2021, the remuneration recharged to the syndicate for the directors of ASML is $2,048,000 (2020: $2,410,000) which is charged as a syndicate expense.

Included in the remuneration charged to the syndicate are emoluments paid to the highest paid director amounting to $460,000 (2020: $878,000). The remuneration amount recharged to the syndicate for the Active Underwriter is $326,000 (2020: $425,000) which is charged as a syndicate expense.

11. Investment income

	2021 $'000	2020 $'000
Income from investments	4,537	4,156
Gains on realisation of investments	113	3,044
Unrealised gains on investments	33	2,302
	4,683	9,502
Losses on realisation of investments	(498)	(193)
Unrealised losses on investments	(5,243)	(453)
Total	**(1,058)**	**8,856**

Notes to the annual accounts

11. Investment income (continued)

Investment income is reported after an allocation of an investment loss of $12,000 (2020: $421,000 profit) to Syndicate 6133 and an investment loss of $343,000 (2020: $958,000 profit) to Syndicate 1971 (see note 22).

	2021 '000	2020 '000
Average amount of syndicate funds available for investment during the year (original currency)		
Sterling	19,052	18,646
Euro	17,629	15,244
US Dollar	360,622	363,077
Canadian Dollar	57,114	67,244
Total funds available for investment in US Dollars	**451,633**	**459,879**
Total investment return in US Dollars	(1,058)	8,856
Annual investment yield		
Sterling	(0.7)%	0.8%
Euro	(0.1)%	(0.1)%
US Dollar	(0.4)%	2.6%
Canadian Dollar	0.2%	1.1%
Total annual investment yields	**(0.3)%**	**2.2%**

12. Financial assets and liabilities

The carrying values of the syndicate's financial assets and liabilities are summarised by category below:

	2021 $'000	2020 $'000
Financial assets		
Measured at fair value through profit and loss		
Financial investments	371,211	416,498
Measured at cost		
Cash and cash equivalents	123,448	182,828
Overseas deposits	23,963	30,719
	147,411	213,547
Measured at undiscounted amount receivable		
Debtors	323,940	223,539
Total financial assets	**842,562**	**853,584**
Financial liabilities		
Measured at cost		
Deposits received from reinsurers	(80,218)	(145,441)
Measured at undiscounted amount payable		
Creditors	(301,723)	(224,142)
Total financial liabilities	**(381,941)**	**(369,583)**

Notes to the annual accounts

12. Financial assets and liabilities (continued)

Financial investments held at fair value were acquired at a cost of $371,057,488 (2020: $411,559,000).

Debt securities included US treasuries of $897,000 during 2020 as collateral received from reinsurers and held in trust, as at the end of 2021 there are no held US treasuries. The funds, therefore, are not available to meet other liquidity requirements of the syndicate and a corresponding creditor is recognised (see note 18). Investment returns arising on the collateral are attributed to the reinsurers.

All investments are measured at fair value through profit or loss. The valuation technique used for determination of the fair value of financial instruments can be classified by the following hierarchy:

- Level 1 – Quoted prices for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- Level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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

2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Holdings in collective investment schemes	-	130,152	-	130,152
Debt securities and other fixed income securities	144,218	87,726	-	231,944
Loan to Lloyd's Central Fund	-	-	9,115	9,115
Total	**144,218**	**217,878**	**9,115**	**371,211**

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Holdings in collective investment schemes	-	146,446	-	146,446
Debt securities and other fixed income securities	143,397	117,058	-	260,455
Loan to Lloyd's Central Fund	-	-	9,597	9,597
Total	**143,397**	**263,504**	**9,597**	**416,498**

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

Notes to the annual accounts

12. Financial assets and liabilities (continued)

Holdings in collective investment schemes are generally valued using prices provided by external pricing vendors. The categorisation of the fair value by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

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

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

The low risk investment portfolio is not subject to significant changes in valuation. Management monitors movements in the valuation of the investment portfolio on a quarterly basis and investigation is undertaken when these are outside of expectations. The short dated fixed income portfolio valuations are provided by the fund manager and compared with valuations provided independently by the custodian.

The loan to the central fund has been contributed in three tranches with different coupons. These instruments include contingent conditions which cannot be known with certainty, they are not tradeable and they are valued using discounted cash flow models, designed to appropriately reflect the credit and illiquidity risk of the instruments. The loans have been classified as Level 3 because the valuation approach includes significant unobservable inputs and an element of subjectivity in determining appropriate credit and liquidity spreads within the discount rates used in the cash flow model.

13. Debtors arising out of direct insurance operations

	2021 $'000	2020 $'000
Due within one year	289,267	163,593

14. Debtors arising out of reinsurance operations

	2021 $'000	2020 $'000
Due within one year	27,217	54,453

Notes to the annual accounts

15. Other debtors

	2021 $'000	2020 $'000
Consortium fee receivable	4,423	4,399
Amounts due from group companies	-	725
Rent deposit	367	369
Claims float	1,818	-
Deposits with ceding undertakings	806	-
VAT	42	-
Total	**7,456**	**5,493**

16. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	43,230	38,284
Deposits with credit institutions	80,218	144,544
Total	**123,448**	**182,828**

Deposits with credit institutions relate to collateral received from reinsurers and held in trust. The funds, therefore, are not available to meet other liquidity requirements of the syndicate and a corresponding creditor is recognised (see note 18).

17. Overseas deposits

Overseas deposits are advanced as a condition of conducting underwriting business in certain countries and therefore are restricted assets.

18. Deposits from reinsurers

Deposits received from reinsurers are held in trust for the benefit of the syndicate and can be called upon to meet potential reinsurance recoveries arising on future events. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are held as either debt securities or cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

19. Creditors arising out of direct insurance operations

	2021 $'000	2020 $'000
Due within one year	1,297	3,555

20. Creditors arising out of reinsurance operations

	2021 $'000	2020 $'000
Due within one year	127,576	119,319

Notes to the annual accounts

21. Other creditors

	2021 $'000	2020 $'000
Amounts due to Syndicate 6133	22,239	29,830
Amounts due to Syndicate 1971	150,223	71,438
Amounts due to Syndicate 1994	279	-
Amounts due to group companies	109	-
Total	**172,850**	**101,268**

The amounts due to Syndicate's 6133 and 1971 represents the net funds withheld balance payable under the quota share contract. The balance is due after more than one year on closure of the 2021 year of account.

22. Related parties

All business with related parties is transacted on an arm's length basis.

Apollo completed a corporate reorganisation during 2021, the effect of which was that ASML became a wholly owned subsidiary of a new holding company, Apollo Group Holdings Limited ("AGHL"). Prior to 31 August 2021 ASML was a subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson and SAC White, along with other members of the senior underwriting team, were partners of APL, and are shareholders of AGHL.

Metacomet LLC, a US incorporated limited company, was a corporate partner of APL and is a shareholder of AGHL. Affiliated companies of Metacomet LLC participate on the syndicate.

On 11 October 2021, Alchemy Special Opportunities Fund IV LP ("Alchemy") committed to invest $90m in AGHL. A key element of that investment was to allow AGHL to provide underwriting capacity to support the Apollo managed syndicates 1969 and 1971. Apollo has provided capacity for the 2022 year of account through Apollo No. 16 Limited ("APL16"). APL16 is a wholly owned subsidiary of AGHL and has underwritten capacity of £105m on the syndicate and £47m on SPA Syndicate 1971 for the 2022 year of account.

In accordance with the Managing Agent's Agreement, ASML accrued managing agent's fees (0.9% of syndicate capacity) and profit commission (17.5% of profit). A two year deficit clause is in place which requires losses to be offset by future profits before further profit commission becomes payable. From the 2018 year of account onwards ASML received a proportion of the consortium overriding commission for arrangements it managed on behalf of consortium partners for which the syndicate is the lead. Under this arrangement ASML received $337,000 (2020: $516,000) of income it would have received if the business were written by the syndicate.

APL employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff and its partners to ASML to enable it to function as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses are recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources, all recharges being without any mark up on cost. The transactions and amounts outstanding at the balance sheet date are shown below:

Notes to the annual accounts

22. Related parties (continued)

ASML	2021 $'000	2020 $'000
Managing agent's fee	5,878	4,930
Expense recharges	34,421	42,705
Other debtor	-	725
Other creditor	(109)	-

Syndicate 6133 is a SPA Syndicate that provides a single 90% quota share reinsurance contract for the Property Treaty class including all related expenses and investment income for each underwriting year. Syndicate 6133 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 6133 distribution will be settled by the syndicate. The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 6133	2021 $'000	2020 $'000
Reinsurance premiums payable	(83,865)	(76,314)
Reinsurance paid recoveries receivable	53,570	41,183
Expense recharge	8,306	8,956
Net interest payable	(23)	(421)
Other creditors	(22,239)	(29,830)

The Ariel group, backed by Pelican Ventures, provided 75% of the capacity for SPA Syndicate 6133 for the 2021 year of account through Ariel's corporate member. Business was written through two Ariel companies as cover holders under a binding authority with Syndicate 1969 (as host for SPA Syndicate 6133). This operated in a similar fashion to other cover holders, although they are related parties to Ariel's corporate member. The Ariel cover holder was remunerated with a fee based on gross written premium at normal commercial rates for these services, this is 90% ceded to Syndicate 6133.

Ariel cover holder	2021 $'000
Cover holder fee payable	5,443
Other debtors	1,818

A reinsurance with Syndicate 1910, managed by Ariel Re has been put in place to cede the unexpired risk from 1 January 2022. The rationale for ASML and members of the syndicate is to transfer the risk for future events, thereby reducing volatility of the result and capital required to support SPA Syndicate 6133 for the syndicate members going forward. The risks comprising the Property Treaty portfolio are being renewed into the Ariel Syndicate 1910 for the 2022 year of account.

Until 31 December 2021, Syndicate 1971 was a SPA syndicate that provided a quota share reinsurance contract for the ibott Rover class including all related expenses and investment income for each underwriting year.

Notes to the annual accounts

22. Related parties (continued)

The quota share was 80% on the 2019 year of account and 90% from the 2020 year of account. Syndicate 1971 operated on a funds withheld basis and the syndicate undertook all transactions on its behalf. On closure of these years of account the Syndicate 1971 distribution will be settled by the syndicate.

The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 1971	2021 $'000	2020 $'000
Reinsurance premiums payable	(158,889)	(102,236)
Reinsurance paid recoveries receivable	8,654	6,728
Expense recharge	8,971	10,175
Net interest payable	343	(958)
Other creditors	(150,223)	(71,438)

The syndicate completed a split reinsurance to close of the 2018 year of account transferred the liabilities associated with the 2017 and prior years of account to Syndicate 1994, a syndicate managed by ASML. The reinsurance to close premium to settle the liabilities was $125m and is reflected in the profit and loss account as claims paid. The $279,000 balance due for settlement at 31 December 2021 reflect the small levels of ongoing transactions received by Syndicate 1969 but belonging to Syndicate 1994.

AGHL is the parent company of certain capital providers for Syndicate 1969. NG Jones and other members of Syndicate 1969's underwriting team participate on the syndicate through a Limited Liability Partnership.

Hyperion Apollo Limited, a subsidiary of the Howden Group Holdings Limited, was a corporate partner of APL and is a shareholder of AGHL. DCB Ibeson is the Non-Executive Chairman of DUAL International Ltd (an unregulated holding company within the Hyperion Group).

Hannover Re participated on the syndicate with a 28.3% share of the 2019 year of account. J Schäfermeier, a member of the Executive Board at Hannover Re representing Property and Casualty Lines Worldwide, was appointed a non-executive director of ASML on 29 August 2019 and resigned on 30 September 2020. The syndicate entered into outwards reinsurance contracts with premium totalling $4,294,000 (2020: $2,612,000). At 31 December 2021 the total balances receivable were $26,102 (2020: $68,000) and related to recoveries due on paid and outstanding claims. Hannover Re, through Argenta Syndicate 2121, participates on consortia led by Syndicate 1969. The consortia wrote business with fees of $2,488,000 (2020: $2,303,000) and balances outstanding were $1,298,000 (2020: $2,972,000).

23. Subsequent events

For 2022 year of account, the syndicate is no longer host to any SPA syndicates and the associated business is not being written by the syndicate. SPA Syndicate 1971 has converted to a stand-alone syndicate and SPA Syndicate 6133 is no longer writing business.

Alchemy's investment in AGHL was completed on 11 February 2022, following receipt of regulatory approvals.

At the time of writing, there are clear humanitarian concerns in relation to the military conflict between Russia and Ukraine. From an ASML perspective, we have assessed our financial, insurance, and operational risk positions and will continue to do so as the situation develops over time. On the basis of the information currently available to us, the level of direct insurance and asset exposure is considered to be modest.

SYNDICATE 1969

SYNDICATE UNDERWRITING YEAR ACCOUNTS

FOR THE 2019 YEAR OF ACCOUNT
CLOSED AT 31 DECEMBER 2021

Report of the directors of the managing agent

The directors of the managing agent present their report for the 2019 year of account of Syndicate 1969 for the cumulative result to 31 December 2021.

The syndicate underwriting year accounts have been prepared under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 in accordance with the Lloyd's Syndicate Accounting Bylaw (No. 8 of 2005) and applicable accounting standards in the United Kingdom.

Principal activity
There have not been any significant changes to the syndicate's principal activity during the year, which continues to be the transaction of general insurance and reinsurance business.

Syndicate 1969 trades through Lloyd's worldwide licences and rating and has the benefit of the Lloyd's brand. Lloyd's has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor's and AA- (Very Strong) from Fitch.

The syndicate's capacity for the 2019 year of account was £430.0m ($567.6m at the Lloyd's planning rate of $1.32) of which £180.0m ($237.6m) related to SPA Syndicate 6133 £50.0m ($66.0m) and Syndicate 1971 £130.0m ($171.6m).

Apollo Syndicate Management Limited ("ASML") is approved as a managing agency at Lloyd's and is authorised by the Prudential Regulation Authority. ASML is regulated by the Financial Conduct Authority and Prudential Regulation Authority

Directors and directors' interests
The directors who held office at the date of signing this report are shown on page 2. Directors' interests are shown in note 22 as part of the related parties note to the accounts.

Disclosure of information to the auditor
Each person who is a director of the managing agent at the date of approving this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the syndicate's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Auditor
Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor. The managing agent hereby gives formal notification of a proposal to re-appoint Deloitte LLP as auditor of Syndicate 1969 for a further year.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
4 March 2022

Syndicate 1969

Active Underwriter's report

2019 closed year result

We are now closing the 2019 year of account at a profit of 5.8% on stamp capacity of $338.4m (£250.0m). This comprises profits of $23.8m on the 2019 pure year of account and a loss of $4.1m on the development of the 2018 year of account during the 2021 calendar year. The 2019 pure year underwriting performance has achieved the original forecast set out in the business plan. This demonstrates the positive impact of the remediation work that has been carried out to address prior years underperformance.

In 2019, the syndicate underwrote fourteen classes of business, including Property D&F, Property Binders and Property Treaty. These classes incurred losses from the natural catastrophe events that occurred in 2019, namely Hurricane Dorian, and Typhoons Faxai and Hagibis which further impacted the Property Treaty class, of which 10% of the net losses incurred are retained by the syndicate. Despite these losses, each of these classes has contributed positively to the overall 2019 pure year underwriting result.

The Non-Marine Liability account for the 2019 pure underwriting year has seen benign large loss activity to date and has therefore contributed positively to the overall 2019 pure year underwriting result. As explained in the managing agents report, there has been adverse movement on the reserves for the 2018 year of account during the 2021 calendar year, which has impacted the 2021 calendar year result.

The Marine & Energy Liability account suffered losses from the adverse performance of one particular facility, whilst the performance of the core book was within expectations. The facility was non-renewed in 2020.

All other classes of business in the 2019 year of account contributed positively to the overall 2019 pure year result. We are pleased that the extensive remedial actions commenced in 2018 and that continued through the 2019 underwriting year have delivered profitable performance.

2020 year of account

This year of account has already been impacted by significant losses from the natural catastrophe events that occurred in 2020 and also COVID-19 losses. The Property D&F, Property Binders and Property Treaty classes incurred losses from Hurricane Laura, Hurricane Sally and the Midwest Derecho event whilst the Property Treaty class was further impacted by the wildfires in California, Oregon and Washington. Our estimates for the 2020 catastrophe events for the syndicate have remained stable over the 2021 calendar year.

The Texas Winter Storm event which occurred in 2021 has also further impacted these classes of business on the 2020 year of account. These classes are forecast to be loss making due to the catastrophe losses in 2020 and Texas Winter Storm event.

Our estimates for the 2020 COVID-19 related losses for the syndicate have remained stable over the 2021 calendar year.

The Non-Marine Liability portfolio has undergone significant change in 2019 and 2020. The portfolio for the 2020 pure underwriting year has seen benign large loss activity to date, as well as benign attritional development, and is forecast to be profitable for the year of account.

Despite the losses from the natural catastrophe events and COVID-19, we are at this stage forecasting a small profit for the 2020 year of account, but remain cautious about the range of outcomes possible in the 2022 calendar year, reflected in the use of a range of -1.5% to 3.5%.

Syndicate 1969

Active Underwriter's report

2021 and future years
Despite the impacts of catastrophe events, namely Hurricane Ida, the Texas Winter Storms, Storm Volker, and Bernd Flooding on the 2021 year of account the underlying performance of the portfolio has been positive and has been in line with or better than plan for many of our classes.

The forecast gross written income (net of acquisition costs and also SPAs) for the syndicate is expected to be $389.8m, which is 98% of stamp capacity. We achieved positive rate change of 15% across our entire renewal portfolio. At this early stage of development of the year of account, we are optimistic that the forecast profit will be satisfactory.

Looking forward for 2022, the approved plan for the syndicate is to underwrite $611.1m of gross written premium income, which equates to $486.6m gross net written premium. The stamp capacity has increased to $621.0m (£450.0m) which allows sufficient headroom should we wish to take advantage of any new opportunities that may arise in 2022. For 2022, the syndicate will no longer include any SPAs, as SPA 1971 is a stand-alone syndicate and SPA 6133 is no longer writing business. We forecast rates to continue to rise in 2022 in certain lines of business, but at a lower rate to those increases recorded in 2021 and 2020.

We have added a new class to the plan. We will underwrite a worldwide casualty reinsurance portfolio of working layer and clash business across a diverse range of Casualty sub-classes, trigger classes and domicile. Planned gross premium income for 2022 will be $20m.

We will also continue to focus on increasing the specialty insurance business classes in the syndicate, and ensuring that these classes are appropriately balanced with the property and the casualty classes, in order to reduce volatility and deliver sustainable profits over time for capital providers. We have planned for significant growth and development in our specialty classes in 2022 of 38%. This growth is anticipated from new business opportunities and rating increases. In particular, growth will come from the Marine Hull and Product Recall classes, due to planned consortium changes.

We recognise that the calendar year result is below our original forecast due to the impact of prior year developments and catastrophe events in 2021. However, the underlying portfolio has had the benefits of rate rises and continues to perform well with a combined ratio of 88% (2020: 86%) excluding losses from the four largest catastrophe events and prior year development. We are seeing already that rates for renewals are increasing more than we expected in our 2022 Syndicate Business Plan. We are well positioned to benefit from the positive momentum in the market and to deliver an improved underwriting performance for the 2020 year of account when it closes later this year and in the 2022 calendar year.

Once again I would like to thank you for your on-going support for Apollo and look forward to updating you with our progress in the future.

NG Jones
Active Underwriter
4 March 2022

Statement of managing agent's responsibilities

Apollo Syndicate Management Limited, as managing agent, is responsible for preparing syndicate underwriting year accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulation 2008 (the "Lloyd's Regulations") require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December 2019. These syndicate underwriting year accounts must give a true and fair view of the result of the closed year of account.

In preparing the syndicate underwriting year of accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- 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 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 that disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year of accounts comply with the Lloyd's Regulations 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.

Independent auditor's report to the members of Syndicate 1969 – 2019 closed year of account

Report on the audit of the syndicate underwriting year accounts for the 2019 closed year of account for the three years ended 31 December 2021

Opinion

In our opinion the syndicate underwriting year accounts of Syndicate 1969 (the 'syndicate'):

- give a true and fair view of the loss for the 2019 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

We have audited the syndicate underwriting year accounts which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in members' balances;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate underwriting year accounts section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate underwriting year accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate underwriting year accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement themselves. 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.

Independent auditor's report to the members of Syndicate 1969 – 2019 closed year of account

We have nothing to report in this regard.

Responsibilities of managing agent
As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the syndicate underwriting year accounts under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), and for being satisfied that they give a true and fair view of the result, and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate underwriting accounts, the managing agent is responsible for assessing the syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

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

A further description of our responsibilities for the audit of the syndicate underwriting year accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the underwriting year accounts. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005)]; and

- do not have a direct effect on the underwriting year accounts but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

Independent auditor's report to the members of Syndicate 1969 – 2019 closed year of account

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the underwriting year accounts.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Estimation of pipeline premiums requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. In response our testing included, on a sample basis, comparing management's estimates on prior year policies against actual premiums received as well as to historical experience on similar policies.
- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing underwriting year accounts disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the underwriting year accounts;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with Lloyd's.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

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 financial year for which the syndicate underwriting year accounts are prepared is consistent with the syndicate underwriting year accounts; and
- the managing agent's report has been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in the managing agent's report.

Independent auditor's report to the members of Syndicate 1969 – 2019 closed year of account

Matters on which we are required to report by exception

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate or proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records or
- we have not received all the information and explanations we require for our audit; or
- the syndicate underwriting year accounts are not in compliance with the requirements of paragraph 5 of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Knight, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 March 2022

Profit and loss account

2019 year of account

For the 36 months ended 31 December 2021

Technical account – General business	Notes	$'000
Syndicate allocated capacity		**330,000**
Gross premiums	3	520,615
Outward reinsurance premiums		(255,768)
Net premiums written and earned		**264,847**
Reinsurance to close premium receivable, net of reinsurance	4	**91,854**
		356,701
Allocated investment return transferred from the non-technical account	10	**4,151**
Claims paid		
Gross amount		(175,213)
Reinsurers' share		76,781
Net claims paid		(98,432)
Reinsurance to close premium, net of reinsurance	5	**(150,117)**
Claims incurred, net of reinsurance		**(248,549)**
Net operating expenses	6	(93,457)
Balance on the technical account - general business		**18,846**

Profit and loss account

2019 year of account

For the 36 months ended 31 December 2021

Non-technical account	Notes	$'000
Balance on the technical account – general business		**18,846**
Investment income	10	4,151
Allocated investment return transferred to the technical account – general business		(4,151)
Profit on foreign exchange		888
Profit for the 2019 closed year of account		**19,734**

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Statement of changes in members' balances

For the 36 months ended 31 December 2021

	Notes	$'000
Profit for the 2019 closed year of account	12	19,734
Members' agents' fees		(456)
Amounts due to members at 31 December 2021	12	**19,278**

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

Syndicate 1969

Balance sheet

2019 year of account

For the 36 months ended 31 December 2021

Assets	Notes	$'000
Investments		
Financial investments	11	212,492
Reinsurance recoveries anticipated on gross reinsurance to close premium	5	136,196
Debtors		
Debtors arising out of direct insurance operations	13	11,507
Debtors arising out of reinsurance operations	14	4,055
Other debtors	15	2,446
		18,008
Other assets		
Cash and cash equivalents		13,854
Overseas deposits	16	9,907
		23,761
Prepayments and accrued income		
Accrued interest and rent		2,669
Other prepayments and accrued income		603
Total assets		**393,729**

Balance sheet
2019 year of account
For the 36 months ended 31 December 2021

Liabilities	Notes	$'000
Amounts due to members	12	19,278
Reinsurance to close premium payable to close the account – gross amount	5	286,791
Deposits received from reinsurers		525
Creditors		
Creditors arising out of direct insurance operations	17	71
Creditors arising out of reinsurance operations	18	12,945
Other creditors	19	74,119
		87,135
Total liabilities		**393,729**

The syndicate underwriting year accounts on pages 64 to 78 were approved by the Board of Apollo Syndicate Management Limited on 4 March 2022 and were signed on its behalf by:

JD MacDiarmid
Finance Director
4 March 2022

Syndicate 1969

Statement of cash flows

2019 year of account

For the 36 months ended 31 December 2021

	$'000
Cash flows from operating activities	
Operating profit for the 2019 closed year of account	19,734
Adjustments for:	
Increase in gross reinsurance to close payable	286,791
Increase in reinsurers' share of reinsurance to close	(136,196)
Increase in debtors	(18,008)
Increase in creditors	87,135
Increase in other assets / liabilities	(3,272)
Investment return	(4,151)
Net cash inflow from operating activities	**232,033**
Cash flows from investing activities	
Purchase of equity and debt instruments	(2,041,993)
Proceeds from sale of equity and debt instruments	1,828,058
Investment income received	5,959
Movements in overseas deposits	(9,907)
Increase in deposits received from reinsurers	525
Other	(365)
Net cash outflow from investing activities	**(217,723)**
Net cash flow from financing activities	
Members' agents' fees paid on behalf of members	(456)
Net cash outflow from financing activities	**(456)**
Net increase in cash and cash equivalents	**13,854**
Cash and cash equivalents at 1 January 2019	-
Cash and cash equivalents at 31 December 2021	**13,854**

Notes to the underwriting year accounts

1. Basis of preparation
These underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

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 2019 year of account which has been closed by reinsurance to close at 31 December 2021. Consequently, the balance sheet represents the assets and liabilities of the 2019 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three-year period until closure.

These underwriting year accounts cover the three years from the date of inception of the 2018 year of account to the date of closure. Accordingly, this is the only reporting period and so comparative amounts are not shown.

As a consequence of the 2019 year of account reinsuring to close into the 2020 year of account, the residual risks to the members on the closed year have been minimised. Accordingly the members are no longer exposed to changes in the estimates and judgements made after the balance sheet date. The risk disclosure requirements of FRS 102 and FRS 103 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

2. Accounting policies
The 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 the 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 written
Gross premiums are allocated to years of account based on the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, lineslip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes.

Outward reinsurance premiums
Outwards reinsurance premiums are allocated to a year of account in accordance with the underlying risks being protected.

Claims paid and related recoveries
Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy.

Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Reinsurance to close premium payable

A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. A reinsurance to close can be payable to the next year of account the syndicate or a third party syndicate. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

Where the reinsurance to close is payable to the next year of account it is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing the reinsurance to close.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the "Use of judgements and estimates" and in the accounting policy for "Claims provisions and related reinsurance recoveries" section of the syndicate annual accounts.

The calculation of the reinsurance to close premium payable is determined by the directors on the basis of the information available to them at the time. However, it is implicit in the estimation procedure that the ultimate liabilities will be at a variance from the reinsurance to close so determined.

Where a reinsurance to close premium is payable to a third party syndicate, the net premium payable represents the amount agreed with the third party. The only judgement involved is whether or not to accept the third party's price for taking on the underlying obligations, net of associated reinsurance. As a reinsurance to close, the contract is deemed to be effective on closure.

Investment return

The 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. The investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Net operating expenses

Net operating expenses include acquisition costs, administrative expenses and members' standard personal expenses. Reinsurers' commissions and profit participations and consortia income represent a contributions towards operating expenses and are reported accordingly.

Costs incurred by the managing agent on behalf of the syndicate are recognised on an accruals basis. No mark-up is applied.

Net operating expenses are charged to the year of account to which they relate.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs include fees paid to consortium leaders in return for business written on behalf of the syndicate as a consortium member.

Acquisition costs are earned in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset, represents the proportion of acquisition costs, this corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Reinsurers' commissions and profit participations

Under certain outwards reinsurance contracts the syndicate receives a contribution towards the expenses incurred. The outwards reinsurance contracts may allow the ceding of acquisition costs and in certain instances an allocation of administrative expenses. Reinsurance arrangements can also pay an overriding or profit commission.

The reinsurers' share of expenses is included with operating expenses and earned in line with the related expense. The reinsurers' share of deferred acquisition cost liability corresponds to the gross deferred acquisition costs at the balance sheet date.

Consortia share of expenses

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include an entitlement to profit commission based on the performance of the business written by the consortium leader. The syndicate accrues profit commission in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commission are included as a credit to administrative expenses.

Managing agent's fees

The managing agent charges a management fee of 0.9% of syndicate capacity. The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commission based on the performance of the year of account. Amounts charged to the syndicate become payable on closure of the year of account although the managing agent may receive payments on account of anticipated profit commission if interim profits are released to members.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions if significant or otherwise at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

3. Segmental analysis - 2019 year of account after three years

An analysis of the balance on the technical account before investment return is set out below:

2019 year of account after three years	Gross premiums written $'000	RITC received[1] $'000	Gross claims incurred $'000	Gross[2] operating expenses $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	39,117	8,289	(44,545)	(11,565)	4,856	(3,848)
Fire and other damage to property	110,302	8,956	(72,359)	(34,584)	(21,793)	(9,478)
Third-party liability	141,153	49,896	(186,627)	(31,236)	28,751	1,937
Motor (third party liability)	53,104	149	(44,242)	(9,950)	15,172	14,233
	343,676	67,290	(347,773)	(87,335)	26,986	2,844
Reinsurance	176,939	24,564	(112,942)	(46,247)	(30,463)	11,851
	520,615	**91,854**	**(460,715)**	**(133,582)**	**(3,477)**	**14,695**

1 RITC received of $91,854,000 (net of anticipated reinsurance recoveries of $55,360,000) was received from the 2018 year of account.

2 Gross operating expenses are the same as net operating expenses shown in the profit and loss account. Reinsurer' commissions and profit participations of $23,225,000 were received for the 2019 year of account.

All premiums were underwritten in the UK.

The geographical analysis of gross written premiums by situs of the risk is as follows:

	$'000
UK	12,115
Other EU countries	10,304
US	346,779
Other	151,417
Total	**520,615**

Notes to the underwriting year accounts

4. Reinsurance to close premium receivable

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium receivable	71,868	75,346	147,214
Reinsurance recoveries anticipated	(27,806)	(27,554)	(55,360)
Reinsurance to close premium receivable, net of reinsurance	**44,062**	**47,792**	**91,854**

5. Reinsurance to close premium payable

	2018 pure year of account $'000	2019 pure year of account $'000	Total $'000
Gross reinsurance to close premium payable	114,018	171,484	285,502
Reinsurance recoveries anticipated	(41,367)	(94,018)	(135,385)
Reinsurance to close premium, net of reinsurance (at average exchange rates)	**72,651**	**77,466**	**150,117**
Foreign exchange	(77)	555	478
Reinsurance to close premium payable, net of reinsurance (at closing exchange rates)	**72,574**	**78,021**	**150,595**

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium payable	109,826	176,965	286,791
Reinsurance recoveries anticipated	(46,852)	(89,344)	(136,196)
Reinsurance to close premium payable, net of reinsurance	**62,974**	**87,621**	**150,595**

6. Net operating expenses

	$'000
Brokerage and commission	64,634
Other acquisition costs	20,380
Acquisition costs	85,014
Administrative expenses	23,131
Members' standard personal expenses	8,901
Consortia share of expenses	(23,589)
Total	**93,457**

Notes to the underwriting year accounts

7. Auditor's remuneration

	$'000
Audit Fees	
Fees payable to the syndicate's auditor for the audit of the syndicate's annual financial statements	140
Non-audit fees	
Audit related assurance services	105
Other assurance services	104
	209
Total fees	**349**

8. Staff numbers and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	$'000
Wages and salaries	23,118
Social security costs	2,091
Other pension costs	1,175
Total	**26,384**

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate each year and aggregated for the three years was as follows:

	Number
Underwriting	36
Claims and reinsurance	11
Management, administration and finance	56
Total	**103**

There are 5 Non-Executive directors on the ASML board who allocate their time to the syndicate.

9. Emoluments of the directors of the managing agent

For the purposes of FRS 102, the directors of ASML are deemed to be the key management personnel.

The directors received remuneration recharged to the syndicate of $2,949,000 for the syndicate's 2019 year of account charged as a syndicate expense.

Included in the remuneration are emoluments paid to the highest paid director amounting to $804,000. The remuneration amount recharged to the syndicate for the Active Underwriter is $439,000 which is charged as a syndicate expense.

Notes to the underwriting year accounts

10. Investment income

	$'000
Income from investments	4,505
Gains on the realisation of investments	2,636
Unrealised gains on investments	1,587
	8,728
Losses on the realisation of investments	(1,547)
Unrealised gains on investments	(3,030)
Total	**4,151**

11. Financial investments

	Market value $'000	Cost $'000
Holdings in collective investment schemes	100,302	67,727
Debt securities and other fixed income securities	112,190	111,725
Total	**212,492**	**179,452**

12. Balance on technical account

	2018 & prior years of account $'000	2019 pure year of account $'000	Total 2019 $'000
Technical account balance before investment return & net operating expenses	(5,122)	113,273	108,151
Acquisition costs	153	(69,008)	(68,935)
	(4,969)	43,350	39,217
Allocated investment return transferred from the non-technical account			4,151
Net operating expenses other than acquisition costs			(24,522)
Profit on foreign exchange			888
Profit for the 2019 closed year of account			**19,734**
Members' agents' fees			(456)
Amounts due to members at 31 December 2021			**19,278**

The 2019 year of account profit balance will be distributed to members in 2022.

Notes to the underwriting year accounts

13. Debtors arising out of direct operations

	$'000
Due within one year	11,507

14. Debtors arising out of reinsurance operations

	$'000
Due within one year	4,055

15. Other debtors

	$'000
Consortium fee receivable	1,875
Amount due from members	331
Deposit with ceding undertakings	240
Total	**2,446**

16. Overseas deposits

Overseas deposits are advanced as a condition of conducting underwriting business in certain countries and therefore are restricted assets.

17. Creditors arising out of direct insurance operations

	$'000
Due within one year - intermediaries	71

18. Creditors arising out of reinsurance operations

	$'000
Due within one year	12,945

19. Other creditors

	$'000
Amounts due to group syndicates	36,949
Inter-year loans	36,475
Consortium fee payable	695
Total	**74,119**

Notes to the underwriting year accounts

20. Related parties
All business with related parties is transacted on an arm's length basis.

Apollo completed a corporate reorganisation during 2021, the effect of which was that ASML became a fully owned subsidiary of a new holding company, Apollo Group Holdings Limited ("AGHL"). Prior to 31 August 2021 ASML was a subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson and SAC White, along with other members of the senior underwriting team, were partners of APL, and are shareholders of AGHL.

Metacomet LLC, a US incorporated limited company, was a corporate partner of APL and is a shareholder of AGHL. Affiliated companies of Metacomet LLC participate on the syndicate.

On 11 October 2021, Alchemy Special Opportunities Fund IV LP ("Alchemy") committed to invest $90m in AGHL. A key element of that investment was to allow AGHL to provide underwriting capacity to support the Apollo managed syndicates 1969 and 1971. Apollo has provided capacity for the 2022 year of account through Apollo No. 16 Limited ("APL16"). APL16 is a wholly owned subsidiary of AGHL and has underwritten capacity of £105m on the syndicate and £47m on SPA Syndicate 1971 for the 2022 year of account.

APL employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff and its partners to ASML to enable it to function as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses are recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources, all recharges being without any mark up on cost. The total amount recharged by ASML to the 2019 year of account was $45,688,000, this had been settled and nothing was outstanding at the year-end.

Syndicate 6133 is a SPA syndicate that provides a single 90% quota share reinsurance contract for the Property Treaty class including all related expenses and investment income for each underwriting year. Syndicate 6133 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 6133 distribution is settled by the syndicate. The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 6133	**$'000**
Reinsurance premiums payable	(67,257)
Reinsurance paid recoveries receivable	43,094
Expense recharge	8,412
Net interest payable	(630)
Other creditors	(4,717)

Syndicate 1971 is a SPA syndicate that provides a quota share reinsurance contract for the ibott Rover class including all related expenses and investment income for each underwriting year. The quota share is 80% on the 2019 year of account. Syndicate 1971 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 1971 distribution will be settled by the syndicate. The related party transactions and amounts outstanding at the balance sheet date are shown below:

Notes to the underwriting year accounts

20. Related parties (continued)

Syndicate 1971	$'000
Gross written premium receivable	96,627
Gross Claims payable	(11,505)
Expenses payable	(5,919)
Net interest receivable	786
Other creditors	(32,232)

AGHL is the parent company of certain capital providers for Syndicate 1969. NG Jones and other members of Syndicate 1969's underwriting team participate on the syndicate through a Limited Liability Partnership.

Hyperion Apollo Limited, a subsidiary of the Howden Group Holdings Limited, was a corporate partner of APL and is a shareholder of AGHL. DCB Ibeson is the Non-Executive Chairman of DUAL International Ltd (an unregulated holding company within the Hyperion Group).

Hannover Re participated on the syndicate with a 28.3% share of the 2019 year of account. J Schäfermeier, a member of the Executive Board at Hannover Re representing Property and Casualty Lines Worldwide, was appointed a non-executive director of ASML on 29 August 2019 and resigned on 30 September 2020. The syndicate entered into outwards reinsurance contracts with premium totalling $2,786,000. At 31 December 2021 the total balances receivable were $46,000 and related to recoveries due on paid and outstanding claims. Hannover Re, through Argenta Syndicate 2121, participates on consortia led by Syndicate 1969. The consortia wrote business with fees of $3,840,000, balances outstanding were $283,000 and profit commission payable of $264,000.

Syndicate 1969

Seven year summary of underwriting results

As at 31 December 2021

	2013	2014	2015	2016	2017	2018	2019
Syndicate allocated capacity (£'000)	109,941	140,000	159,966	179,509	209,123	224,516	249,989
Syndicate allocated capacity ($'000) (note 2)	161,613	171,766	216,002	228,543	277,489	306,619	338,368
Number of underwriting members	310	371	391	405	417	369	256
Aggregate net premiums ($'000)	148,589	203,910	228,351	225,044	237,816	263,567	264,847
Result for a name with an illustrative share of £10,000	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Gross premiums	16,482	18,529	18,017	16,558	15,397	18,832	20,826
Net premiums	13,515	14,565	14,275	12,537	11,372	11,739	10,594
Premium for reinsurance to close an earlier year of account	2,723	2,928	3,550	4,441	6,633	8,291	3,674
Net claims	(7,358)	(6,257)	(6,792)	(8,366)	(8,548)	(6,899)	(3,937)
Reinsurance to close the year of account	(3,728)	(4,292)	(4,936)	(7,743)	(8,878)	(9,606)	(6,005)
Syndicate operating expenses	(4,520)	(5,252)	(5,322)	(4,633)	(4,154)	(3,753)	(3,382)
Profit / (Loss) on exchange	(348)	(304)	179	16	10	(27)	36
Balance on technical account	**284**	**1,388**	**954**	**(3,748)**	**(3,565)**	**(255)**	**980**
Investment return	35	43	69	100	292	402	166
Profit / (Loss) before personal expenses	**319**	**1,431**	**1,023**	**(3,648)**	**(3,273)**	**147**	**1,146**
Illustrative personal expenses (note 3)	(262)	(526)	(402)	(258)	(226)	(288)	(356)
Profit / (Loss) after illustrative personal expenses	**57**	**1,431**	**621**	**(3,906)**	**(3,499)**	**(141)**	**790**
Capacity utilised (note 4)	89.8%	93.9%	82.3%	84.0%	91.5%	111.5%	127.3%
Net capacity utilised (note 5)	69.6%	67.8%	60.4%	58.4%	61.2%	59.6%	51.7%
Underwriting profit ratio (note 6)	3.8%	9.1%	5.3%	(22.6)%	(23.2)%	(1.4)%	4.7%
Result as a percentage of stamp capacity	0.4%	7.4%	4.6%	(30.7)%	(26.4)%	(1.0)%	5.8%

Notes to the summary:

1. The summary has been prepared from the audited accounts of the syndicate.
2. Syndicate allocated capacity is expressed in US Dollars at the foreign exchange rate at the date the year of account was closed.
3. Illustrative personal expenses comprise the managing agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years, Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the managing agent's fee, and profit commission payable to the managing agent. This amount excludes members' agents' fees.
4. Capacity utilised represents gross premium written net of acquisition costs expressed as a percentage of allocated capacity using business planning foreign exchange rates.
5. Net capacity utilised represents written premium net of acquisition costs net of reinsurance expressed as a percentage of allocated capacity using business planning foreign exchange rates.
6. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.
7. The 2014 and prior years of account were originally presented in Sterling and have been restated in US Dollars using the foreign exchange rate at the date the year of account was closed.