Important information about Syndicate Reports and Accounts

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

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

SYNDICATE 6111

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2020

CONTENTS

SYNDICATE INFORMATION

Managing agent	Catlin Underwriting Agencies Limited ("CUAL")	
Managing agent's company number	01815126	
Directors	M Cummings	
	R Littlemore	
	S McGovern	
	L Prato Jaen	
	C Ighodaro	(Non-Executive)
	B Joseph	(Non-Executive)
	B Poupart-Lafarge	(Non-Executive)
	J Weatherstone	(Non-Executive)
	P Wilson	(Non-Executive)
Company secretary	M L Rees	
Registered office	20 Gracechurch Street London EC3V 0BG	
Active underwriter	R Littlemore L Prato	
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT	

FINANCIAL HIGHLIGHTS

Key Performance Indicators (KPIs)	**2020**	*2019*
Syndicate capacity (£m)	**—**	—
Gross premiums written (£m)	**1.7**	*(1.1)*
Net premiums written (£m)	**(0.1)**	*(0.4)*
Earned premiums, net of reinsurance (£m)	**1.2**	*11.3*
Underwriting result (£m)	**(2.7)**	*1.1*
(Loss)/Profit for the financial year (£m)	**(2.3)**	*1.9*
Claims ratio (%)	**228.8**	*56.7*
Expense ratio (%)	**100.6**	*33.6*
Combined ratio (%)	**329.3**	*90.3*

Claim ratio is the percentage of net incurred claims in relation to the net earned premiums.

Expense ratio is the percentage of net operating expenses in relation to the net earned premiums.

The combined ratio is the sum of the ratios of net operating expenses and net incurred claims to net earned premiums. A combined ratio of less than 100% represents an underwriting profit.

STRATEGIC REPORT OF THE MANAGING AGENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of Catlin Underwriting Agencies Limited ("CUAL"), the managing agent, present their strategic report and audited financial statements for the year ended 31 December 2020.

Principal activities

Syndicate 6111 ("the Syndicate") was established for the 2012 year of account as a 'Special Purpose Arrangement' (SPA). Its principal activity was to underwrite a Whole Account Quota Share reinsurance of Syndicate 2003 and this was the only inwards contract that the Syndicate entered into.

This contract operated on a funds withheld basis.

The underwriting result (net earned premiums minus net claims incurred and net operating expenses) for 2020 is a loss of £ 2.7m against an underwriting profit of £1.1m in 2019.

The underwriting result in 2020 was significantly affected by losses relating to COVID-19 which resulted in £1.6m of net claims mainly impacting Crisis Management and Business interruption classes.

Results and performance

The net loss for the year is £2.3m (2019: profit of £1.9m), as set out on page 10.

During the year, the Syndicate earned premium of £1.2m net of reinsurance *(2019: £11.3m)* which represents its share of Syndicate 2003 for the 2018 and movement for 2017 years of account. The Syndicate ceased writing the Whole Account Quota Share of Syndicate 2003 for the 2019 year of account. For the 2018 underwriting year it wrote 1.2853% and for the 2017 underwriting year it wrote 1.3847% year in line with the Whole Account Quota Share agreement between the two Syndicates.

The Syndicate incurred a net loss ratio of 228.7% *(2019 56.7%)*.

The net operating expense ratio of 100.6% *(2019: 33.6%)* includes commission and administration expenses which primarily comprise members personal expenses.

Strategy and future outlook

The 2018 underwriting year is the Syndicate's last year of participation in underwriting the Whole Account Quota Share reinsurance of Syndicate 2003 post which this Syndicate ceased to exist.

The Managing Agent will close the 2018 year of the Syndicate following the agreement of terms to effect the Reinsurance to Close ("RITC") of the net liabilities of Syndicate 6111 into the 2019 Year of Account of Syndicate 2003 effective 1st January 2021. Syndicate 2003 is also managed by Catlin Underwriting Agencies Limited.

The Lloyd's market has a Brussels subsidiary (LBS) which is a fully regulated insurance company, that provides the market continued access to the EU market.

STRATEGIC REPORT OF THE MANAGING AGENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Managed Syndicates

CUAL, the managing agent of the Syndicate, is a company registered in England and Wales. CUAL is a wholly-owned subsidiary of its ultimate parent AXA SA ("AXA"), a company registered in France.

Copies of the financial statements of AXA SA ("AXA") are available from 25 Avenue Matignon FR-75008, Paris, France.

This report was approved by the Board and signed on its behalf by:

M Cummings
Director
04 March 2021

MANAGING AGENT'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of the managing agent present their report together with the audited financial statements for the year ended 31 December 2020.

The annual financial statements are prepared using the annual basis of accounting as required by Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (2008 Regulations), as well as in compliance with United Kingdom Generally Accepted Accounting Principles (GAAP), including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (FRS 102) and Financial Reporting Standard 103, "Insurance Contracts" (FRS 103).

Underwriting year accounts have been prepared for the 2018 year of account which closed on 31 December 2020.

Future developments and strategy are discussed within the strategic report.

Profit distribution
Losses will continue to be collected by reference to the results of individual underwriting years. Please refer to page 38 for the financial results of the 2018 year of account.The Syndicate's 2018 year of account was RITC'd into Syndicate 2003, with a negative return equal to 26% of capacity.

Members balance
The members balance as at 31 December 2020 is a deficit of £5.8m (2019: deficit £9.7m).

Directors
The Directors of CUAL who held office during the year and up to the date of signing the annual financial statements were:

P Bradbrook		Resigned on 14th April 2020
M Cummings		Appointed on 14th April 2020
P Greensmith		Resigned on 21st April 2020
R Littlemore		
S McGovern		Appointed on 22nd September 2020
L Prato Jaen		
C Ighodaro	(Non-Executive)	
B Joseph	(Non-Executive)	
B Poupart-Lafarge	(Non-Executive)	
J Vereker	(Non-Executive)	Resigned on 31st December 2020
J Weatherstone	(Non-Executive)	
P Wilson	(Non-Executive)	

None of the Directors of the managing agent were underwriting participants on the Syndicate.

Financial instruments and risk management
Information on the use of financial instruments by the Syndicate and its management of financial risk and in particular its exposure to interest rate risk, equity price risk, currency risk, credit risk and liquidity risk is disclosed in note 2 to the financial statements.

COVID-19 Outbreak
2020 saw the global outbreak of the COVID-19 pandemic, which first appeared in China late 2019 before spreading to other countries and becoming a worldwide pandemic by March 2020.

China first put in place unprecedented lockdowns to contain the spread of the pandemic, and similar measures were imposed by most large economies from mid-March. Worldwide, governments-imposed confinements, quarantines, travel restrictions, social distancing measures and more generally the closure of activities deemed non-essential to try and alleviate the severe strain experienced by local, national and supra-national medical institutions. This led to massive disruptions to the global economic output, notably manufacturing, trade and supply chains, which resulted in both lower economic activity and lower estimates of future economic growth. From May onwards, as the virus contagion started to show signs of abatement, governments started to ease the restrictions to alleviate the negative impacts on the economy.

MANAGING AGENT'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19 Outbreak (continued)

However, the pace of the contamination accelerated during the third quarter, with the number of daily new cases reaching very high levels, mostly in Europe and in the United States. This situation has proven to be long-lasting, leading governments to strengthen again the sanitary measures after the relative easing during the summer. Although these measures were less stringent than in March, they weighed further on the economic environment. At the end of 2020, most of these restrictions were still in place and outlooks remain uncertain despite vaccines being rolled out to the population of many countries from the end of 2020.

Refer to note 20 for full COVID disclosure.

Statement of managing agent's responsibilities

The Directors of the managing agent are responsible for preparing the Syndicate annual financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Principles (GAAP), including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Financial Reporting Standard 103 - "Insurance Contracts" (FRS 103), both issued by the Financial Reporting Council.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (Regulations) require the managing agent to prepare Syndicate financial statements for the Syndicate at 31 December each year. The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period.

In preparing these syndicate annual financial statements, the Directors of the managing agent are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 financial statements; and
- prepare the financial statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that there will be future years of account of the Syndicate.

The Directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time, the financial position of the Syndicate and enable it to ensure that the Syndicate's annual financial statements comply with the Regulations and the relevant provisions of the Companies Act 2006. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure of information to the auditors

Each of the persons who are Directors at the date of this report confirms that:

- so far as each Director is aware, there is no relevant audit information for which the Syndicate's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Syndicate's auditor are aware of that information.

Approved by the Board of Catlin Underwriting Agencies Limited and signed on its behalf by:

M Cummings
Director
04 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, 6111's syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the Annual Report and Accounts (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of profit or loss, the statement of cash flows, and the statement of changes in members' balances for the year then ended; and the notes to the syndicate annual accounts, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the syndicate annual accounts* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – accounts prepared on a basis other than going concern

In forming our opinion on the annual accounts, which is not modified, we draw attention to Note 1 to the annual accounts, which describes the directors' reasons why the annual accounts have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the syndicate annual accounts and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the syndicate annual accounts does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Managing Agent's Report, we also considered whether the disclosures required by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 have been included.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111 (CONTINUED)

Managing Agent's Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2020 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the syndicate annual accounts and the audit

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

In preparing the syndicate annual accounts, the Managing Agent is responsible for assessing the syndicate's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the syndicate is unable to continue to realise its assets and discharge its liabilities in the ordinary course of business.

Auditors' responsibilities for the audit of the syndicate annual accounts
Our objectives are to obtain reasonable assurance about whether the syndicate annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.
Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the syndicate annual accounts. We also considered those laws and regulations that have a direct impact on the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the syndicate annual accounts (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure or to manipulate members' balances. Audit procedures performed included:

- Discussions with management and internal audit, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence with Lloyd's in relation to compliance with relevant regulations;
- Reviewing relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing any manual adjustments posted by management as part of the year-end close process.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the syndicate annual accounts. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.
A further description of our responsibilities for the audit of the syndicate annual accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111 (CONTINUED)

Use of this report
This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Moore (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
04 March 2021

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020 £000's**	*2019 £000's*
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Gross premiums written	4	**1,680**	*(1,093)*
Outward reinsurance premiums		**(1,786)**	*655*
Net premiums written		**(106)**	*(438)*
Change in the gross provision for unearned premiums	9	**1,616**	*13,525*
Change in the provision for unearned premiums, reinsurers' share	9	**(316)**	*(1,770)*
Change in the net provision for unearned premiums		**1,300**	*11,755*
Earned premiums, net of reinsurance		**1,194**	*11,317*
Claims Paid			
Gross amount		**(24,798)**	—
Reinsurers' share		**2,100**	—
		(22,698)	—
Change in the provision for claims			
Gross amount	9	**23,450**	*(7,316)*
Reinsurers' share	9	**(3,484)**	*899*
		19,966	*(6,417)*
Claims incurred, net of reinsurance		**(2,732)**	*(6,417)*
Net operating expenses	6	**(1,201)**	*(3,801)*
Balance on the general business technical account		**(2,739)**	*1,099*
NON-TECHNICAL ACCOUNT			
Balance on the technical account for general business		**(2,739)**	*1,099*
Other income	8	**262**	*588*
Foreign exchange gains		**165**	*258*
(Loss)/Profit for the financial year		**(2,312)**	*1,945*

STATEMENT OF FINANCIAL POSITION - ASSETS
AS AT 31 DECEMBER 2020

	Note	2020 £000's	*2019 £000's*
Reinsurers' share of technical provisions			
Provision for unearned premiums	9	**(92)**	*547*
Claims outstanding	9	**1,797**	*4,374*
		1,705	*4,921*
Debtors - amounts falling due within one year			
Debtors arising out of reinsurance operations	11	**19,526**	*21,832*
Other debtors	12	**831**	*338*
		20,357	*22,170*
Debtors - amounts falling due after one year			
Debtors arising out of reinsurance operations	11	**—**	*19,622*
Other debtors	13	**—**	*548*
		—	*20,170*
Prepayments and accrued income			
Deferred acquisition costs	14	**143**	*637*
TOTAL ASSETS		**22,205**	*47,898*

STATEMENT OF FINANCIAL POSITION - CAPITAL AND LIABILITIES
AS AT 31 DECEMBER 2020

	Note	2020 £000's	2019 £000's
Capital and reserves			
Members balance		**(5,773)**	*(9,687)*
Technical provisions			
Provision for unearned premiums	9	**233**	*2,267*
Claims outstanding	9	**22,506**	*45,603*
		22,739	*47,870*
Creditors - amounts falling due within one year			
Creditors arising out of reinsurance operations	15	**4,617**	*4,934*
Other creditors	16	**583**	*614*
		5,200	*5,548*
Creditors - amounts falling due after one year			
Creditors arising out of reinsurance operations	15	**—**	*3,422*
Other creditors	17	**—**	*587*
		—	*4,009*
Accruals and deferred income		**39**	*158*
TOTAL CAPITAL AND LIABILITIES		**22,205**	*47,898*

The notes on pages 15 to 36 form part of these financial statements.

The Syndicate financial statements were approved by the Board of Directors of Catlin Underwriting Agencies Limited and were signed on its behalf by:

M Cummings
Director
04 March 2021

STATEMENT OF CHANGES IN MEMBERS BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Balance attributable to underwriting £000's	Amounts due from members £000's	Total members balances £000's
Balance as at 1 January 2019	*(20,242)*	*(1,858)*	*(22,100)*
Profit for the financial year	*1,945*	*—*	*1,945*
Members agent's fees	*—*	*594*	*594*
Loss Settlement - 2016 year of account	*8,922*	*952*	*9,874*
Balance as at 31 December 2019	*(9,375)*	*(312)*	*(9,687)*
Balance as at 1 January 2020	**(9,375)**	**(312)**	**(9,687)**
Loss for the financial year	**(2,312)**	**—**	**(2,312)**
Loss Settlement - 2017 year of account	**6,062**	**164**	**6,226**
Balance as at 31 December 2020	**(5,625)**	**(148)**	**(5,773)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000's	2019 £000's
Reconciliation of (Loss)/Profit to net cash inflow from operating activities		
(Loss)/Profit for the financial year	**(2,312)**	*1,945*
Transfer from members in respect of underwriting participation	**6,226**	*9,874*
Decrease in net technical provisions	**(21,914)**	*(107,169)*
Decrease in debtors	**22,738**	*121,745*
Decrease in creditors	**(4,476)**	*(26,401)*
Movement in other assets and liabilities	**—**	*594*
Investment return	**(262)**	*(588)*
Net cash generated from operating activities	**—**	*—*
Cash and cash equivalents at the beginning of the year	**—**	*—*
Cash and cash equivalents at the end of the year	**—**	*—*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES

A Basis of preparation

The Syndicate accounts have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”), Financial Reporting Standard 103, “Insurance Contracts” (“FRS 103”) and the Companies Act 2006. The Syndicate accounts have been prepared under regulation 5 of the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 (“IAD”), and reflect the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) as modified by the IAD.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the previous years presented, unless otherwise stated. The Syndicate has adopted FRS 102 and FRS 103 in these financial statements.

The 2018 year of account of the Syndicate has closed and all assets and liabilities transferred to the 2019 year of account of Syndicate 2003 by reinsurance to close. The reinsurance to close occurs in the normal course of business for a syndicate year of account at the 36 months stage of development. The Syndicate has no successor year of account. As a result the Syndicate is no longer a going concern. The Annual Accounts have therefore been prepared on a basis other than going concern. This has had no impact on the carrying value of the Syndicate's assets and liabilities that would be realized and discharged in the normal course of business if the going concern basis were adopted. The Directors confirm that this basis of accounting is appropriate.

The preparation of these financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this statement of accounting policies and specifically in the following note:

Note 9: insurance liabilities and reinsurance assets (estimates for losses incurred but not reported).

Capital supporting the business of the Syndicate, referred to as Funds at Lloyd's ("FAL") is, in part, held in separate trust funds administered by Lloyd's in addition to amounts held within the Syndicate Premium Trust Funds. The amounts held by the individual members outside the Syndicate Premium Trust Funds are available to meet the underwriting obligations of the Syndicate, if required. However, these funds are not included in the Syndicate's balance sheet because they are not owned by the Syndicate. The Lloyd's central fund arrangements are available in the event that an individual members funds are exhausted.

B Basis of accounting

The financial statements have been prepared under the accrual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

(a) Premiums written

Premiums written comprise premiums on contracts incepted during the financial year, together with adjustments made in the year to premiums written in prior accounting periods. They also include estimates for pipeline premiums, representing amounts due to the Syndicate not yet notified.

Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

For contracts with duration of greater than one year and payable in annual installments, generally, only the initial annual instalment is included as premiums written at policy inception due to the ability of the (re)insured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

B Basis of accounting (continued)

(b) Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of the policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

(c) Acquisition costs

Acquisition costs comprise of commission and other internal and external costs related to the acquisition of new business and renewing existing contracts. The proportion of acquisition costs in respect of unearned premiums is deferred at the reporting date and recognised in periods when the related premiums are earned.

(d) Ceded Reinsurance

These are contracts entered into by the Syndicate with reinsurers under which the Syndicate is compensated for losses on contracts issued by the Syndicate and that meet the definition of an insurance contract. Insurance contracts entered into by the Syndicate under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Any benefits to which the Syndicate is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers and include reinsurers' share of provisions for claims. These balances are based on calculated amounts of outstanding claims and projections for incurred but not reported (IBNR), net of estimated irrecoverable amounts having regard to the reinsurance programme in place for the class of business, the claims experience for the period and the current security rating of the reinsurer involved. The Syndicate assesses its reinsurance assets for impairment. If there is objective evidence of impairment, then the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Profit or Loss.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

(e) Claims incurred

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

The only inwards contract that the Syndicate writes is the whole account quota share reinsurance of Syndicate 2003, which operates on a funds withheld basis. As such, claims are settled on closure of each underwriting year on a net basis and recognized as paid in the year of settlement.

(f) Claims provisions and related recoveries

The outstanding claims comprise amounts set aside for claims notified and claims incurred but not reported.

Notified claims are estimated on a case by case basis. In estimating the cost of these the Syndicate has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in a previous period. Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortion of the development and incidence of these large claims.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

B Basis of accounting (continued)

(f) Claims provisions and related recoveries (continued)

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

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

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

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

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in Syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

The Directors of CUAL consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimate made, are reviewed regularly

The Syndicate discounts unpaid loss reserves arising from US Workers’ Compensation business and on Periodic Payment Orders related to bodily injury claims in the UK Motor book.

Both of these payments are considered to have duration of greater than four years from the balance sheet date. The discounting rates and mean estimated terms used for both the US Workers' Compensation and UK Motor book are 3.8% over 20.2 years and 2.0% over 35.5 years, respectively.

	Undiscounted reserves		**Discount credit**	
	2020	*2019*	**2020**	*2019*
	£000's	*£000's*	**£000's**	*£000's*
US Workers' Compensation	**12**	*13*	**3**	*3*
UK Motor Book	**76**	*76*	**30**	*30*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

B Basis of accounting (continued)

(f) Claims provisions and related recoveries (continued)

The Syndicate utilises tabular reserving for US workers' compensation unpaid losses that are considered fixed and determinable, and discount such losses using an interest rate of 3.8%. The interest rate approximates the implied return on the market-based assets supporting the expected cash-flows of our liabilities. The tabular reserving methodology results in applying uniform and consistent criteria for establishing expected future indemnity and medical payments and the use of mortality tables to determine expected payment periods.

The allowance for Periodic Payment Orders ("PPOs") relates to bodily injury claims in the UK and includes the unpaid losses for claims already settled and notified as PPOs at 31 December 2019, as well as the unpaid losses for claims to be settled in the future. The future care element of the unpaid losses was discounted using an interest rate of 3.8%.The interest rate approximates the implied return on the market-based assets supporting the expected cash-flows of our liabilities. Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported to the Syndicate. The estimated cost of claims includes expenses to be incurred in settling claims. The Syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later years.

(g) 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 to exceed the unearned premiums after the deduction of any acquisition costs deferred. The expected claims relate to policies in force at the year-end, having regard to events that occur prior to the balance sheet date.

Unexpired risk surpluses and deficits are offset when business risk classes are managed together and a provision is made only when an aggregate deficit arises.

(h) Financial assets at fair value through the income statement

All financial assets are designated as fair value through the statement of profit or loss upon initial recognition because they are managed and their performance is evaluated on a fair value basis. Purchases and sales are recognised on the trade date, which is the date the group commits to purchase or sell the asset, net of transaction costs. These investments are subsequently carried at fair value.

(i) Reinsurers' commissions and profit participations After Operating expenses

Reinsurers' commissions and profit participations, which include reinsurance profit commission and overriders, are treated as a contribution to expenses.

(j) Reinsurance to close (RITC)

Each Lloyd's Syndicate underwriting account is normally closed at the end of the third year by means of reinsurance into the following year, which reinsures all future liabilities for the closed year and all previous years in return for a premium which is approved by the managing agent. The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle the outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

C Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Net gains or losses arising from changes in the fair value of financial assets are recognised through the statement of profit or loss within ‘Unrealised gains on investments’ or ‘Unrealised losses on investments’ in the period in which they arise. Investment return is recorded in the non-technical account within the statement of profit or loss. Dividends on equity securities are recorded as revenue on the ex-dividend date, which includes the imputed tax credits. Interest is recognised on an accruals basis for financial assets at fair value through the Statement of Profit or Loss.

a. *Realised gains and losses*
Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price.

b. *Unrealised gains and losses*
Unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, where acquired in previous years, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

c. *Investment expenses, charges or interest*
There are accounted for as incurred on an accruals basis.

D Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Syndicate operates (the functional currency). The Syndicate's financial statements are presented in thousands of sterling, which is the Syndicate's functional currency. Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transactions or at an appropriate average rate.

With the adoption of FRS 102 and FRS 103, all assets and liabilities arising from insurance contracts should be treated as monetary items. At each period end foreign currency monetary items are re-translated into GBP at the rate of exchange at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

E Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct income tax from trading income. 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 Statement of Financial Position under the heading "other debtors".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

F Investments and Overseas Deposits

Investments and overseas deposits are stated at current value at the balance sheet date. For this purpose listed investments are stated at bid value and deposits with credit institutions are stated at cost. All other financial instruments are designated as at fair value through profit and loss. In line with normal Lloyd's market practice, the Syndicate writes business in certain jurisdictions that require the deposit of cash and investments in locally held trust funds therefore preventing the free transfer of cash between currencies and locations.

G Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Syndicate has designated at fair value through the statement of profit or loss. Loans and receivables are carried at amortised cost less any impairment losses.

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. This basis of valuation is viewed by the Directors as having prudent regard to the likely realisable value.

H Financial liabilities

Creditors are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost determined according to the effective interest rate method.

I Members balances

Distributions to its members are made in the year following the year a reporting year of account closes, which is generally three years after the inception of the reporting year of account.

J Going concern

The Directors do not consider it appropriate to adopt a going concern basis of accounting in the preparation of these report and accounts.

The Annual Accounts has therefore been prepared on a basis other than going concern. This has had no impact on the carrying value of the Syndicate's assets and liabilities that would be realized and discharged in the normal course of business if the going concern basis were adopted.The Directors confirm that this basis of accounting is appropriate.

2 RISK MANAGEMENT

Financial risk management objectives

The Syndicate is exposed to a range of financial risks through Syndicate 2003's financial assets, insurance liabilities and reinsurance assets. In particular, the key financial risk is that the proceeds from those financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are insurance risk, market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk. The nature of the business underwritten by the Syndicate is such that the strategy applied to mitigate those risks is identical to the strategy applied by Syndicate 2003.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Syndicate primarily faces due to the nature of Syndicate 2003's investments and liabilities are interest rate risk and equity price risk.

The Syndicate’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Syndicate’s financial performance. Syndicate 2003, on the Syndicate's behalf, manages these positions within a risk management framework (“the framework”) that has been developed to ensure that investment proceeds and returns are in excess of obligations under insurance contracts. Syndicate 2003 produces regular reports that are circulated to the management of the Managing Agency. The principal technique of the Syndicate’s framework is to match assets and liabilities from insurance contracts by reference to the type of benefits payable to contract holders. The framework is also integrated with the management of the financial risks associated with Syndicate 2003's other financial assets and liabilities not directly associated with insurance liabilities.

The notes that follow explain how financial risks are managed using the categories utilised in the Syndicate's framework.

(a) Insurance risk

Insurance risk arises from Syndicate 2003's general insurance business and refers to the risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and reserving assumptions. Examples of such risks include unexpected losses arising from fluctuations in the timing, frequency and severity of claims compared to expectations and inadequate reinsurance protection. With the Syndicate writing one whole account quota share contract with Syndicate 2003, in effect the Syndicate's underwriting and reinsurance strategies are set within the context of the overall CUAL strategies, approved by the Board and communicated clearly throughout the business through policy statements and guidelines. Insurance risk was heavily impacted by COVID-19 pandemic as disclosed in note 20.

Capital resource sensitivities
The capital position is sensitive to market conditions due to changes in the value of the assets, and to assumptions and experience in respect of the value of the liabilities. The most significant risks to the Syndicate are as follows:

Event risk
The risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing.

Pricing risk
The risk that the level of expected loss is understated in the pricing process.

Reinsurance risk
Reinsurance risk to the Syndicate occurs where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, prove inadequate in terms of the vertical or horizontal limits purchased or result in coverage disputes.

Expense risk
The risk that the allowance for expenses and inflation in pricing is inadequate.

2 RISK MANAGEMENT (continued)

(a) Insurance risk (continued)

Underwriting risks are monitored on the Syndicate's behalf by Syndicate 2003. These risks are continually monitored through, for example, the established peer review process, underwriting authority limits imposed, round table review and audits, as well as via exception reporting. Formal price monitoring procedures form part of the standard monthly management information. These contribute to the quarterly actuarial review whereby the loss outcome of the underwriting activity is continually re-assessed and considered by the Reserving actuaries. There is a dedicated Catastrophe and Aggregation management function independent of Underwriting management, whose responsibility is to model aggregate risk and support pricing decisions, providing a key control to the underwriting process.

Syndicate 2003 seeks to maintain a diversified and balanced portfolio of risks in order to reduce the variability of outcomes. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. This is achieved by accepting a spread of business over time, segmented between different classes of business. Syndicate 2003's Syndicate business forecasts for each class of business reflect this underwriting strategy, and set out the types of business to be written, the geographical regions in which business is to be written and the industry sectors to which the Syndicate is prepared to expose itself. These plans are approved and monitored by management and are submitted to Lloyd's.

Syndicate 2003's management also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, Syndicate 2003's risk management team sets out the realistic disaster scenario (RDS) exposure that it is prepared to accept in certain territories to a range of natural and man-made events.

The current aggregate position is monitored at the time of underwriting a risk, and reports are produced to highlight the key aggregations to which the Syndicate is exposed. Syndicate 2003 uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and Scenario Tests are also run using these models. The greatest likelihood of significant losses to the Syndicate arises from catastrophe events, such as flood damage, windstorm or earthquake. Where possible the Syndicate's underwriting team measures geographic accumulations and use their knowledge of the business, historical loss behaviour and commercial catastrophe modelling software.The Syndicate regularly models and monitors known accumulations of risks including natural catastrophes, marine,liability and political events. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of a 1% Total value at Risk (TVaR), however a range of return periods are reported and tracked over time.

Loss development tables providing information about historical claims development are included in note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 MANAGEMENT OF FINANCIAL RISK (continued)

(b) Market risk

Market risk is the impact arising from the uncertainty of asset prices, interest rates, foreign exchange rates, and other factors related to financial markets and investment asset management.

AXA XL division places restrictions on the external investment managers' investment strategies. Strict limits, by trust fund, are set for types of assets held, concentration limits and average investment grade ratings. Investments are typically investment grade bonds and investment grade asset backed securities. Guidelines and benchmarks are set annually and approved by the CUAL Board of Directors.

The performance of the investment managers is monitored constantly by AXA XL investment specialists and reported monthly to CUAL management and reviewed quarterly by the CUAL Board of Directors. Syndicate 2003 aims to manage exchange rate exposure in US Dollar terms and asset and liabilities are duration matched.

Market risk includes:

(i) Interest rate risk

The Syndicate does not hold fixed interest securities, but is indirectly exposed to interest rate risk through the investment return remitted to the Syndicate in lieu of the interest income received on the funds withheld by Syndicate 2003.

Syndicate 2003 monitors interest rate risk on a monthly basis by calculating the impact of changes in interest rate on the value of investments and the net present value of liabilities against a risk appetite that has been agreed with the Board.

Syndicate 2003 purchases interest rate swap contracts to manage its interest rate risk.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of an interest bearing financial asset will fluctuate because of changes in market interest rates at the reporting date.

Sensitivity analysis

Changes in interest yield, with all other variable constant, would result in changes in the capital value of debt securities and borrowings as well as subsequent interests receipts and payments. This would affect reported profits and net assets as indicated in the table below.

	Impact on result		**Impact on net assets**	
	2020	*2019*	**2020**	*2019*
	£'000	*£'000*	**£'000**	*£'000*
50 basis points increase	**(172)**	*(204)*	**(172)**	*(204)*
50 basis points decrease	**179**	*206*	**179**	*206*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 MANAGEMENT OF FINANCIAL RISK (continued)

(ii) Equity price risk

The Syndicate does not hold equity investments, but is indirectly exposed to equity securities price risk through the investment return remitted to the Syndicate in lieu of the interest income received on the funds withheld by Syndicate 2003.

Syndicate 2003 has a defined investment policy which sets limits on the Syndicate's exposure to equities both in aggregate terms and by geography, industry and counterparty. This policy of diversification is used to manage the Syndicate's price risk arising from its investments in equity securities.

	Impact on result		**Impact on net assets**	
	2020	*2019*	**2020**	*2019*
	£'000	*£'000*	**£'000**	*£'000*
5% increase in stock market prices	**28**	*47*	**28**	*47*
5% decrease in stock market prices	**(28)**	*(47)*	**(28)**	*(47)*

(iii) Currency risk

The Syndicate is indirectly exposed to currency risk in respect of insurance liabilities under policies of insurance denominated in currencies other than Sterling. Due to the funds withheld nature of the whole account quota share contract the Syndicate has with Syndicate 2003, this risk is managed by the Board of CUAL.

The Syndicate is primarily exposed to currency risk in respect of Syndicate 2003's liabilities under policies of insurance denominated in currencies other than Sterling. The most significant currencies to which the Syndicate is exposed are US Dollar, Canadian Dollar and Euro.

This Syndicate is no longer exposed to currency risk as its net liabilities as at 31st Dec 2020 will be RITC'd into Syndicate 2003 and will be settled effective 1 January 2021, post which the Syndicate will cease to exist.

2020	**GBP**	**USD**	**EUR**	**CAD**	**TOTAL**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Reinsurers' share of technical provisions	**920**	**367**	**231**	**187**	**1,705**
Insurance and Reinsurance receivables	**3,764**	**13,416**	**1,501**	**845**	**19,526**
Other assets	**221**	**631**	**26**	**96**	**974**
Total assets	**4,905**	**14,414**	**1,758**	**1,128**	**22,205**
Technical provisions	**(3,147)**	**(16,784)**	**(1,681)**	**(1,127)**	**(22,739)**
Insurance and reinsurance payables	**(533)**	**(3,600)**	**(283)**	**(201)**	**(4,617)**
Other creditors	**(479)**	**(124)**	**(18)**	**(1)**	**(622)**
Total Liabilities	**(4,159)**	**(20,508)**	**(1,982)**	**(1,329)**	**(27,978)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 MANAGEMENT OF FINANCIAL RISK (continued)

(iii) Currency risk (continued)

2019	*GBP*	*USD*	*EUR*	*CAD*	*TOTAL*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*
Reinsurers' share of technical provisions	*1,142*	*3,025*	*553*	*202*	*4,922*
Insurance and Reinsurance receivables	*7,915*	*28,005*	*3,439*	*2,094*	*41,453*
Other assets	*88*	*1,195*	*116*	*124*	*1,523*
Total assets	*9,145*	*32,225*	*4,108*	*2,420*	*47,898*
Technical provisions	*(31,312)*	*(13,605)*	*(1,756)*	*(1,197)*	*(47,870)*
Insurance and reinsurance payables	*(670)*	*(6,883)*	*(490)*	*(312)*	*(8,355)*
Other creditors	*(1,009)*	*(307)*	*(36)*	*(8)*	*(1,360)*
Total Liabilities	*(32,991)*	*(20,795)*	*(2,282)*	*(1,517)*	*(57,585)*

Fluctuations in the Syndicate trading currencies against Sterling would result in a change to the result and net assets value. The table below gives an indication of the impact on the result and net assets of a percentage change in the relative strength of Sterling. The analysis is based on current information.

	Impact on result		**Impact on net assets**	
	2020	*2019*	**2020**	*2019*
	£'000	*£'000*	**£'000**	*£'000*
GBP weakens 10% against other currencies	**593**	*(1,287)*	**593**	*(1,287)*
GBP weakens 20% against other currencies	**1,086**	*(2,360)*	**1,086**	*(2,360)*
GBP strengthens 10% against other currencies	**(724)**	*1,573*	**(724)**	*1,573*
GBP strengthens 20% against other currencies	**(1,630)**	*3,540*	**(1,630)**	*3,540*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 MANAGEMENT OF FINANCIAL RISK (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Syndicate 6111 is indirectly sensitive to the credit risk managed by Syndicate 2003.

The table below provides information on the credit quality of financial assets of the Syndicate that are neither past due nor impaired:

2020	**AAA**	**AA**	**A**	**BBB or below**	**Not rated**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Reinsurers' share of claims outstanding	**—**	**—**	**1,797**	**—**	**—**	**1,797**
Total	**—**	**—**	**1,797**	**—**	**—**	**1,797**

2019	*AAA*	*AA*	*A*	*BBB or below*	*Not rated*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*	*£000's*
Reinsurers' share of claims outstanding	*—*	*—*	*4,374*	*—*	*—*	*4,374*
Total	**—**	*—*	*4,374*	*—*	*—*	*4,374*

The Syndicate has no reinsurance debtors that are past due but not considered to be impaired. The Syndicate does not currently hold any impaired assets *(2019: No impaired assets held).*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 MANAGEMENT OF FINANCIAL RISK (continued)

(d) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the Syndicate is the obligation to pay claims as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. Due to the funds withheld nature of the contract the Syndicate underwrites, this risk is borne by Syndicate 2003. The Syndicate is therefore indirectly sensitive to the liquidity risk in Syndicate 2003.

The following tables analyse financial liabilities by maturity date:

2020	**No contractual maturity date**	**Less than one year on demand**	**Between 1 and 3 years**	**Between 3 and 5 years**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Other creditors	**—**	**5,200**	**—**	**—**	**5,200**
Claims outstanding	**—**	**22,506**	**—**	**—**	**22,506**
Financial liabilities	**—**	**27,706**	**—**	**—**	**27,706**

2019	*No contractual maturity date*	*Less than one year on demand*	*Between 1 and 3 years*	*Between 3 and 5 years*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*
Other creditors	*—*	*5,548*	*4,009*	*—*	*9,557*
Claims outstanding	*—*	*24,798*	*20,805*	*—*	*45,603*
Financial liabilities	*—*	*30,346*	*24,814*	*—*	*55,160*

The nature of insurance is that the requirements of funding cannot be predicted with absolute certainty and therefore the theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement.

3 MANAGEMENT OF CAPITAL

(a) Capital Framework at Lloyd's

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

Within this supervisory framework, Lloyd’s applies capital requirements at member level and centrally to ensure that Lloyd’s complies with Solvency II, 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 applies at overall and member level respectively, not at Syndicate level. Accordingly the capital requirement in respect of Syndicate 6111 is not disclosed in these financial statements. See note 18 for details of the Syndicate's FAL requirement.

(b) Lloyd's Capital Setting Process

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

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

(c) Provision of capital by members

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

The level of FAL/FIS that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. This capital requirement is based on a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten.

Resources available to meet members’ and Lloyd’s capital requirements are separately identified in the Statement of Changes in Members' Balances.

Lloyd’s also retains the right to request a callable contribution equal to 3% of capacity from the Syndicate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

4 SEGMENTAL ANALYSIS

Gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balances by class of business are as follows:

2020 Reinsurance Acceptances	**Gross Premiums Written**	**Gross Premiums Earned**	**Gross Claims Incurred**	**Gross Operating Expenses**	**Reinsurance Balance**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Fire and other damage to property	**987**	**1,736**	**(1,671)**	**(472)**	**(2,623)**	**(3,030)**
Accident and health	**343**	**971**	**20**	**(793)**	**(205)**	**(7)**
Marine, aviation and transport	**328**	**572**	**340**	**(397)**	**(125)**	**390**
Motor (third party liability)	**22**	**17**	**(36)**	**(17)**	**(56)**	**(92)**
Total	**1,680**	**3,296**	**(1,347)**	**(1,679)**	**(3,009)**	**(2,739)**

2019 Reinsurance Acceptances	*Gross Premiums Written*	*Gross Premiums Earned*	*Gross Claims Incurred*	*Gross Operating Expenses*	*Reinsurance Balance*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*	*£000's*
Fire and other damage to property	*(869)*	*6,241*	*(3,668)*	*(2,070)*	*(5)*	*498*
Accident and health	*687*	*3,825*	*(2,332)*	*(1,280)*	*(25)*	*188*
Marine, aviation and transport	*(844)*	*2,336*	*(1,303)*	*(575)*	*(57)*	*401*
Motor (third party liability)	*(67)*	*30*	*(13)*	*(4)*	*(1)*	*12*
Total	*(1,093)*	*12,432*	*(7,316)*	*(3,929)*	*(88)*	*1,099*

The reinsurance balance represents the charge to the technical account from the aggregate of all items relating to outwards reinsurance.

The Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the UK.

All gross premiums written originate in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5 MOVEMENT IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING

An unfavorable run-off deviation (prior accident years' strengthening) of £1.1m (2019*: favorable of £1.1m*) was experienced during the year, wholly in respect of reserve movements on the 2018 and prior year of account Whole Account Quota Share contract with Syndicate 2003.

6 NET OPERATING EXPENSES

	2020	*2019*
	£000's	*£000's*
Acquisition costs	**1,246**	*1,015*
Change in deferred acquisition costs	**433**	*2,914*
Reinsurance commissions and profit participation	**(478)**	*(128)*
	1,201	*3,801*

	2020	*2019*
	£000's	*£000's*
Audit Services:		
Fees payable to the Syndicates auditors for the audit of the Syndicate's accounts	**31**	*29*
Non-audit Services:		
Other services pursuant to legislation, including the audit of the regulatory return	**13**	*10*
	44	*39*

The auditors' remuneration for the year has been borne by an AXA XL division company, XL Catlin Services SE (“XLCSSE”).

7 DIRECTORS EMOLUMENTS

The Syndicate and its managing agent have no employees *(2019: £nil).*

The Syndicate did not directly incur staff costs during the year (*2019: £nil)*.

The Syndicate was not recharged any expenses during the year relating to the remuneration of the Directors of CUAL *(2019: £nil)*.

Under the standard managing agent's agreement, Catlin Underwriting Agencies Limited receives an annual fee for services provided.

8 OTHER INCOME

	2020	*2019*
	£000's	*£000's*
Income on funds withheld balance	**262**	*588*

Other income represents interest on funds withheld on the Whole Account Quota Share agreement with Syndicate 2003.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

9 INSURANCE LIABILITIES AND REINSURANCE ASSETS

2020	**Provision for unearned premium**	**Claims Outstanding**
	£000's	**£000's**
Gross Technical Provisions		
As at 1 January 2020	**2,267**	**45,603**
Movement in the provision	**(1,616)**	**1,347**
2017 Year of Account Settlement	**(502)**	**(24,798)**
Foreign exchange movements	**84**	**354**
As at 31 December 2020	**233**	**22,506**
Reinsurers' share of technical provisions		
As at 1 January 2020	**547**	**4,374**
Movement in the provision	**(316)**	**(1,384)**
2017 Year of Account Settlement	**(337)**	**(2,100)**
Foreign exchange movements	**14**	**907**
As at 31 December 2020	**(92)**	**1,797**
Net technical provisions		
As at 1 January 2020	**1,720**	**41,229**
As at 31 December 2020	**325**	**20,709**

2019	*Provision for unearned premium*	*Claims Outstanding*
	£000's	*£000's*
Gross Technical Provisions		
As at 1 January 2019	*15,293*	*159,344*
Movement in the provision	*(13,525)*	*7,316*
2016 Year of Account Settlement	*616*	*(117,404)*
Foreign exchange movements	*(117)*	*(3,653)*
As at 31 December 2019	*2,267*	*45,603*
Reinsurers' share of technical provisions		
As at 1 January 2019	*2,873*	*21,646*
Movement in the provision	*(1,770)*	*899*
2016 Year of Account Settlement	*(527)*	*(15,551)*
Foreign exchange movements	*(29)*	*(2,620)*
As at 31 December 2019	*547*	*4,374*
Net technical provisions		
As at 1 January 2019	*12,420*	*137,698*
As at 31 December 2019	*1,720*	*41,229*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

10 CLAIMS DEVELOPMENT TRIANGLES

To illustrate the robustness of our reserves, the loss development tables below provide information about historical claims development by the pure underwriting year.

The loss development tables below provide information about historical claims development by pure underwriting year.

Some business is not off risk after the first 12 months, therefore, we would anticipate cumulative claims to increase in the second year as this business is earned.

Gross claims development

	2017 £000's	2018 £000's	Total £000's
12 months	16,770	13,036	
24 months	27,352	20,262	
36 months	23,841	21,705	
48 months	24,642		
Estimated total losses	**24,642**	**21,705**	**46,347**
Paid claims	(23,841)	—	(23,841)
Gross reserves	**801**	**21,705**	**22,506**

Net claims development

	2017 £000's	2018 £000's	Total £000's
12 months	12,917	11,308	
24 months	23,385	18,660	
36 months	21,858	19,219	
48 months	23,348		
Estimated total losses	**23,348**	**19,219**	**42,567**
Paid claims	(21,858)	—	(21,858)
Net reserves	**1,490**	**19,219**	**20,709**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

11 DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2020	*2019*
	£000's	*£000's*
Due within one year	**19,526**	*21,832*
Due after one year	**—**	*19,622*
	19,526	*41,454*

12 OTHER DEBTORS: Amounts falling due within one year

	2020	*2019*
	£000's	*£000's*
Investment income receivable	**785**	*338*
Salvage and Subrogation	**46**	*—*
	831	*338*

13 OTHER DEBTORS: Amounts falling due after one year

	2020	*2019*
	£000's	*£000's*
Investment income receivable	**—**	*548*

14 DEFERRED ACQUISITION COSTS

	2020	*2019*
	£000's	*£000's*
On insurance contracts	**143**	*637*

The reconciliation of opening and closing deferred acquisition costs is as follows:

	2020	*2019*
	£000's	*£000's*
At 1 January	**637**	*3,508*
Change in deferred acquisition costs	**(433)**	*(2,914)*
Foreign exchange movements	**(61)**	*43*
At 31 December	**143**	*637*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

15 CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2020	*2019*
	£000's	*£000's*
Due within one year	**4,617**	*4,934*
Due after one year	**—**	*3,422*
	4,617	*8,356*

16 OTHER CREDITORS: Amounts falling due within one year

	2020	*2019*
	£000's	*£000's*
Expenses payable	**583**	*614*
	583	*614*

17 OTHER CREDITORS: Amounts falling due after one year

	2020	*2019*
	£000's	*£000's*
Expenses payable	**—**	*587*
	—	*587*

18 FUNDS AT LLOYD'S

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members underwriting liabilities.

Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, the managing agent is able to make a call on the members FAL to meet liquidity requirements or to settle losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

19 RELATED PARTY TRANSACTIONS

Catlin Underwriting Agencies Limited (CUAL) is the managing agent for Syndicate 6111. Under the standard managing agent's agreement, CUAL receives an annual fee of 1% of stamp capacity and profit commissions at 20%. No Managing Agency fee or profit contribution was charged in 2020 since Syndicate 6111's last Year of account was 2018.

Syndicate 6111 provides whole account quota share to Syndicate 2003.

Net income and (expenses) reflected in the profit and loss	**2020**	*2019*
	£000's	*£000's*
Syndicate 2003	**(2,312)**	*1,945*
	(2,312)	*1,945*

The following balance sheet amounts were outstanding at year-end with related parties:

Balance sheet net assets and (liabilities) outstanding	**2020**	*2019*
	£000's	*£000's*
Syndicate 2003	**(5,773)**	*(9,687)*
	(5,773)	*(9,687)*

20 COVID-19 OUTBREAK

2020 saw the global outbreak of the COVID-19 pandemic, which first appeared in China late 2019 before spreading to other countries and becoming a worldwide pandemic by March 2020.

China first put in place unprecedented lockdowns to contain the spread of the pandemic, and similar measures were imposed by most large economies from mid-March. Worldwide, governments-imposed confinements, quarantines, travel restrictions, social distancing measures and more generally the closure of activities deemed non-essential to try and alleviate the severe strain experienced by local, national and supra-national medical institutions. This led to massive disruptions to the global economic output, notably manufacturing, trade and supply chains, which resulted in both lower economic activity and lower estimates of future economic growth. From May onwards, as the virus contagion started to show signs of abatement, governments started to ease the restrictions to alleviate the negative impacts on the economy.

However, the pace of the contamination accelerated during the third quarter, with the number of daily new cases reaching very high levels, mostly in Europe and in the United States. This situation has proven to be long-lasting, leading governments to strengthen again the sanitary measures after the relative easing during the summer. Although these measures were less stringent than in March, they weighed further on the economic environment. At the end of 2020, most of these restrictions were still in place and outlooks remain uncertain despite vaccines being rolled out to the population of many countries from the end of 2020.

The COVID-19 pandemic negatively impacted the Syndicate’s underlying earnings, mainly through Property & Casualty claims, with significant impacts in Event Cancellation and Business Interruption and to a lesser extent in Liability, Travel and Credit Insurance. Property & Casualty claims were partly offset by estimated reinsurance recoveries and the decrease in frequency in certain classes resulting from lockdowns and the various restrictions enacted to reduce the pace of the spread of the virus.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

20 COVID-19 OUTBREAK (continued)

Turnover was also affected by the crisis, primarily as a significant part of the premiums paid by its clients within the Property & Casualty Commercial lines are based on their own level of activity (e.g. through projects, cargo load, flights number, turnover etc.) that was reduced by the confinement measures. Additionally, the turnover was hit by opening restrictions affecting AXA's distribution channels

In response, the Syndicate implemented specific cost countermeasures, including travel and corporate event reductions, while maintaining its commitment to the modernization of IT systems and customer processes.

Additionally, financial markets experienced a significant drop in the first quarter, then partly recovered in the second half of the year, as a potential normalization of the situation with the development of vaccines.

In this highly uncertain context, AXA and the Syndicate continue to closely monitor exposures, including **(i)** the operational impact on its business, **(ii)** the consequence of the deterioration in macroeconomic conditions, **(iii)** the impacts on insurance coverages, including on-going litigation, **(iv)** the reinsurance recoveries, and **(v)** the change in asset prices and financial conditions.

SYNDICATE 6111

SYNDICATE UNDERWRITING YEAR REPORT AND ACCOUNTS

2018 YEAR OF ACCOUNT

MANAGING AGENT'S REPORT
2018 YEAR OF ACCOUNT

The Directors of the managing agent present their report together with the audited financial statements for the Syndicate underwriting year accounts closed at 31 December 2020.

The Syndicate underwriting year accounts have been prepared under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (Lloyd's Regulations) and in accordance with the Syndicate Accounting Byelaw (No.9 of 2005) and in compliance with United Kingdom Generally Accepted Accounting Principles (GAAP), including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the 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 financial statements relate to the 2018 year of account which has been closed following the agreement of terms to effect the Reinsurance to Close ("RITC") of Syndicate 6111 into the 2019 Year of Account of Syndicate 2003 effective 1st January 2021.; consequently the balance sheet represents the assets and liabilities of the 2018 year of account and the profit and loss account reflect the transactions for that year of account during the 36 months period until closure.

Year of account results
2018 underwriting year premium is limited by the quota share agreement with the calculation performed using closing exchange rate as at 31 December 2020.The 2018 year of accounts generated a negative return equal to 26% of capacity. The Board of CUAL have agreed that the 2018 Year of account will be RITC'd into 2019 Year of account of Syndicate 2003.

Directors
A list of Directors of the managing agent who held office during the current year can be found on page 5 of the Syndicate Annual Reports and Accounts.

Financial instruments and risk management
Information on the use of financial instruments by the Syndicate and its management of financial risk and in particular its exposure to interest rate risk, equity price risk, currency risk, credit risk and liquidity risk is disclosed in note 2 of the Syndicate annual financial statements.

Statement of managing agent's responsibilities
The Directors of the managing agent are responsible for preparing the managing agent's report and the annual financial statements in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual financial statements at 31 December each year. Under that law, the Directors are required to prepare the Syndicate annual financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102,"The Financial Reporting Standard Applicable in the UK and Republic of Ireland. The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires that the Directors must not approve the annual financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that year.

In preparing these Syndicate annual financial statements, the Directors of the managing agent are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Principles (GAAP) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that there will be future years of account of the Syndicate.

The Directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time, the financial position of the Syndicate and enable it to ensure that the Syndicate's annual financial statements comply with the Regulations and the relevant provisions of the Companies Act 2006. 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.

MANAGING AGENT'S REPORT (CONTINUED)
2018 YEAR OF ACCOUNT

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

Statement of disclosure of information to the auditors

Each of the persons who are Directors at the date of this report confirms that:

- so far as each Director is aware, there is no relevant audit information for which the Syndicate's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

The report was approved by the Board and signed on its behalf by:

M Cummings
Director
04 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111 - 2018 CLOSED YEAR OF ACCOUNT

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, 6111's syndicate underwriting year financial statements for the 2018 year of account for the 3 years ended 31 December 2020 (the "underwriting year financial statements"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2020 and of its loss for the 2018 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Syndicate Underwriting Year Report and Accounts (the "Underwriting Year Accounts"), which comprise: the statement of financial position for the closed 2018 year of account as at 31 December 2020; the statement of profit or loss for the 36 months then ended; and the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the underwriting year financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Basis of preparation

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

Reporting on other information

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

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

With respect to the Managing Agent's Report, we also considered whether the disclosures required by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) have been included.
Based on our work undertaken in the course of the audit, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111 (CONTINUED) - 2018 CLOSED YEAR OF ACCOUNT (CONTINUED)

Managing Agent's Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2020 is consistent with the underwriting year financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements
As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2018 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities for the audit of the underwriting year financial statements
Our objectives are to obtain reasonable assurance about whether the underwriting year financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these underwriting year financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.
Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure or to manipulate members' balances. Audit procedures performed included:

- Discussions with management and internal audit, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence with Lloyd's in relation to compliance with relevant regulations;
- Reviewing relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing any manual adjustments posted by management as part of the year-end close process.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6111 (CONTINUED) - 2018 CLOSED YEAR OF ACCOUNT (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- the underwriting year financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Moore (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
04 March 2021

STATEMENT OF PROFIT OR LOSS
2018 YEAR OF ACCOUNT
FOR THE 36 MONTHS ENDED 31 DECEMBER 2020

	Note	2018 Year of account £000's
Syndicate allocated capacity		**22,186**
Technical Account		
Gross premiums written	2	**28,936**
Outward reinsurance premiums		**(5,583)**
		23,353
Change in the gross provision for unearned premiums		**215**
Change in the provision for unearned premiums, reinsurers' share		**(152)**
Change in the net provision for unearned premiums		**63**
Earned premiums, net of reinsurance		**23,416**
Claims paid		
Gross amount		**(24,798)**
Reinsurers' share		**2,100**
		(22,698)
Change in the provision for claims		
Gross amount		**1,657**
Reinsurers' share		**(191)**
		1,466
Claims incurred, net of reinsurance		**(21,232)**
Net operating expenses	4	**(8,868)**
Balance on the technical account for general business		**(6,684)**
Non-Technical Account		
Other income	5	**814**
Foreign exchange gains		**97**
Loss for the 2018 closed year of account		**(5,773)**

There are no recognised gains and losses in the accounting period other than those dealt with within the technical account above.

STATEMENT OF FINANCIAL POSITION
FOR THE CLOSED 2018 YEAR OF ACCOUNT

ASSETS	Note	2018 year of account £000's
Debtors - amounts falling due within one year		
Debtors arising out of reinsurance operations	6	**19,526**
Deferred acquisition cost	7	**145**
Other debtors	8	**830**
		20,501
TOTAL ASSETS		**20,501**
LIABILITIES		
Capital and reserves		
Members balance	9	**(5,773)**
Technical provisions		
Reinsurance to close on 2018 year of account	10	**21,035**
Creditors - amounts falling due within one year		
Creditors arising out of reinsurance operations	11	**4,617**
Other creditors	12	**622**
		5,239
TOTAL CAPITAL AND LIABILITIES		**20,501**

The underwriting year of accounts on pages 37 to 49 were approved by the Board of Directors of Catlin Underwriting Agencies Limited and were signed on its behalf by:

M Cummings
Director
04 March 2021

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS CLOSED AT 31 DECEMBER 2020

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The Syndicate accounts have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103") and the Companies Act 2006. The Syndicate accounts have been prepared under regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("IAD"), and reflect the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) as modified by the IAD.

The principal accounting policies applied in the preparation of these syndicate underwriting year accounts are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated. All amounts presented are stated in Sterling, being the Syndicate functional currency, and in thousands, unless noted otherwise.

1.2 Underwriting transactions

a. The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of 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.

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

c. Gross claims paid are allocated to the same year of account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses. Reinsurance recoveries are allocated to the year of account to which the claim was charged.

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

e. The reinsurance to close premium is determined by reference to outstanding liabilities, including claims incurred but not yet reported, relating to the closed year and to all previous closed years reinsured therein. Although the estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium includes a provision for unearned premiums and unexpired risks at the balance sheet date, net of deferred acquisition costs.

1.3 Comparatives

Comparatives are not provided in these financial statements as each syndicate year of account is a separate annual venture.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS CLOSED AT 31 DECEMBER 2020 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

1.4 Investment return

The gross investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. 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.The investment return is wholly allocated to the technical account.

1.5 Syndicate operating expenses

Costs incurred by the managing agent in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense.

1.6 Foreign currencies

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the Syndicate operates (the functional currency). The financial statements are presented in Sterling, which is the Syndicate's functional currency.

Transactions in foreign currencies are revalued into the functional currency using average rates of exchange as a proxy for the transactional rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items.

1.7 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.

It remains the responsibility of the member to agree its corporation tax liabilities with HM Revenue & Customs.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS CLOSED AT 31 DECEMBER 2020 (CONTINUED)

2. SEGMENTAL ANALYSIS

Gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balances by class of business are as follows:

2018 year of account Reinsurance Acceptances	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Gross Operating Expenses	Reinsurance Balance	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Fire and other damage to property	15,015	15,126	(14,069)	(3,152)	(3,116)	(5,211)
Accident and health	6,772	6,822	(5,916)	(3,266)	(308)	(2,668)
Marine, aviation and transport	6,667	6,717	(2,950)	(2,374)	(341)	1,052
Motor (third party liability)	482	486	(206)	(76)	(61)	143
Total	28,936	29,151	(23,141)	(8,868)	(3,826)	(6,684)

The reinsurance balance represents the charge to the technical account from the aggregate of all items relating to outwards reinsurance.

The Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the UK.

All gross premiums written originate in the United Kingdom.

3. EMPLOYEES & DIRECTORS

The Syndicate and its managing agent have no employees.

The Syndicate did not directly incur staff costs during the year.

The Syndicate was not recharged any expenses during the year relating to the remuneration of the Directors of CUAL .

Under the standard managing agents' agreement, Catlin Underwriting Agencies Limited receives an annual fee for services provided.

4. NET OPERATING EXPENSES

	2018 year of account £000's
Acquisition costs	(9,552)
Administration expenses	(148)
Reinsurance commissions and profit participation	832
	(8,868)

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS CLOSED AT 31 DECEMBER 2020 (CONTINUED)

5. OTHER INCOME

	2018 year of account
	£000's
Income on funds withheld balance	814

Other income represents interest on funds withheld on the whole account quota share agreement with Syndicate 2003.

6. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2018 year of account
	£000's
Due within one year	19,526

7. Deferred acquisition cost

	2018 year of account
	£000's
Deferred acquisition cost	145

8. OTHER DEBTORS: Amounts falling due within one year

	2018 year of account
	£000's
Investment Income	830

9. MEMBERS' BALANCE

	2018 year of account
	£000's
Loss for the 2018 closed year of account	(5,625)
Members agent's fees	(148)
Amounts due from members at 31 December 2020	(5,773)

10. REINSURANCE TO CLOSE ON 2018 YEAR OF ACCOUNT

	2018 year of account
	£000's
Gross notified incurred claims	22,739
Reinsurance recoveries anticipated	(1,704)
Reinsurance to close on 2018 year of account	21,035

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS CLOSED AT 31 DECEMBER 2020 (CONTINUED)

11. CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2018 year of account £000's
Due to cedants within one year	4,617

12. OTHER CREDITORS: Amounts falling due within one year

	2018 year of account £000's
Expenses payable	622

13. RELATED PARTY TRANSACTIONS

Catlin Underwriting Agencies Limited (CUAL) is the managing agent for Syndicate 6111. Under the standard managing agents' agreement, CUAL receives an annual fee of 1% of stamp capacity and profit commissions at 20%. For 2018 year of account, managing agency fees amounted to £0.22m and there were no profit commissions.