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Dale Underwriting Partners Syndicate 1729

Syndicate Annual Report and Accounts

31 December 2021

Contents

Directors and Administration

Managing Agent

Asta Managing Agency Ltd

Directors

P A Jardine (Chairman)*
R P Barke
C V Barley
K A Green*
C N Griffiths
L Harfitt
A J Hubbard*
D J G Hunt
M D Mohn*
S P A Norton
S D Redmond*
K Shah*
J M Tighe

Non Executive Directors*

Company Secretary

N J Burdett

Managing Agent's Registered Office

5th Floor
Camomile Court
23 Camomile Street
London
EC3A 7LL

Managing Agent's Registered Number

1918744

Active Underwriter

D G Peters

Bankers

Barclays Plc
Citibank NA
RBC Dexia

Investment Manager

Conning Asset Management Ltd

Registered Auditors and Signing Actuary

Ernst & Young LLP

Active Underwriter's report

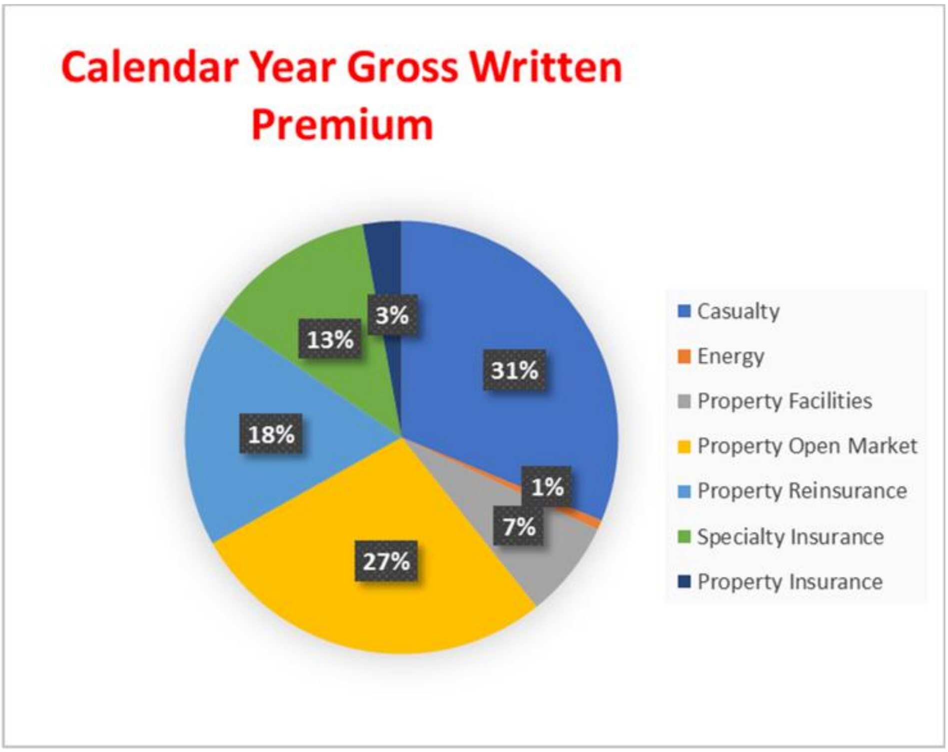
As outlined in last year's report the impacts of the global pandemic have been felt far and wide and although it has continued to challenge individuals, business and governments through 2021, Dale Underwriting Partners have responded strongly to the challenge.

Operationally, the business has continued to function very well despite the disruption caused by remote working and lockdowns. Many of our team have continued to make extraordinary efforts again this year to continue the positive momentum in our operating results. Revenues remained strong and market conditions continued to improve in our focused classes of business.

We have recorded a healthy profit for the financial year of £5.043m. The vast majority of our business is written in US dollars and we set our functional currency accordingly. Under Accounting Standard FRS102, all P&L transactions are booked using transactional rates of exchange and revalued at the closing rate of exchange. Due to large swings in rates of exchange, we have recorded a large loss in currency translation differences of £5.126m, leading to a small comprehensive loss for the year of £0.083m.

Key metrics:

2019 YOA result:	**£4.0m Profit**
2020 YOA forecast:	**£2.6m Profit**
S1729 capacity:	**£185m for 2021 YOA**



Major industry themes over the last few years continue in our segment of the industry; 1) Natural catastrophe loss activity and 2) US Casualty reserve deterioration.

Natural catastrophe losses

2021 has again proved to be as challenging as the prior four years in the Cat arena. There has been another round of expensive and disruptive natural disasters impacting communities and companies around the world. The calendar year brought another set of varied major natural catastrophes, above the expected level of frequency, with 8 events making landfall in the United States. This is the second largest Atmospheric economic loss year ever.
Aon estimate $343bn of economic loss and $130bn of insured loss in 2021. Utilising today's CPI index this is the seventh costliest year on record. The economic cost from weather related events totalled $329bn and the third highest after 2005 and 2017. Four individual events topped the $20bn threshold for economic loss for only the second time ever being Hurricane Ida, Flooding in Europe (Bernd), Summer flooding in China and the Polar Vortex in North America in February 2021

PCS' initial estimate of Hurricane Ida was $26bn.This has now moved out to approximately $27.5bn. Modelling firms' and financial analysts estimates range from $17bn to excess of USD 40bn. Most recently (Jan 2022) Munich Re has estimated Ida at $36bn. For context, these ranges make the loss significantly bigger than Irma which is currently at $27bn. The wide range is, in part, due to the complex nature of the loss given the further varied damage (e.g. Flood) caused in States beyond Louisiana, in-particular the North East. Additionally, factors such as pandemic pricing which has pushed up the price of lumber and the cost of labour to rebuild, supply chain disruption, BI/CBI issues and prolonged power interruption all need to be considered.

US Casualty reserves

We continue to believe that the industry will see a deterioration of casualty results from previous accident years. We are certainly not immune to inflation of claims values. We have, however, taken a very cautious approach to our US Casualty business and are predominantly involved in small account business with modest limits of liability. This is a deliberate strategy to insulate the account as much as possible from the potential volatility associated with an increasing number of large claims. We are also very careful of systemic type exposures in the Casualty account and do not consider the Syndicates materially exposed to the opioid crisis, Concussion/CTE losses or #me too/sexual abuse type allegations. Furthermore, our approach to US casualty exposures deliberately avoids risk segments which are highly vulnerable to volatilities in the financial markets. Economic recession is also carefully considered.

We bought a conservative reinsurance programme to cover large individual and event losses. We do not currently anticipate adverse development in our Casualty reserves and this has again been ratified by independent actuarial opinion.

Stamp Capacity

In 2021 our stamp capacity was £185m for Syndicate 1729 and £20m for SPA 6131. For 2022 we have pre-empted and rolled SPA 6131 into the syndicate. The Stamp capacity for 2022 is £210m. There was a desire for growth from the bulk of existing investors, as well as new investors, who we were unable to satisfy at this time. This reflects well on the capital support to the business and helps us a achieve a highly diversified capital base.
We are grateful for the support from all involved and look forward to providing healthy returns to our capital providers over the long term.

Closed years (2014 to 2018)

There have been no material developments in the past year. The years continue to run off as expected.

2019 Year of Account

Market conditions improved in 2019. Across the Syndicate, terms and conditions improved 8.6%, considerably above the 2% plan. We started to see some market disruption and pockets of opportunity to generate more acceptable returns for our capital. Notable loss activity in this year of account includes typhoons Faxai and Hagibis in Japan on our Property Reinsurance account and some exposures to the 2020 calendar year catastrophe events, including hurricanes Laura and Sally from our Property Insurance portfolio.

This year was also modestly impacted by losses from Covid-19. Notwithstanding this, the year has closed at a profit.

2020 Year of Account

As highlighted in last year's commentary market conditions continued to improve above expectations with rate change across the Syndicate of 10.8% compared to the agreed business plan at 4.3%. More importantly, the pricing adequacy of the business written was considerably better than plan.

This year is again impacted by above average natural catastrophe loss activity and, to a modest extent, by losses arising from the Covid-19 pandemic. However, despite this, we are still projecting a modest ultimate profit for this year.

2021 Year of Account

2021 has seen a continuation of an improving market across lines in terms of rate and pricing adequacy. The Gross Net Rate change across the syndicate was 10.9%. We received approval for mid-year business plan premium income increases in Casualty / Healthcare and Property and Specialty Insurance lines.

Major Hurricane Ida has been our largest event. The path of the storm has impacted several key population centres of Louisiana and as such will be a significant personal lines loss. Given the more regional nature of our portfolio, we support a number of the local carriers and were impacted accordingly. Exposure to other major events such as the major European Storms and Floods (Bernd) and Winter Freeze Uri have been modest. Despite the level of Cat activity continuing unabated we are expecting the year will close at a profit.

We remain focused on the Lloyd's broker distribution channel and are working hard with our brokers to generate new, profitable business opportunities to the Lloyd's market. The Underwriting team has been strengthened across areas.

On the topic of ESG our CEO rightly articulated in a recent publication that everyone is increasingly aware of the role that we can play as individuals and collectively as a business to ensure we work in an environmentally and socially responsible way.

Active Underwriter's report - continued

Our clients, colleagues, investors and regulators expect us to conduct business in a way that reduces our environmental impact, promotes social change and helps us to be responsible corporate citizens.

We have committed to some key principles which will help to inform our behaviour, attitude and long-term underwriting strategies. We have an upstream Energy account whose clients are at the forefront of the transition and can confirm that we currently have no known exposure to coal, oil sands or new artic exploration.

We aim to minimise our environmental impact and carbon emissions through energy efficiency in our operations and reducing our need for business travel. Although we will continue to do required travel by air we commit to carbon off-setting our journeys. We are also committed to improving our local communities for young people by providing charitable donations where they are most needed. We also enable our staff to devote time to participate in volunteering and mentoring programmes.
The Dale team would like to record their thanks to all who have supported and helped to develop our business. Our patience and continuous focus on underwriting discipline, together with resolute commitment to generate appropriate returns to our capital providers from areas of business in which we possess deep expertise is beginning to bear fruit, and we hope will continue for many years to come

Asta Managing Agency Limited continues to provide excellent governance and guidance as our Managing Agency and we very much appreciate their efforts on our behalf. We are currently building towards our own Managing Agency with our planning application in progress following Lloyd's "In Principle" approval in September 2021.

Finally, on behalf of the Executive team, I would like to thank all Dale colleagues for their hard work, passion and expertise in building our company. Our expanded team across underwriting and operations means we are very well-placed to embrace the increased opportunities and achieve our strategic goals.

D G Peters
03 March 2022

Managing Agent's report

The Syndicate's Managing Agent is a company registered in England and Wales. The directors of the Managing Agent present their report for the year ended 31 December 2021.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("Lloyd's Regulations 2008").

Results

The result for the calendar year 2021 is a loss of £82,680 (2020: loss £54,125).

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

Principal activity and review of the business

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

The Syndicate writes predominately casualty and property insurance primarily in the United Kingdom. The 2018 year saw the introduction of the Specialty Insurance class of business. This class is subject to a 60% quota share reinsurance with the Syndicate's Special Purpose Arrangement 6131 ("SPA 6131").

A full review is included in the Active Underwriter's Report.

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

	2021	**2020**
	£'000	**£'000**
Casualty	57,770	67,257
Property Open Market	50,888	-
Property Reinsurance	32,626	33,670
Specialty Insurance	23,239	14,725
Property Facilities	13,512	-
Property Insurance	5,335	47,441
Energy	1,311	-
	184,681	163,093

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

	2021 £'000	**2020 £'000**	**Change %**
Gross written premiums	184,681	163,093	13.2%
Profit for the financial year	5,043	3,927	28.4%
Total comprehensive income	(83)	(54)	53.7%
Combined ratio	96.0%	100.0%	(4.0%)

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

Managing Agent's report continued

The return on capacity for the 2019 closed year of account at 31 December 2021 is shown below together with forecasts for the two open years of account.

	2019 YOA Closed	2020 YOA Open	2021 YOA Open
Capacity (£'000)	127,684	134,857	184,940
Result/Forecast* (£'000)	3,970	2,593	3,820
Return on capacity (%)	3.1%	1.9%	2.1%

*2020 & 2021 YOA forecasts are unaudited

Principal risks and uncertainties

The Syndicate sets risk appetite annually, which is approved by the Agency as part of the Syndicate's business planning and Solvency Capital Requirement ('SCR') process. The Agency Risk Committee meets at least quarterly to oversee the risk management framework. The Syndicate Board, a sub-committee of the Agency Board, reviews the risk profile as reflected in the risk register, and monitors performance against risk appetite using a series of key risk indicators. The principal risk and uncertainties facing the Syndicate are as follows:

Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Syndicate Board manages insurance risk through the approved business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate Board then monitors performance against the business plan through the year. Reserve adequacy is monitored through quarterly review by the Asta Actuarial team and the Reserving Committee.

Credit risk

The key aspect of credit risk is reinsurance counterparty risk which is the risk of default by one or more of the Syndicate's reinsurers and intermediaries. The Syndicate Board's policy is that the Syndicate will only reinsure with approved reinsurers, supported by collateralisation where required. The Agency Reinsurance Security Committee sets approval and usage criteria, monitors reinsurer ratings and is required to approve and oversee the application of the reinsurer approval policy.

Market risk

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

Exposure to changes in interest rates comes from the Syndicate's investment portfolio. The Agency seeks to minimise this risk through investing in either fixed interest securities or high quality floating rate notes.

In addition, an Investment Committee which reports to the Syndicate Board ensures that the Syndicate's investment portfolio is managed by the external investment manager in accordance with the Syndicate's risk appetite and to guidelines as approved by the Syndicate Board

Liquidity risk

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

The Syndicate has in place an overdraft facility with its largest capital provider and has also in place a line of credit with Barclays Bank.

Operational risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. The Agency seeks to manage this risk through the use of an operational risk and control framework, detailed procedures manual, thorough training programme and a structured programme of testing of processes and systems by internal audit. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

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

The Syndicate has no appetite for failing to treat customers fairly. The Syndicate manages and monitors its customer risk through a suite of risk indicators and reporting metrics as part of its documented customer risk framework. The customer risk framework is consistently applied across all Asta syndicates and is overseen by the Conduct Oversight Group (COG), which is an AMA Board Committee that includes a non-executive director as a member who fulfils the role of Customer Champion.

Group / strategic risk

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

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

Future developments

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

The capacity for the 2022 year of account is £210m (2021 year of account £185m).

The Directors of the Managing Agent have assessed the Syndicate's ability to continue as a going concern by considering the available capital and any expected material changes to its operations. Based on the assessment, they continue to adopt the going concern basis in preparing the financial statements.

Environmental, Social and Governance (ESG)

In 2020 Asta initiated work to identify ESG priorities and build out its ESG framework, incorporating sections covering Asta's own ESG framework and the framework for its managed syndicates. This work will be built out in 2022 and used to inform the ESG frameworks for managed syndicates. The framework is aligned to Lloyd's ESG guidance from October 2021, and to Asta's climate change work detailed below.

Climate change

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

A measure for climate change exposure within insurance risk appetites has been implemented to highlight where time and resource is most required in order to manage the potential exposure and successfully steer portfolios through global changes. The Syndicate has identified the level of climate change exposure in its business plans and will manage this accordingly, with the ability to change the level of risk being taken in future and thereby amend the oversight and monitoring framework.

The framework ensures Board-level engagement and accountability with the PRA's requirements, assigning clear responsibilities for managing Asta's and its syndicate's financial risks associated with climate change. The AMA Finance Director, who is a Board member, is responsible for the climate change framework, including identifying and managing financial climate related risks.

Coronavirus

The Agency and Syndicate have continued to monitor Government guidelines throughout 2021 and have implemented a trial phase of "Hybrid" working. Hybrid working allows staff to work both remotely and in the more traditional office environment to meet business needs. The pre pandemic 9 to 5 office regime would appear to be a thing of the past as the demand for flexible working becomes a key consideration for both new and existing members of staff.

The Agency are committed to finding an operational Hybrid working policy that delivers on all client and regulatory needs while offering staff the flexibility to work remotely. The Agency also recognises the need for staff to develop within their roles and that face to face on the job training is essential in ensuring staff are able to reach their full potential. The Hybrid working structure will be updated through 2022 to optimise working practices. The Agency and Syndicate are ready to adapt to any change in guidelines and potential seasonal spikes and foresee no business interruptions throughout 2022.

Hybrid working through 2021 has seen the Agency deliver from both a regulatory and client standpoint with no adverse outcomes through remote working.

The reserve held at the end of 2020 in relation to Covid has deteriorated slightly during 2021 due to continued lockdowns effecting additional events, as well as an amendment to the level of recoveries due from this event.

There is continued assessment of liquidity, market and credit risk and the implications on the Syndicate are monitored, in conjunction with other insurance events, and are escalated to Board level where appropriate.

Directors

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

S D Redmond	Appointed 20 April 2021

Active Underwriter

D H Dale	Resigned 18 January 2021
D G Peters	Appointed 18 January 2021

Disclosure of information to the auditors

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

Auditors

The Managing Agent intends to reappoint Ernst & Young LLP as the Syndicate's auditors.

Syndicate Annual General Meeting

In accordance with the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the Managing Agent does not propose holding an annual meeting this year; objections to this proposal or the intention to reappoint the auditors for a further 12 months can be made by Syndicate members before 29 April 2022.

On behalf of the Board

N J Burdett
Company Secretary
03 March 2022

Statement of Managing Agent's responsibilities

The managing agent is responsible for preparing the Syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare Syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate annual accounts, the managing agent is required to:

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

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

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

Independent auditor's report

Independent auditor's report to the members of Dale Underwriting Partners Syndicate 1729

Opinion

We have audited the syndicate annual accounts of syndicate 1729 ('the syndicate') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the syndicate annual accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of 12 months from when the syndicate annual accounts are authorised for issue.

Our responsibilities and the responsibilities of the managing agent with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the syndicate's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information contained within the annual report.

Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the managing agent's report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts; and
- the managing agent's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you, if in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records; or
- certain disclosures of the managing agents' emoluments specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 11 the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

Independent auditor's report continued

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual accounts.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the managing agent and management.
Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UK GAAP), and requirements referred to by Lloyd's in the instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').

- We obtained a general understanding of how the syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance. We also performed procedures to understand the culture of compliance and governance including the obtainment and review of the code of conduct, employee handbook and whistleblowing policy. Furthermore in order to assess the internal views of risks and their likelihoods, we have reviewed the risk register and risk event summary for the syndicate.

- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.

- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.

- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

- We assessed the susceptibility of the syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, on the valuation of claims outstanding and estimated premium income, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate annual accounts were free from fraud or error.

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

Use of our report

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

Robert Bruce (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

03 March 2022

Income statement

Technical account - General business

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Gross premiums written	3	184,681	163,093
Outward reinsurance premiums		(46,171)	(41,099)
Net written premiums		138,510	121,994
Change in the provision for unearned premiums			
Gross amount		(6,509)	(4,547)
Reinsurers' share		1,084	4,085
Change in the net provision for unearned premiums	4	(5,425)	(462)
Earned premiums, net of reinsurance		133,085	121,532
Allocated investment return transferred from the non-technical account		(388)	2,483
Claims paid			
Gross amount		(111,607)	(81,997)
Reinsurers' share		47,180	21,900
		(64,427)	(60,097)
Changes in claims outstanding			
Gross amount		(33,530)	(30,641)
Reinsurers' share		14,451	11,215
Change in the net provision for claims	4	(19,079)	(19,426)
Claims incurred, net of reinsurance		(83,506)	(79,523)
Net operating expenses	5	(44,313)	(41,953)
Balance on technical account – general business		4,878	2,539

Income statement continued

Non-technical account - General business

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Balance on technical account – general business		4,878	2,539
Investment income	9	(388)	2,483
Allocated investment return transferred to the general business technical account		388	(2,483)
Exchange gains		165	1,388
Profit for the financial year		5,043	3,927

All the amounts above are in respect of continuing operations.

The notes on pages 21 to 45 form part of these financial statements.

Statement of other comprehensive income

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the financial year	5,043	3,927
OCI – Currency translation differences	(5,126)	(3,981)
Total comprehensive loss for the year	(83)	(54)

Statement of changes in Members' balances

For the year ended 31 December 2021

	2021 £'000	2020 £'000
At 1 January	(14,161)	(18,097)
Total comprehensive loss for the financial year	(83)	(54)
Members' agent's fees	(270)	(197)
Other non-standard expenses	(33)	-
Collection from members' personal reserve funds	8,328	4,187
At 31 December	(6,219)	(14,161)

Statement of financial position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Investments			
Financial investments	10	102,188	88,963
Deposits with ceding undertakings		279	-
		102,467	88,963
Reinsurers' share of technical provisions			
Provision for unearned premiums	4	17,497	15,945
Claims outstanding	4	58,498	43,333
		75,995	59,278
Debtors			
Debtors arising out of direct insurance operations	11	29,963	25,301
Debtors arising out of reinsurance operations	12	58,183	31,333
Other debtors		1,791	808
		89,937	57,442
Cash and other assets			
Cash at bank and in hand		1,908	1,703
Other assets	15	9,550	8,892
		11,458	10,595
Prepayments and accrued income			
Deferred acquisition costs	4	18,917	16,794
Other prepayments and accrued income		2,411	1,157
		21,328	17,951
Total assets		301,185	234,229

The notes of page 21 to 45 form part of these financial statements.

Statement of financial position continued

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Members' balance and liabilities			
Capital and reserves			
Members' balances		(6,219)	(14,161)
Liabilities			
Technical provisions			
Provision for unearned premiums	4	77,841	66,606
Claims outstanding	4	193,830	157,079
		271,671	223,685
Creditors			
Creditors arising out of direct insurance operations	13	3,051	1,924
Creditors arising out of reinsurance operations	14	31,930	22,580
		34,981	24,504
Accruals and deferred income		752	201
Total liabilities		307,404	248,390
Total members' balances and liabilities		301,185	234,229

The notes of page 21 to 45 form part of these financial statements.

The financial statements on pages 16 to 45 were approved by board of directors on 24 February 2022 and were signed on its behalf by:

R P Barke
Director
03 March 2022

Statement of cash flows

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit on ordinary activities		5,043	3,927
Increase in gross technical provisions		47,986	27,265
(Increase) in reinsurers' share of gross technical provisions		(16,717)	(11,663)
(Increase) in debtors		(32,495)	(7,107)
Increase in creditors		10,477	5,418
Movement in other assets/liabilities		(3,484)	(1,219)
Foreign exchange		(6,347)	(1,696)
Investment return		388	(2,483)
Net cash inflows from operating activities		4,851	12,442
Cash flows from investing activities			
Purchase of financial investments		(61,481)	(44,297)
Sale of financial instruments		37,581	35,584
Investment income received		638	1,937
Increase in deposits with ceding undertakings		(279)	-
Net cash (outflows) from investing activities		(23,541)	(6,776)
Cash flows from financing activities			
Collection from members' personal reserve funds		8,328	4,187
Members' agents fee advances		(303)	(197)
Net cash inflows from financing activities		8,025	3,990
Net Increase in cash and cash equivalents		(10,665)	9,656
Cash and cash equivalents at beginning of year		22,124	12,756
Exchange differences on opening cash		212	(288)
Cash and cash equivalents at end of year	16	11,671	22,124

Notes to the financial statements

For the year ended 31 December 2021

1. Basis of preparation

Statement of compliance

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

The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value. The financial statements are prepared in GBP which is the reporting and presentational currency of the Syndicate and rounded to the nearest £'000. The functional currency of the Syndicate is US Dollars.

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

2. Accounting policies

Use of estimates

In the preparation of the financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the accounts, and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates. Significant items subject to such estimates and assumptions include:

(i) provision for claims outstanding (refer to claims incurred accounting policy);

(ii) estimates of future premium for binder contracts (refer to gross premiums accounting policy).

Significant accounting policies

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

Gross premiums

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

Other key estimates contained within the syndicate close process are premium estimates and the earning pattern of recognising premium over the life of the contract. In the syndicate the premium written is initially based on the estimated premium income ('EPI') of each contract. Where premium is sourced through binders, the binder EPI is pro-rated across the binder period. This is done on a straight-line basis. The underwriters adjust their EPI estimates as the year of account matures. As the year of account closes premiums are adjusted to match the actual signed premium. An accrual for estimated future reinstatement premiums is retained. Premiums are earned on a straight-line basis over the life of each contract. At a portfolio level this is considered to provide a reasonable estimate for the full year of the pattern of risk over the coverage period.

Accounting policies continued

Reinsurance premiums

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

Claims incurred

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

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

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

The Syndicate supplies loss funds to Third Party Agents to facilitate the speedy settlement of claims. All of the loss funds utilise the LMA TPA contract which outline the necessary process for the handling and management of the Loss fund. Loss funds are recorded against claims paid and deducted from the IBNR calculation.

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

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

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

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

Provisions for unearned premiums

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

Accounting policies continued

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

Unexpired risks

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

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

At 31 December 2021 and 31 December 2020 the Syndicate did not have an unexpired risk provision.

Deferred acquisition costs

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

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

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

Reinsurance assets

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

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

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2021 or 2020.

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

Insurance receivables

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

Insurance receivables are not recognised when the derecognition criteria for financial assets have been met.

Accounting policies continued

Insurance payables

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

Foreign currencies

The Syndicate's functional currency is USD and the reporting currency and presentational currency is GBP.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items denominated in a foreign currency, measured at fair value are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined.

Exchange differences are recorded in the non-technical account.

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

	2021	**2020**
	Year End	**Year End**
USD	1.35	1.37
CAD	1.71	1.74
EUR	1.19	1.12
JPY	155.97	141.12

Financial liabilities

The Syndicate's financial liabilities include trade and other payables, borrowings and insurance payables, where applicable. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is discharged or expires.

Financial investments

The Syndicate classifies its financial investments as either financial assets at fair value through profit or loss, loans and receivables or available for sale. The Syndicate determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. In general, financial assets are classified as fair value through profit or loss as the Syndicate's documented investment strategy is to manage financial investments acquired on a fair value basis.

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

Accounting policies continued

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are re-measured at fair value at each reporting date. Fair value adjustments and realised gains and losses are recognised in the income statement.

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the 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.

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

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at 20%) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

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

Profit commission

Profit commission is charged by the managing agent at a rate of 17.5% on the profit on a year of account basis subject to a 2 year deficit clause. Such commission does not become payable until after the appropriate year of account closes normally at 36 months.

Pension costs

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

Syndicate operating expenses

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

3. Segmental analysis

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

2021	Gross written premiums	Gross premium earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Accident & Health	2,887	3,181	(688)	(867)	96	1,722
Motor (third-party liability)	806	643	(81)	(170)	(16)	376
Motor (other classes)	6,838	6,577	(4,810)	(1,749)	933	951
Marine aviation and transport	4,698	3,782	(1,325)	(979)	272	1,750
Fire and other damage to property	51,066	49,426	(39,561)	(13,014)	5,524	2,375
Third-party liability	41,058	38,671	(16,795)	(10,274)	(2,465)	9,137
Miscellaneous	7,077	7,313	(3,246)	(1,576)	1,064	3,555
	114,430	109,593	(66,506)	(28,629)	5,408	19,866
Reinsurance	70,251	68,579	(78,631)	(18,122)	13,574	(14,600)
Total	184,681	178,172	(145,137)	(46,751)	18,982	5,266

2020	Gross written premiums	Gross premium earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Accident & Health	3,954	2,982	(2,326)	(798)	(107)	(249)
Motor (third-party liability)	414	438	117	(176)	(30)	349
Motor (other classes)	4,732	1,885	(726)	(494)	(197)	468
Marine aviation and transport	2,592	1,976	(1,337)	(511)	(174)	(46)
Fire and other damage to property	52,941	54,541	(35,578)	(13,471)	(2,369)	3,123
Third-party liability	33,539	34,979	(18,247)	(11,367)	(3,566)	1,799
Miscellaneous	5,198	6,019	(10,050)	(1,540)	1,684	(3,887)
	103,370	102,820	(68,147)	(28,357)	(4,759)	1,557
Reinsurance	59,723	55,726	(44,491)	(15,299)	2,563	(1,501)
Total	163,093	158,546	(112,638)	(43,656)	(2,196)	56

Segmental analysis continued

Commissions on direct insurance gross premiums earned during 2021 were £22.9m (2020: £20.8m).

The main component that makes up miscellaneous in the table is Pecuniary Loss.

The reinsurance balance is the aggregate total of all those items included in the technical account which relate to reinsurance outwards transactions including items recorded as reinsurance commissions and profit participation.

All premiums were concluded in the UK.

Gross operating expenses are different to net operating expenses shown in the income statement by £2.4m as commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2021.

4. Technical provisions

	2021 Gross provisions £'000	2021 Reinsurance assets £'000	2021 Net £'000	2020 Gross provisions £'000	2020 Reinsurance assets £'000	2020 Net £'000
Claims outstanding						
Balance at 1 January	157,079	(43,333)	113,746	131,621	(33,728)	97,893
Change in claims outstanding	33,530	(14,451)	19,079	30,641	(11,215)	19,426
Effect of FX and other movements	3,221	(714)	2,507	(5,183)	1,610	(3,573)
Balance at 31 December	**193,830**	**(58,498)**	**135,332**	**157,079**	**(43,333)**	**113,746**
Claims notified	77,818	(28,478)	49,340	59,044	(18,289)	40,755
Claims incurred but not reported	116,012	(30,020)	85,992	98,035	(25,044)	72,991
Balance at 31 December	**193,830**	**(58,498)**	**135,332**	**157,079**	**(43,333)**	**113,746**
Unearned premiums						
Balance at 1 January	66,606	(15,945)	50,661	64,799	(13,887)	50,912
Change in unearned premiums	6,509	(1,084)	5,425	4,547	(4,085)	462
Effect of movements in exchange rates	4,726	(468)	4,258	(2,740)	2,027	(713)
Balance at 31 December	**77,841**	**(17,497)**	**60,344**	**66,606**	**(15,945)**	**50,661**
Deferred acquisition costs						
Balance at 1 January	16,794	-	16,794	17,519	-	17,519
Change in deferred acquisition costs	1,562	-	1,562	102	-	102
Effect of movements in exchange rates	651	-	561	(827)	-	(827)
Balance at 31 December	**18,917**	**-**	**18,917**	**16,794**	**-**	**16,794**

5. Net operating expenses

	2021	2020
	£'000	£'000
Acquisition costs	(44,333)	(38,697)
Change in deferred acquisition costs	1,562	102
Administration expenses	(3,980)	(5,061)
RI Commissions	2,438	1,703
Net operating expenses	(44,313)	(41,953)

Members' standard personal expenses amounting to £2.6m (2020: £2.2m) are included in administrative expenses. Members' standard personal expenses include Lloyd's subscriptions, New Central Fund contributions and Managing Agency fees. It is the Syndicate's policy to defer admin expenses.

6. Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	(8,191)	(6,494)
Social security costs	(1,026)	(809)
Other pension costs	(937)	(604)
	(10,154)	(7,907)

The average number of employees working during the year for the Syndicate were as follows:

	2021	2020
Administration and finance	28	21
Underwriting	24	19
Claims	5	4
	57	44

7. Auditor's remuneration

	2021	2020
	£'000	£'000
Audit of the Syndicate annual accounts	(32)	(28)
Other services pursuant to Regulations and Lloyd's Byelaws	(122)	(104)
Other non-audit services	(63)	(60)
	(217)	(192)

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

8. Emoluments of the directors of Asta Managing Agency Ltd

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

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

No other compensation was payable to key management personnel.

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

	2021	2020
	£'000	£'000
Active Underwriter's emoluments	376	609

9. Investment return

	2021	2020
	£'000	£'000
Income from other financial investments	1,026	1,647
Net gains/losses on realisation of investments		
- Fair value through profit or loss designated upon initial recognition	(320)	343
Total investment income	706	1,990
Net unrealised gains/losses on investments		
- Fair value through profit or loss designated upon initial recognition	(1,026)	547
Investment expenses and charges	(68)	(54)
Total investment return	(388)	2,483

10. Financial investments

	2021		
	Carrying value	Purchase price	Listed
	£'000	£'000	£'000
Shares and other variable yield securities and units in unit trusts			
- Designated at fair value through profit or loss	12,021	12,021	12,021
Debt securities and other fixed income securities			
- Designated at fair value through profit or loss	90,167	91,199	90,303
	102,188	103,220	102,324

	2020		
	Carrying value	Purchase price	Listed
	£'000	£'000	£'000
Shares and other variable yield securities and units in unit trusts			
- Designated at fair value through profit or loss	22,679	22,679	22,679
Debt securities and other fixed income securities			
- Designated at fair value through profit or loss	66,284	65,797	65,067
	88,963	88,476	87,746

Financial investments continued

Amounts included within Shares and other variable securities include CIS/Unit Trusts where funds are invested in a single entity which invests in investments. These have the attributes of a cash instrument with the carrying value and purchase price being the same.

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
31 December 2021				
Shares and other variable yield securities and units in unit trusts	-	9,763	2,258	12,021
Debt securities and other fixed income securities	-	90,167	-	90,167
Overseas deposits	1,198	8,352	-	9,550
Total	1,198	108,282	2,258	111,738

	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
31 December 2020				
Shares and other variable yield securities and units in unit trusts	-	20,421	2,258	22,679
Debt securities and other fixed income securities	-	66,284	-	66,284
Overseas deposits	8,891	1	-	8,892
Total	8,891	86,706	2,258	97,855

Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Financial investments continued

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

11. Debtors arising out of direct insurance operations

	2021	2020
	£'000	£'000
Due from intermediaries (within one year)	29,963	25,301
	29,963	25,301

12. Debtors arising out of reinsurance operations

	2021	2020
	£'000	£'000
Due from ceding insurers (within one year)	53,144	26,250
Due from ceding insurers (after one year)	5,039	5,083
	58,183	31,333

13. Creditors arising out of direct insurance operations

	2021	2020
	£'000	£'000
Due to intermediaries (within one year)	3,051	1,924
	3,051	1,924

14. Creditors arising out of reinsurance operations

	2021	2020
	£'000	£'000
Due to intermediaries:		
Reinsurance accepted (within one year)	1,792	6,020
Reinsurance ceded (within one year)	20,827	12,583
Reinsurance ceded (after one year)	9,311	3,977
	31,930	22,580

15. Other assets

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

16. Cash and cash equivalents

	2021	2020
	£'000	**£'000**
Cash at bank and in hand	1,908	1,703
Shares and other variable yield securities and units in unit trusts	12,021	22,679
	13,929	24,382
Syndicate loan to central fund	(2,258)	(2,258)
	11,671	22,124

Shares and other variable yield securities and units in unit trusts are investments in nature but are treated as Cash and cash equivalents for cash flow purposes, so therefore are included in both Financial investments and Cash and cash equivalents.

17. Related parties

Asta provides service and support to Syndicate 1729 in its capacity as Managing Agent. Managing Agency fees of £1.3m (2020: £1.1m) and service charges of £1.8m (2020: £2.2m) were recharged by Asta to the Syndicate during 2021. As at 31 December 2021 an amount of £0.3m (2020: £0.2m) was owed to Asta in respect of services provided.

ProAssurance Corporate Capital Limited is a significant but not fully aligned capital provider. ProAssurance Corporate Capital Limited is a subsidiary of ProAssurance Corporation a public company based in Alabama, USA. The syndicate set up a GBP Sterling loan facility with ProAssurance Corporation which was entered into at appropriate commercial rates of interest. The amount of this loan facility at 31 December 2021 was £nil (2020: £nil).

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

18. Disclosure of interests

Managing Agent's interest

During 2021 Asta was the Managing Agent for eleven Syndicates, four Special Purpose Arrangements and one Syndicate in a Box. Syndicate 1609,1729,1980,1988, 2288, 2525, 2689, 2786, 3268, 4242 and 5886 as well as Special Purpose Arrangements 1416, 1892, 6123, and 6131 and Syndicate in a Box 4747 were managed on behalf of third party capital providers.

On 1 July 2021, Asta took on management of Syndicate 1988.

On 8 August 2021, Asta novated Syndicate 5886 to Blenheim Managing Agency.

On 1 October 2021, Asta took on the management of Special Purpose Syndicate 1416

On 1 January 2022, Asta took on the management of Syndicate 1699

On 1 January 2022, Asta took on the management of Syndicate in a Box 1902

On 10 February 2022, Asta reinsured to close Syndicate 1980 into Riverstone Syndicate 3500

On 10 February 2022, Asta took on management of Syndicate in a Box 2880.

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

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

19. Funds at Lloyd's

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these annual accounts by way of such capital resources. However, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses. Refer to note 21 for further details.

20. Off-balance sheet items

The Syndicate has a $12.0m (2020: $12.0m) letter of credit facility with Barclays Bank PLC, of which $12.0m was utilised at year end (2020: $7.3m). This was used to support US trust fund requirements.

21. Risk management

a) Governance framework

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

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

The Syndicate board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the

identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate goals, and specify reporting requirements.

The Syndicate board places significant emphasis on the assessment and documentation of risks and controls, including the articulation of the Syndicate's risk appetite.

b) Capital management objectives, policies and approach

Capital framework at Lloyd's

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

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

Although Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly the capital requirement in respect of Dale Underwriting Partners Syndicate 1729 is not disclosed in these financial statements.

Lloyd's capital setting process

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

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2021 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), held within and managed within a Syndicate (funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates. Accordingly, the ending members balances reported on the statement of financial position on page 19, represent resources available to meet members' and Lloyd's capital requirements.

Risk management continued

c) Insurance risk

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

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to single risk and catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

Sub committees of the Syndicate board oversee the management of reserving risk. The use of standardised and internal modelling techniques, as well as benchmarking and the review of claims development are key in mitigating reserving risk.

The purpose of these underwriting, reinsurance and reserving strategies is to limit exposure to catastrophes or large losses based on the Syndicate's risk appetite as decided by the Syndicate board.

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

As a further guide to the level of catastrophe exposure written by the Syndicate, the following table shows hypothetical claims arising out of the Realistic Disaster Scenario (RDS) on the Syndicates in-force exposure at 31 December 2021.

	Estimated Gross loss	**Estimated Net loss**
	£'000	**£'000**
Alternate RDS A – Dual landfall of major hurricanes Betsy and Donna	(191,223)	(40,582)
Aggregate exceedance probability loss 30 year return period – Whole World	(113,568)	(51,984)
Aggregate exceedance probability loss 30 year return period – US WS (Inc GM WS)	(95,616)	(41,080)
Liability - Internal scenario 1	(28,226)	(6,169)
Alternate RDS B – Canadian BC EQ 1/500	(23,345)	(11,146)
Aggregate exceedance probability loss 30 year return period – UC EQ	(22,536)	(13,971)

Key assumptions

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

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

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

	2021 £'000	2020 £'000
Gross		
Five percent increase	9,692	7,854
Five percent decrease	(9,692)	(7,854)
Net		
Five percent increase	6,767	5,687
Five percent decrease	(6,767)	(5,687)

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

Claims development table

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

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

Underwriting year	2014	2015	2016	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimate of cumulative gross claims incurred:								
At end of underwriting year	16,739	23,384	31,681	59,621	42,451	34,522	58,974	98,723
One year later	30,624	44,633	62,642	99,855	77,828	76,373	104,919	
Two years later	31,375	45,288	69,043	107,574	84,482	81,226		
Three years later	31,184	44,289	69,636	108,624	82,440			
Four years later	31,062	43,882	69,555	107,381				
Five years later	30,690	43,735	71,753					
Six years later	30,639	43,541						
Seven years later	30,284							
Less cumulative gross paid	(28,912)	(39,842)	(60,338)	(93,684)	(58,684)	(51,812)	(48,559)	(44,606)
Liability for gross outstanding claims	1,372	3,699	11,415	13,697	23,756	29,414	56,360	54,117
Total gross outstanding claims all years								193,830

Underwriting year	2014	2015	2016	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimate of cumulative net claims incurred:								
At end of underwriting year	15,838	21,013	27,440	29,293	31,205	30,310	49,224	57,056
One year later	29,636	41,084	54,847	58,462	58,139	57,711	76,143	
Two years later	30,776	42,398	58,089	61,574	61,067	59,703		
Three years later	30,580	41,388	57,000	60,284	60,352			
Four years later	30,457	40,976	55,468	59,213				
Five years later	30,086	40,823	57,650					
Six years later	29,935	40,626						
Seven years later	29,575							
Less cumulative gross paid	(28,307)	(37,115)	(51,036)	(47,706)	(43,611)	(38,540)	(39,228)	(19,443)
Liability for net outstanding claims	1,268	3,511	6,614	11,507	16,741	21,163	36,915	37,613
Total net outstanding claims all years								135,332

Risk management continued

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

d) Financial risk

1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to honour their obligation to the Syndicate.

The following policy and procedure is in place to mitigate the exposure to credit risk.

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

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through collateral agreements and the use of credit derivatives.

2021		**£'000**		
	Neither past due or impaired	**Past due**	**Impaired**	**Total**
Shares and other variable yield securities	12,021	-	-	12,021
Debt Securities	90,167	-	-	90,167
Overseas Deposits	9,550	-	-	9,550
Deposits with ceding undertakings	279	-	-	279
Reinsurers share of claims outstanding	58,498	-	-	58,498
Debtors arising out of direct insurance operations	29,634	329	-	29,963
Debtors arising out of reinsurance operations	19,495	-	-	19,495
Other debtors	79,030	274	-	79,304
Cash and cash equivalents	1,908	-	-	1,908
Total	300,582	603	-	301,185

Risk management continued

2020	£'000			
	Neither past due or impaired	Past due	Impaired	Total
Shares and other variable yield securities	22,679	-	-	22,679
Debt Securities	66,284	-	-	66,284
Overseas Deposits	8,892	-	-	8,892
Reinsurers share of claims outstanding	43,333	-	-	43,333
Debtors arising out of direct insurance operations	25,093	208	-	25,301
Other debtors	65,711	326	-	66,037
Cash and cash equivalents	1,703	-	-	1,703
Total	233,695	534	-	234,229

Assets which are past due but not impaired have been in arrears for less than 3 months from the reporting date.

The tables below provides information regarding the credit risk exposure of the Syndicate at 31 December 2021 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated, Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

2021	£'000						
	AAA	AA	A	BBB	BBB or less	Not Rated	Total
Shares and other variable yield securities	-	-	12,021	-	-	-	12,021
Debt Securities	7,448	42,999	32,276	7,444	-	-	90,167
Overseas Deposits	4,669	841	1,985	794	465	796	9,550
Deposits with ceding undertakings	-	-	279	-	-	-	279
Reinsurers share of claims outstanding	-	-	37,874	-	-	20,624	58,498
Debtor arising out of reinsurance operations	-	-	10,980	-	-	8,515	19,495
Cash and cash equivalents	-	-	1,908	-	-	-	1,908
Total	12,117	43,840	97,323	8,238	465	29,935	191,918

Risk management continued

2020	£'000						
	AAA	AA	A	BBB	BBB or less	Not Rated	Total
Shares and other variable yield securities	-	-	22,679	-	-	-	22,679
Debt Securities	6,183	3,488	52,644	3,969	-	-	66,284
Overseas Deposits	4,183	883	2,178	647	455	546	8,892
Reinsurers share of claims outstanding	-	3,847	28,546	-	-	10,940	43,333
Cash and cash equivalents	-	-	1,703	-	-	-	1,703
Total	10,366	8,218	107,750	4,616	455	11,486	142,891

The Syndicate Board's policy is that the Syndicate will only reinsure with approved reinsurers. The reinsurers' that are shown in the tables above are fully collateralised.

Maximum credit exposure

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

During the year, no credit exposure limits were exceeded.

2) Liquidity risk

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

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

2021	£'000					
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	72,747	65,686	27,769	27,628	193,830
Creditors	-	25,670	9,311	-	-	34,981
Total	-	98,417	74,997	27,769	27,628	228,811

2020	£'000					
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	56,050	52,640	23,549	24,840	157,079
Creditors	-	20,526	3,978	-	-	24,504
Total	-	76,576	56,618	23,549	24,840	181,583

Risk management continued

3) Market risk

a) Currency risk

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

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

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

2021				**£'000**		
	GBP	**USD**	**EUR**	**CAD**	**JPY**	**Total**
Total Assets	36,465	240,245	3,482	20,230	763	301,185
Total Liabilities	(24,500)	(259,123)	(7,604)	(15,813)	(364)	(307,404)
Net Assets	11,965	(18,878)	(4,122)	4,417	399	(6,219)

2020				**£'000**		
	GBP	**USD**	**EUR**	**CAD**	**JPY**	**Total**
Total Assets	29,398	181,871	3,023	17,855	2,082	234,229
Total Liabilities	(20,550)	(207,474)	(4,962)	(10,672)	(4,732)	(248,390)
Net Assets	8,848	(25,603)	(1,939)	7,183	(2,650)	(14,161)

The Syndicate matches its currency position so holds net assets across a number of currencies. The Syndicate takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of the Syndicate, against variation in foreign exchange rates. As a result, the Syndicate holds a significant proportion of its assets in foreign currency adjustments.

Risk management continued

Sensitivity to changes in foreign exchange rates

The table below gives an indication of the impact on profit of a percentage change in the relative strength of Sterling against the value of the USD, CAD, EUR and JPY simultaneously. The analysis is based on the information as at 31st December 2021.

	Impact on profit and member's balance	
	2021	**2020**
	Profit/(Loss)	**Profit/(Loss)**
	£'000	**£'000**
Sterling weakens		
10% against other currencies	(1,818)	(2,301)
20% against other currencies	(3,637)	(4,602)
Sterling strengthens		
10% against other currencies	1,818	2,301
20% against other currencies	3,637	4,602

b) Interest rate risk

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

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

The Syndicate has no significant concentration of interest rate risk.

Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit and members' balance of the effects of changes in interest rates on fixed rate financial assets and liabilities. This measures the impact on profit or loss for the year (for items at fair value through profit or loss) and on members' balance (for available for sale investments) that would arise from a reasonably possible change in interest rates at the reporting date on financial instruments at the period end.

	2021	**2020**
	Profit/(Loss)	**Profit/(Loss)**
	£'000	**£'000**
Interest Rate Risk		
Impact of 50 basis point increase on result	(800)	(598)
Impact of 50 basis point decrease on result	800	598
Impact of 50 basis point increase on net assets	(800)	(598)
Impact of 50 basis point decrease on net assets	800	598

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

22. Post balance sheet events

The Syndicate will distribute £3.78m to members in 2022, in relation to the 2019 year of account profits in US Dollars.

During 2021 it was announced that agreement had been reached for Asta Capital Limited to be acquired by Davies Group, subject to regulatory approval. As at the date of the financial statements this transaction has not yet completed with the expectation that it will complete in 2022.

During February 2022, Russia instigated military action in Ukraine. This event is still developing as at the date of the Financial Statements, but has been assessed by the Directors as an event that will increase risk and uncertainty globally in the foreseeable future. The directors will continue to monitor developments and endeavour to mitigate these risks where possible.