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A Ive Syndicate 2525

Syndicate Annual Report and Accounts

31 December 2023

Contents

Directors and Administration

Managing Agent

Asta Managing Agency Ltd

Directors

P A Jardine (Chairman)*
R P Barke
C V Barley
S Bradbury
E M Catchpole*
K A Green*
L Harfitt
D B Jones
L J M McMaster
S D Redmond*
K Shah*

Non Executive Directors*

Managing Agent's Registered Office

5th Floor
20 Gracechurch Street
London
EC3V 0BG

Managing Agent's Registered Number

1918744

Active Underwriter

A Ive

Bankers

Barclays Plc
Citibank N.A,
RBC Dexia

Investment Managers

Amundi (UK) Limited

Registered Auditor

Mazars LLP

Signing Actuary

Lane Clark and Peacock

Active Underwriter's Report

2021 Year of Account

Allocated Capacity	£86.0m
Capacity Utilisation	99.75%
Profit in 2023	£24.1m

I am delighted to report a result slightly higher than that previously forecast for the 2021 year of account. On the traditional Lloyd's three-year accounting basis, 2021 has closed with a profit of £24.13m which equates to a return on capacity of 28.00%.

As with 2019 and 2020, the 2021 result comprises both pure year underwriting profit as well as profit derived from prior year claims reserve improvements.

The compounding effect of year-on-year premium rate increases, higher than expected renewal retention and greater income development meant capacity came under pressure for 2021. Faced with the prospect of overwriting the Stamp, we sought and received sign off from Lloyd's and our Member's Agents to exceed the Stamp if required. As it is, this did not materialise to quite the extent anticipated, and the final signed income was almost precisely as originally forecast.

To achieve this level of profit as well as sustainable growth makes this result exceptional when set against the backdrop of challenging economic times, and with 2022 seemingly tracking similarly, my team should be justly proud of a commendable job.

2022 Year of Account

Allocated Capacity	£92.1m
Capacity Utilisation	98.74%
Profit in 2023	£10.8m

2022 has also made a very good start and its development appears to be closely tracking the 2021 Year of Account. After 24 months, all indications are that it will also return a very decent level of profit.

We have recently seen reductions in both gross and net ULRs as the experience has been better than originally projected, driven mainly by continued limited large loss activity. For the International account, this lack of large losses most likely results from the revision of those Underwriting Guidelines implemented towards the end of 2019.

Favourable FX movements and the current inflationary environment led to concerns of overwriting our Stamp Capacity for 2022 also but, whilst further income is still expected for this year, it is most unlikely we will breach our allocation.

In last year's Report & Accounts, I expressed confidence that 2021 was heading to produce an exceptional result and I bear the same confidence that 2022 will repeat that success.

2023 Year of Account

Allocated Capacity	£114.5m
Capacity Utilisation	92.77%
Profit in 2023	£6.2m

2023 is certainly a year of note because, for the first time in the Syndicate's 23-year history, we exceeded £100m in Stamp Gross Premium. Whilst this milestone is significant and, personally, very pleasing for me, those familiar with 2525 will appreciate our ethos that the drive for profit always comes before premium growth. It is evident from our 2021 and 2022 experience that underwriting discipline has not been compromised.

My concerns about the headline cost of our reinsurance treaty for 2023 meant we accepted the imposition of a reinstatement premium on the £5m X £5m layer. There have been only five years in the Syndicate's 23-year history where reinstatement would have been required and I felt this course to have been appropriate. To date there have been no claims notifications with the potential to exceed this layer's attachment but we have instructed our external actuaries to make suitable provision for the possibility of a reinstatement premium ultimately being payable.

Tony Ive
Active Underwriter
27th February 2024

Managing Agent's Report

The Syndicate's Managing Agent is a company registered in England and Wales. The directors of the Managing Agent present their report for the year ended 31 December 2023.

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

Results

The total recognised result for calendar year 2023 is a profit of £32.506m (2022: profit £20.487m). These figures may be subject to rounding within the Financial Statements.

The Syndicate presents its results under FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. In accordance with FRS 102, the Syndicate has identified its insurance contracts and accounted for them in accordance with FRS 103.

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 employers' and public liability insurance primarily in the United Kingdom, but with an increasing book of Canadian business.

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;

	2023 £'000	**2022 £'000**
Employers' Liability	51,660	45,708
Public Liability	81,399	73,423
	133,059	119,131

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

	2023 £'000	**2022 £'000**	**Change %**
Gross written premiums	133,059	119,131	11.7%
Profit for the financial year	32,506	20,487	58.7%
Combined ratio	75.1%	82.9%	-9.5%

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 2021 closed year of account at 31 December 2023 is shown below together with forecasts for the two open years of account.

	2023 YOA Open	**2022 YOA Open**	**2021 YOA Closed**
Capacity (£'000)	114,467	92,100	85,968
Forecast/Result (£'000)	15,273	16,916	24,133
Forecast return/return on capacity (%)	13.3%	18.4%	28.1%

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, an executive committee of the Agency Board, reviews the risk profile as reflected in the risk register, and monitors performance against risk appetite using a series of key risk indicators. The principal risk and uncertainties facing the Syndicate are as follows:

Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Syndicate Board and Underwriting Committee manages insurance risk through challenge and oversight of the approved business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate Board then monitors performance against the business plan and the aggregation of risk through exposure management reporting through the year. The Syndicate Board considers any proposed underwriting that impacts the syndicate's ESG profile to ensure consistency with the agreed ESG approach. The reserving is completed by the signing Actuary, Lane Clark and Peacock and the Reserve adequacy is monitored through quarterly review by the Asta Actuarial team and the Reserving Committee.

Credit risk

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

Managing Agent's Report continued

Market risk

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

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

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 can utilise the option of a cash call.

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 including, detailed procedure manuals and a thorough training programme. This is underpinned by a structured programme of testing of processes and systems by internal audit, which serve as an independent line of assurance, reporting directly to the Chair of the Agency Audit Committee. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

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

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

Managing Agent's Report continued

Group / strategic risk

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

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

Investment review of calendar year 2023

The performance of fixed income assets in 2023 was strong, with high yields aided by inflation trending towards central bank targets. Without much damage expected to growth prospects this is a goldilocks scenario for bonds. The year saw high volatility in fixed income, with inflation initially being stickier than anticipated in the first half of the year. Central banks adopted a "higher for longer" approach, which was then followed by significant improvements to inflation in the second half. The overall move lower in government bond yields in Europe stood out, with the 2-year 35bps lower and the 10-year 54bps lower, closing the year at 2.39% and 2.02% respectively. In the US there was more of a flattening bias, with the 2-year moving 18bps lower and finishing the year at 4.25%, but the 10-year completing a round trip and finishing flat at 3.88% - quite a remarkable feat having reached 5% in October. In the UK the 2-year yield finished the year 42bps higher, however the belly of the curve performed better with the 10-year closing the year 13bps lower at 3.53%. Credit markets had a strong year, with the UK outperforming. The sector faced challenges, particularly in the Financials sector in Q1 due to the US regional bank crisis and the shotgun marriage of Credit Suisse and UBS. Global investment-grade spreads were 32bps tighter, closing the year at 115bps. US investment grade spreads were 31 tighter (closing at 99bps), European spreads 29 tighter (closing at 138bps) and finally sterling spreads 55bps tighter (closing at 139bps and close to historic averages).

Portfolios were initially positioned defensively with slightly shorter durations relative to benchmarks to protect against rising yields and maximise yield as curves were inverted. This defensive position, combined with carry from the high level of yields, drove relative performance in the first half of the year. Durations were extended in Q4 as the outlook on inflation became clearer. Portfolios ended the year neutral to long, and we anticipate extending further on sell-offs in Q1 2024. Corporate bond activity focused on optimizing carry within each rating and sector bucket, with corporate bond spreads helping to offset lower yields resulting from inverted government bond yield curves. Portfolios were overweight in financials and autos, with caution around expensive consumer sectors, real estate, and UK residential mortgages. Portfolios showed greater resilience than benchmarks, avoiding losses seen in Q2 and exhibiting lower volatility. Across the Syndicate's four currencies, the portfolios delivered the highest returns in over 10 years, with GBP being the standout performer beating its benchmark by 85bps. The portfolios remain concentrated in high-quality liquid issues.

Investment outlook for 2024

Looking ahead to 2024, with high debt levels and the normalisation of central bank balance sheets, should mean that markets will have to absorb a higher supply of bonds. Yields, at their highest levels in multiple years, may attract long-term investors willing to reload the income engine of their portfolios. In an environment of slowing growth and higher yields, our outlook for credit remains positive. We believe that higher-rated companies with healthier fundamentals are more likely to navigate the economic headwinds more effectively. The effects of financial tightening on growth and current high yields mean the long-term scenario of 'bonds are back' remains in place. Even after the strong rally towards the end of the year, we continue to be constructive on the broader asset class. There remain a number of risks with key elections being held across the world including the US and the UK. Geopolitics will undoubtedly provide some surprises with Russia's invasion of the Ukraine entering its second year and events in the middle east continuing to evolve with implications to security and energy prices.

Future developments

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

The capacity for the 2024 year of account is £130m (2023 year of account £114.5m).

Environmental, Social and Governance (ESG)

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

Managing the Financial Risks of Climate change

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

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

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

Emerging Risks

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

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

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

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

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

Directors and Officers

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

E M Catchpole	Appointed 1 January 2023
S P A Norton	Resigned 23 February 2023
D B Jones	Appointed 23 February 2023
C N Griffiths	Resigned 28 February 2023
S Bradbury	Appointed 22 May 2023
A J Hubbard	Resigned 30 June 2023

Managing Agent's Report continued

Disclosure of Information to the Auditor

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.

Auditor

The Managing Agent intends to reappoint Mazars LLP as the Syndicate's auditor.

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 Auditor for a further 12 months can be made by Syndicate members within 21 days of this notice.

On behalf of the Board

C V Barley
Director
27th February 2024

Statement of Managing Agent's Responsibilities

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare financial statements at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 “the Financial Reporting Standard applicable in the UK and Republic of Ireland” and FRS 103 “Insurance Contracts”. The financial statements are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

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

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

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

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

Independent Auditor's report

Independent Auditor's Report to the Members of Syndicate 2525

Opinion

We have audited the syndicate annual accounts of Syndicate 2525 (the "syndicate") for the year ended 31 December 2023 which comprise the Income statement, the Statement of changes in Members' balances, the Statement of financial position, the Statement of cash flows, and the notes to the syndicate annual accounts, 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 state of the syndicate's affairs as at 31 December 2023 and of its profit 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 Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the 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 at least twelve 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.

Other information

The other information comprises the information included in the Syndicate Annual Report and Accounts, other than the syndicate annual accounts and our auditor's report thereon. The Managing Agent is responsible for the other information contained within the syndicate annual accounts. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Managing Agent's Report for the financial year for which the syndicate 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 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 in relation to which 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 Agent's remuneration 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 14, 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.

In preparing the syndicate annual accounts, the Managing Agent is responsible for assessing the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Managing Agent either intends for the syndicate to cease operations, 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 the syndicate annual accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Based on our understanding of the syndicate and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the syndicate annual accounts: regulatory and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority, and regulations set by the Council of Lloyd's

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of directors and management of the Managing Agent and the syndicate's management as to whether the syndicate is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the syndicate which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

In addition, we evaluated the directors' and management of the Managing Agent's and the syndicate management's incentives and opportunities for fraudulent manipulation of the syndicate annual accounts, including the risk of management override of controls and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of the claims outstanding, specifically IBNR, estimation of premium income on binders, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management of the Managing Agent and syndicate management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing
- Reviewing the accounting estimate in relation to valuation of Claims outstanding, specifically Incurred but not reported (IBNR) and estimation of premium income on binders for evidence of management bias and performing procedures to respond to the fraud risk in revenue recognition; and
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Leanne Finch (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

Date: 27 February 2024

Income statement

Technical account - General business

For the year ended 31 December 2023

	Notes	2023 £'000	2022 (Restated) £'000
Gross written premiums	3	133,059	122,000
Outward reinsurance premiums		(24,631)	(26,652)
Net written premiums		108,428	95,348
Change in the provision for unearned premiums			
Gross amount		(4,874)	(7,568)
Reinsurers' share		(346)	1,368
	4	(5,220)	(6,200)
Earned premiums, net of reinsurance		103,208	89,148
Allocated investment return transferred from the non-technical account		9,690	958
Claims paid			
Gross amount		(39,941)	(28,810)
Reinsurers' share		9,501	5,343
		(30,440)	(23,467)
Changes in the provision for claims outstanding			
Gross amount		(8,589)	(34,243)
Reinsurers' share		3,919	18,855
	4	(4,670)	(15,388)
Claims incurred, net of reinsurance		(35,110)	(38,855)
Net operating expenses	5	(42,368)	(35,070)
Balance on technical account – general business		35,420	16,181

All the amounts above are in respect of continuing operations.

Change in the recognition of Binder premium has resulted in the reinstating of the prior Gross written premiums and unearned premiums.

The notes on pages 25 to 54 form part of these financial statements.

Income statement continued

Non-technical account - General business

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Balance on technical account – general business		35,420	16,181
Investment income	9	7,569	2,889
Unrealised gains on investments		2,316	177
Unrealised (losses) on investments		(30)	(1,272)
Investment expenses and charges	9	(165)	(836)
Allocated investment return transferred to the general business technical account	9	(9,690)	(958)
Exchange (losses)/gains		(2,914)	4,306
Profit for the financial year		32,506	20,487

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

All the amounts above are in respect of continuing operations.

The notes on pages 25 to 54 form part of these financial statements.

Statement of changes in Members' balances

For the year ended 31 December 2023

	2023	2022
	£'000	**£'000**
Members' balances brought forward at 1 January	22,657	12,478
Profit for the financial year	32,506	20,487
Members' agent's fees	(501)	(489)
Payments of profit to members' personal reserve funds	(12,348)	(9,819)
Members' balances carried forward at 31 December	42,314	22,657

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

The notes on pages 25 to 54 form part of these financial statements.

Statement of financial position

As at 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Investments			
Other financial investments	10	201,328	180,213
Deposits with ceding undertakings	11	55	211
		201,383	180,424
Reinsurers' share of technical provisions			
Provision for unearned premiums	4	13,013	13,360
Claims outstanding	4	90,114	88,405
		103,127	101,765
Debtors			
Debtors arising out of direct insurance operations	12	30,482	33,074
Debtors arising out of reinsurance operations	13	2,839	4,109
Other debtors		225	521
		33,546	37,704
Cash and other assets			
Cash at bank and in hand	16	47,872	35,191
Other assets		-	-
		47,872	35,191
Prepayments and accrued income			
Deferred acquisition costs	4	14,590	13,699
Other prepayments and accrued income		1,232	698
		15,822	14,397
Total assets		401,750	369,481

The notes on pages 25 to 54 form part of these financial statements.

Statement of financial position continued

As at 31 December 2023

	Notes	2023 £’000	2022 £’000
Members’ balances and liabilities			
Capital and reserves			
Members’ balances		42,314	22,657
Liabilities			
Technical provisions			
Provision for unearned premiums	4	69,735	65,611
Claims outstanding	4	268,559	264,686
		338,294	330,297
Creditors			
Creditors arising out of direct insurance operations	14	2,773	1,593
Creditors arising out of reinsurance operations	15	7,668	9,022
Other creditors		9,287	5,141
		19,728	15,756
Accruals and deferred income		1,414	771
Total liabilities		359,436	346,824
Total members’ balances and liabilities		401,750	369,481

The notes on pages 25 to 54 form part of these financial statements.

The financial statements on pages 19 to 54 were approved by board of directors on 22nd February 2024 and were signed on its behalf by:

R P Barke
Director
27th February 2024

Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit on ordinary activities		32,506	20,487
Increase in gross technical provisions		7,997	45,291
(Increase) in reinsurers' share of gross technical provisions		(1,362)	(22,661)
Decrease/(Increase) in debtors		4,158	(3,484)
(Decrease)/Increase in creditors		3,972	7,834
Movement in other assets/liabilities		1,103	(5,864)
Investment Return		(9,690)	(958)
Net cash inflow from operating activities		38,684	40,645
Cash flows from investing activities			
Purchase of other financial investments		(127,641)	(98,596)
Sale of other financial investments		102,834	90,066
Investment income received		8,808	2,055
(Increase) in overseas deposits		(2,020)	(5,857)
Decrease/(Increase) in deposits with ceding undertakings		156	(101)
Net cash (outflow) from investing activities		(17,863)	(12,433)
Cash flows from financing activities			
Payments of profit to members' personal reserve fund		(12,348)	(9,819)
Members' agents fee advances		(501)	(489)
Net cash (outflow) from financing activities		(12,849)	(10,308)
Net Increase in cash and cash equivalents		7,972	17,904
Cash and cash equivalents at beginning of year		60,912	40,680
Changes to market value and currency		(1,642)	2,328
Cash and cash equivalents at end of year	16	67,242	60,912

Notes to the financial statements

For the year ended 31 December 2023

1. Basis of preparation

Statement of compliance

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

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

Having assessed the principal risks, Syndicate performance and Funds at Lloyds (FAL), the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies

Use of estimates

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the annual accounts.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims. There has been no discounting of claims.

Accounting policies continued

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

Significant accounting policies

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

Gross premiums

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

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates, primarily relating to binder business, are judgemental and could result in significant adjustments of revenue recorded in the financial statements. Where premium is sourced through binders, the binder EPI is pro-rated across the binder period.

The main assumption underlying future premium, is that past premium development can be used to project future premium development.

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 reporting 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 incurred also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

Accounting policies continued

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

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

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

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

Provisions for unearned premiums

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

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying 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 2023 the Syndicate did not have an unexpired risk provision (2022 nil).

Accounting policies continued

Deferred acquisition costs

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

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

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

Reinsurance assets

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

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

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2023 or 2022.

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

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration 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 de-recognised when the de-recognition criteria for financial assets have been met.

Accounting policies continued

Insurance payables

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

Foreign currencies

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

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

Exchange differences are recorded in the non-technical account.

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

	2023	**2022**
	Year End	**Year End**
USD	1.27	1.20
CAD	1.68	1.63
EUR	1.15	1.13
AUD	1.87	1.77
ZAR	23.31	20.46

Investments

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Accounting policies continued

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

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

Financial assets at fair value through profit or loss are measured at fair value with changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

Investment return

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

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

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represent the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

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

Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Syndicate in the management of its short-term commitments.

Fair value measurement of investments

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

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

Level 1 financial instruments comprise government bonds that are regularly traded and deposits with credit institutions.

- Bonds have been valued at fair value using bid prices in an active market.

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

- Bonds are included in the balance sheet at bid price using prices supplied by the custodian or by the investment managers, who obtain market data from numerous independent pricing services. The prices used are reconciled against a common market pricing source.

- Investments in regulated collective investment schemes are valued on the NAVs of each of the individual funds as published publicly by the managers.

- Investments in pooled investments in unregulated investment schemes (hedge funds) are valued based on the underlying NAVs of each of the individual funds. Hedge fund NAVs are provided by the administrators of the schemes.

- Investments in investment pools are valued on the valuations supplied by the investment manager (Lloyd's).

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

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'.

Accounting policies continued

Profit commission

Profit commission is charged by the managing agent at a rate of 17.5% of profit subject to the operation of a two year deficit clause. Such commission is recognised when the year of account becomes profitable but 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. Particulars of business written

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

2023	Gross written premiums	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Third-party liability	116,956	113,254	(43,924)	(37,803)	(10,419)	21,108
Reinsurance Acceptances	16,103	14,931	(4,606)	(4,565)	(1,138)	4,622
	133,059	128,185	(48,530)	(42,368)	(11,557)	25,730

2022 (Restated)	Gross written premiums	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance:						
Third-party liability	108,948	102,076	(55,361)	(31,424)	(560)	14,731
Reinsurance Acceptances	13,052	12,356	(7,692)	(3,646)	(526)	492
	122,000	114,432	(63,053)	(35,070)	(1,086)	15,223

Commissions on direct insurance gross written premiums during 2023 were £22.0 million (2022: £20.1 million).

All premiums were concluded in the UK.

Gross operating expenses are the same as net operating expenses shown in the income statement, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2023.

On 30 December 2020, the Syndicate transferred its EEA non-life insurance policies to Lloyd's Brussels pursuant to Part VII of the Financial Services and Markets Act 2000. Results relating to these risks are reported under the inwards reinsurance class of business reflecting the new contractual arrangement with Lloyd's Brussels.

4. Technical provisions

	2023 Gross provisions £'000	2023 Reinsurance assets £'000	2023 Net £'000	2022 Gross provisions £'000	2022 Reinsurance assets £'000	2022 Net £'000
Claims outstanding						
Balance at 1 January	264,686	(88,405)	176,281	224,364	(67,113)	157,251
Change in claims outstanding	8,589	(3,919)	4,670	34,243	(18,855)	15,388
Effect of movements in exchange rates	(4,716)	2,210	(2,506)	6,079	(2,437)	3,642
Balance at 31 December	**268,559**	**(90,114)**	**178,445**	**264,686**	**(88,405)**	**176,281**
Claims notified	152,007	(43,065)	108,942	163,101	(48,872)	114,229
Claims incurred but not reported	116,552	(47,049)	69,503	101,585	(39,533)	62,052
Balance at 31 December	**268,559**	**(90,114)**	**178,445**	**264,686**	**(88,405)**	**176,281**
Unearned premiums						
Balance at 1 January	65,611	(13,360)	52,251	60,642	(11,991)	48,651
Change in unearned premiums	4,874	346	5,220	4,699	(1,368)	3,331
Effect of movements in exchange rates	(750)	1	(749)	270	(1)	269
Balance at 31 December	**69,735**	**(13,013)**	**56,722**	**65,611**	**(13,360)**	**52,251**
Deferred acquisition costs						
Balance at 1 January	13,699	-	13,699	12,487	-	12,487
Change in deferred acquisition costs	1,108	-	1,108	1,144	-	1,144
Effect of movements in exchange rates	(217)	-	(217)	68	-	68
Balance at 31 December	**14,590**	**-**	**14,590**	**13,699**	**-**	**13,699**

There were favourable movements during the year of £16.7m (2022: £0.40m), on prior year gross claims reserves, held at 31 December 2023.

5. Net operating expenses

	2023	2022
	£'000	£'000
Acquisition costs	(26,798)	(23,915)
Change in deferred acquisition costs	1,108	1,144
Administration expenses	(16,678)	(12,299)
Net operating expenses	(42,368)	(35,070)

Members' standard personal expenses amounting to £9.0m (2022: £6.1m) are included in administrative expenses. Members' standard personal expenses include Lloyd's subscriptions, New Central Fund contributions, managing agent's fees and profit commission.

6. Staff costs

	2023	2022
	£'000	£'000
Wages and salaries	(3,753)	(2,666)
Social security costs	(358)	(323)
Other pension costs	(232)	(179)
	(4,343)	(3,168)

The average number of employees of the Managing Agent exclusively working for the Syndicate, during the year, were as follows:

	2023	2022
Administration	-	-
Underwriting	11	10
Claims	13	13
	24	23

7. Auditor's remuneration

	2023	2022
	£'000	**£'000**
Audit of the Financial statements	(160)	(135)
Other services pursuant to Regulations and Lloyd's Byelaws	(32)	(52)
	(192)	(187)

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 S.P.A. Norton, L Harfitt and R.P. Barke. S.P.A Norton's and L Harfitt's remuneration is disclosed in the financial statements of Asta Capital Ltd and the remuneration of R.P. Barke is disclosed in the financial statements of Asta Insurance Markets Ltd and were all charged in the accounts of Asta Managing Agency Ltd.

No emoluments of the Directors or staff of Asta Managing Agency Ltd were directly charged to the Syndicate. (2022: Nil)

No other compensation was payable to key management personnel.

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

	2023 £'000	2022 £'000
Active Underwriter's emoluments	(933)	(815)
	(933)	(815)

9. Investment return

	2023	2022
	£'000	**£'000**
Income from other financial investments	6,358	2,867
Gains on realisation of investments		
- Fair value through profit or loss designated upon initial recognition	1,211	22
Total investment income	7,569	2,889
Losses on realisation of investments		
- Fair value through profit or loss designated upon initial recognition	(16)	(704)
Investment management charges	(149)	(132)
Investment expenses and charges	(165)	(836)
Net unrealised gains/(losses) on investments		
- Financial instruments at fair value through profit and loss	2,286	(1,095)
Total investment return	9,690	958

Average amount of funds available for investing during the year	**'000**	**'000**
Sterling	80,275	66,730
United States dollars	25,683	22,185
Canadian dollars	151,156	135,686
Euros	29,190	20,566
Australian dollars	24,810	16,887
South African rand	59,127	60,727
Combined in sterling	232,125	200,654

Gross calendar year investment yield:		
Sterling	3,087	160
United States dollars	1,296	263
Canadian dollars	6,855	1,523
Euros	802	(111)
Australian dollars	436	338
South African rand	1,985	1,716
Combined in sterling	9,690	958

Investment return continued

"Average fund" is the average of bank balances, overseas deposits and investments held at the end of each quarter during the calendar year. For this purpose, investments are revalued at month-end market prices, which include accrued income where appropriate. Income from financial investments is all interest income, there is no dividend income.

10. Financial investments

	2023	
	Carrying value	Purchase price
	£'000	£'000
Shares and other variable yield securities and units in unit trusts including Overseas deposits		
- Designated at fair value through profit or loss	44,453	44,453
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	156,875	154,590
	201,328	199,043

	2022	
	Carrying value	Purchase price
	£'000	£'000
Shares and other variable yield securities and units in unit trusts including Overseas deposits		
- Designated at fair value through profit or loss	48,783	48,783
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	131,430	132,524
	180,213	181,307

Amounts included within shares and other variable securities include money market funds. These are treated as cash equivalents with the carrying value and purchase price being the same. See note 16 for split of cash and cash equivalents.

Financial investments continued

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

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 December 2023				
Shares and other variable yield securities and units in unit trusts including Overseas deposits	14,791	28,473	1,189	44,453
Debt securities and other fixed income securities	-	156,875	-	156,875
Total	14,791	185,348	1,189	201,328

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 December 2022				
Shares and other variable yield securities and units in unit trusts including Overseas deposits	353	47,241	1,189	48,783
Debt securities and other fixed income securities	-	131,430	-	131,430
Total	353	178,671	1,189	180,213

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

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

Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

Lloyd's Central Fund Loan is categorized as a Level 3 Investment.

11. Deposits with ceding undertakings

	2023	2022
	£'000	£'000
Lloyd's Part VII accounts	55	211
	55	211

12. Debtors arising out of direct insurance operations

	2023	2022
	£'000	£'000
Due from intermediaries (within one year)	30,482	33,074
	30,482	33,074

13. Debtors arising out of reinsurance operations

	2023	2022
	£'000	£'000
Due from intermediaries (within one year)	2,839	4,109
	2,839	4,109

14. Creditors arising out of direct insurance operations

	2023	2022
	£'000	£'000
Direct Business - Intermediaries (within one year)	2,773	1,593
	2,773	1,593

15. Creditors arising out of reinsurance operations

	2023	2022
	£'000	£'000
Reinsurance ceded (within one year)	7,668	9,022
	7,668	9,022

16. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash at bank and in hand	47,872	35,191
Shares and other variable yield securities and units in unit trusts	19,370	25,721
	67,242	**60,912**

Shares and other variable yield securities and units in unit trusts includes Investments in money market funds which 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

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

Asta provides services and support to Syndicate 2525 in its capacity as Managing Agent. During the year, managing agency fees of £1.15m (2022: £0.92m) were charged to Syndicate.

Asta also recharged £2.48m (2022: £2.25m) of service charges in the year and as at 31 December 2023 an amount of £Nil (2022: £Nil) was owed to Asta in respect of this service. Agency staff are employed and paid by a service company, Asta Management Services Limited.

Syndicate 2525 has recorded an accrual of £6.9m (2022: £4.4m) for profit commission payable to Asta Managing agency.

During the year, £0.434m (2022: £0.340m) of claims related services were charged to the Syndicate from the following companies in the Davis Group; Garwyn Limited, Garwyn Ireland Limited and Keoghs . As at 31 December 2023, £Nil (2022: £Nil) was owed to these entities in respect of admin expense recharges or claims related services.

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

18. Disclosure of interests

Managing Agent's interest

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

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

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

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

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

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 financial statements by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

20. Off-balance sheet items

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

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 is 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 2525 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 participates but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2023 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), held within and managed within a Syndicate (funds in Syndicate) or as the member's share of the member’s balances on each Syndicate on which it participates. Accordingly, the ending members balances reported on the statement of financial position on page 22, represent resources available to meet members' and Lloyd's capital requirements.

c) Insurance risk

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

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

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on a non-proportional basis. Non-proportional reinsurance is excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to large losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

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

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

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

Risk management continued

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 Syndicate's in-force exposure at 31 December 2023. All scenarios are liability in nature.

2023	Estimated Gross loss	Estimated Net loss
	£'000	£'000
Alternative RDS A – Australian Bushfire	(26,000)	(1,500)
Alternative RDS B – Catastrophe on a major construction project	(25,000)	(1,500)
Loss of Major Complex	(30,000)	(1,500)

2022	Estimated Gross loss	Estimated Net loss
	£'000	£'000
Alternative RDS A – Australian Bushfire	(26,000)	(2,000)
Alternative RDS B – Catastrophe on a major construction project	(25,000)	(1,250)
Loss of Major Complex	(30,000)	(1,500)

Key assumptions

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

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

Risk management continued

Sensitivities

The Syndicate reviewed the Ogden discount rate for reserves for large bodily injury claims and used an assumed rate of 0% for the purposes of reserving. The impact against the actual Ogden rate of -0.25% is not significant.

The Syndicate has made explicit adjustment for inflation in its reserves and holds a margin which mitigates the risk caused by uncertainty in the inflationary environment, consequently the reserves are not considered sensitive to changes in interest rate.

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.

Sensitivities for Gross Claim Reserves

2023	**Five Percent increase**	**Five Percent decrease**
	£'000	**£'000**
	13,428	(13,428)

2022	**Five Percent increase**	**Five Percent decrease**
	£'000	**£'000**
	13,234	(13,234)

Concentration risk

The Syndicate predominately writes direct UK liability business, with 65% (2022: 68%) of contracts relating to risks in the UK. The value of these contracts equates to 56% (2022: 57%) of the premium income.

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

Risk management continued

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.

Gross Claims development table

Underwriting year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Estimate of cumulative gross claims incurred:										
At end of first underwriting year	9,736	10,011	26,151	12,822	15,084	16,680	18,275	25,236	29,982	35,990
One year later	27,728	34,215	56,000	37,238	53,369	46,153	50,232	58,118	58,136	
Two years later	39,853	33,494	59,083	42,470	60,652	42,421	48,172	58,791		
Three years later	35,152	28,377	57,960	42,474	59,208	46,205	44,122			
Four years later	31,059	31,123	55,678	48,835	56,526	41,133				
Five years later	26,518	27,031	55,038	49,301	52,310					
Six years later	24,473	22,310	54,166	48,273						
Seven years later	23,646	21,573	51,294							
Eight years later	22,942	21,530								
Nine years later	22,505									
Ten years later										
Less cumulative gross paid	(21,101)	(19,436)	(40,744)	(32,444)	(26,276)	(17,031)	(8,280)	(6,447)	(1,188)	(271)
Liability for gross outstanding claims (2014 to 2023)	1,404	2,094	10,550	15,829	26,034	24,102	35,842	52,344	56,948	35,719
Liability for gross outstanding claims (2013 and before)										7,693
Total gross outstanding claims (all years)										268,559

Risk management continued

Net Claims development table

Underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimate of cumulative net claims incurred:										
At end of first underwriting year	7,932	5,504	10,451	10,662	11,849	10,476	13,122	18,592	21,573	26,866
One year later	26,321	18,898	28,890	28,156	34,736	34,717	37,823	42,242	42,323	
Two years later	32,897	29,995	30,542	34,455	45,698	35,356	37,545	43,113		
Three years later	25,037	25,950	29,403	33,328	44,818	33,802	33,986			
Four years later	22,489	22,733	26,782	31,798	40,033	29,162				
Five years later	20,508	19,682	24,635	30,800	35,126					
Six years later	18,766	19,766	24,546	30,067						
Seven years later	18,020	19,351	23,189							
Eight years later	17,822	19,468								
Nine years later	17,463									
Less cumulative net paid	(16,507)	(17,467)	(20,736)	(22,126)	(21,922)	(13,045)	(7,265)	(6,447)	(1,188)	(271)
Liability for net outstanding claims (2014 to 2023)	956	2,001	2,453	7,941	13,204	16,117	26,721	36,666	41,135	26,595
Liability for net outstanding claims (2013 and before)										4,656
Total net outstanding claims (all years)										178,445

Risk management continued

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

d) Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

1) Credit risk

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

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

- Investment guidelines are established setting out the quality of investments to be included within the Syndicate's portfolio. The policy is monitored by the Investment Committee and/or Syndicate Board.

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

Risk management continued

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

Included in other debtors are prepayments and DAC which are not subject to credit risk.

2023	£'000			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Shares and other variable yield securities	20,560	-	-	20,560
Debt Securities	156,875	-	-	156,875
Overseas Deposits	23,893	-	-	23,893
Deposits with ceding undertakings	55	-	-	55
Reinsurers share of claims outstanding	90,114	-	-	90,114
Debtors arising out of direct insurance operations	30,482	-	-	30,482
Other debtors	31,899	-	-	31,899
Cash at bank and in hand	47,872	-	-	47,872
Total	401,750	-	-	401,750

2022	£'000			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Shares and other variable yield securities	26,910	-	-	26,910
Debt Securities	131,430	-	-	131,430
Overseas Deposits	21,873	-	-	21,873
Deposits with ceding undertakings	211	-	-	211
Reinsurers share of claims outstanding	88,405	-	-	88,405
Debtors arising out of direct insurance operations	33,074	-	-	33,074
Other debtors	32,387	-	-	32,387
Cash at bank and in hand	35,191	-	-	35,191
Total	369,481	-	-	369,481

Risk management continued

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

2023				£'000			
	AAA	**AA**	**A**	**BBB**	**BBB or less**	**Not Rated**	**Total**
Shares and other variable yield securities	-	-	20,560	-	-	-	20,560
Debt Securities	43,555	31,099	48,965	23,191	-	10,065	156,875
Overseas Deposits	16,453	1,548	2,390	2,006	1,221	275	23,893
Deposits with ceding undertakings	-	-	55	-	-	-	55
Reinsurers share of claims outstanding	-	55,896	34,218	-	-	-	90,114
Debtors arising out of reinsurance operations	-	-	-	-	-	-	-
Cash at bank and in hand	-	-	47,872	-	-	-	47,872
Total	60,008	88,543	154,060	25,197	1,221	10,340	339,369

2022				£'000			
	AAA	**AA**	**A**	**BBB**	**BBB or less**	**Not Rated**	**Total**
Shares and other variable yield securities	-	-	26,910	-	-	-	26,910
Debt Securities	49,463	21,172	35,213	16,348	176	9,058	131,430
Overseas Deposits	11,950	3,198	2,802	1,761	1,741	421	21,873
Deposits with ceding undertakings	-	-	211	-	-	-	211
Reinsurers share of claims outstanding	-	44,088	44,317	-	-	-	88,405
Debtors arising out of reinsurance operations	-	-	-	-	-	-	-
Cash at bank and in hand	-	-	35,191	-	-	-	35,191
Total	61,413	68,458	144,644	18,109	1,917	9,479	304,020

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.

Risk management continued

2) Liquidity risk

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

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

2023	£'000					
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	63,703	93,928	56,790	54,138	268,559
Creditors	-	15,564	4,164	-	-	19,728
Total	-	79,267	98,092	56,790	54,138	288,287

2022	£'000					
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	67,159	91,891	53,391	52,245	264,686
Creditors	-	13,368	2,388	-	-	15,756
Total	-	80,527	94,279	53,391	52,245	280,442

3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

a) Currency risk

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

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

Risk management continued

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

2023	**£'000**						
	GBP	**USD**	**EUR**	**CAD**	**AUD**	**OTH**	**Total**
Total Assets	174,100	31,008	43,657	117,981	31,605	3,399	401,750
Total Liabilities	(190,369)	(23,619)	(29,943)	(88,973)	(24,086)	(2,445)	(359,435)
Net Assets	(16,269)	7,389	13,714	29,008	7,519	954	42,315

2022	**£'000**						
	GBP	**USD**	**EUR**	**CAD**	**AUD**	**OTH**	**Total**
Total Assets	166,391	29,465	36,520	107,418	25,614	4,073	369,481
Total Liabilities	(191,628)	(22,924)	(26,868)	(83,415)	(18,716)	(3,274)	(346,825)
Net Assets	(25,237)	6,541	9,652	24,003	6,898	799	22,656

The Syndicate matches its currency position so it 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 investments.

Sensitivity to changes

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

Impact on profit and members' balance	**2023**	**2022**
	£'000	**£'000**
Sterling weakens		
10% against other currencies	5,763	4,709
20% against other currencies	11,526	9,419
Sterling strengthens		
10% against other currencies	(5,763)	(4,709)
20% against other currencies	(11,526)	(9,419)

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.

Risk management continued

The Syndicate has no significant concentration of interest rate risk.

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

	2023	2022
	£'000	£'000
Interest rate risk		
Impact of 50 basis point increase on result	(749)	(615)
Impact of 50 basis point decrease on result	749	615
Impact of 50 basis point increase on net assets	(749)	(615)
Impact of 50 basis point decrease on net assets	749	615

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 the 2021 year of account profits to members during 2024.