Accounts disclaimer

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Tokio Marine Kiln Life Syndicate 308

Report and Accounts
For the year ended 31 December 2021

Contents

Directors, run-off manager and administration

Managing agent

Tokio Marine Kiln Syndicates Limited (TMKS) is the managing agent of Tokio Marine Kiln Syndicate 1880 (Syndicate 1880), Tokio Marine Combined Syndicate 510 (Syndicate 510), Tokio Marine Kiln Reinsurance Syndicate 557 (Syndicate 557) and Tokio Marine Kiln Life Syndicate 308 (Syndicate 308). TMKS is a wholly-owned subsidiary of Tokio Marine Kiln Group Limited (TMKGL). TMKGL and its subsidiaries are referred to as Tokio Marine Kiln (TMK). TMKGL's ultimate parent is Tokio Marine Holdings, Inc., Japan (Tokio Marine).

TMKS is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and Prudential Regulation Authority.

Directors

S Batori (Non-executive) (appointed 1 January 2021)
V M Gordon-Walker (Non-executive)
R Harris (Non-executive)
N I Hutton-Penman
B T Irick (Chief Executive Officer)
A McNamara
C J G Moulder (Non-executive)
R Patel
H Rohlf (Non-executive)
A M W Shaw
V Syal
D A Torrance (Non-executive)
C J B Williams (Non-executive)

Company Secretary

A Gordon

Run-off manager

K Boyes

Registered office

20 Fenchurch Street
London EC3M 3BY

Registered numbers

TMKS company number	00729671
FCA reference number	204909
Lloyd's agent number	1041K

Bankers

Barclays Bank plc
Citibank, N.A.
BNY Mellon

Statutory auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Report of the Directors of the managing agent

The Directors of the managing agent present their report and accounts for the year ended 31 December 2021 under UK Generally Accepted Accounting Practice (GAAP). This report covers Tokio Marine Kiln Life Syndicate 308 managed by Tokio Marine Kiln Syndicates Limited. The managing agency's ultimate parent is Tokio Marine Holdings, Inc., the head office of which is in Japan.

The annual report for the managed syndicate 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.

Separate underwriting year accounts for the 2017 year of account are also included in this report.

Principal activity

Syndicate 308 was placed into run-off in 2018 and as such writes no new business. Its principal activity is administering the policies which remain in-force.

Run-off review

The 2018 year of account was established solely to manage the run-off of the United Nations Federal Credit Union (UNFCU) policies with 100% of the capacity held by Tokio Marine Underwriting Limited to avoid there being any effect on third party Names from the related licencing breach. The 2018 year of account will remain open at 31 December 2021 as there remain barriers to closure.

Results

The result for the 2021 calendar year is a profit of £0.4 million (2020 restated: profit of £2.9 million). The syndicate's key financial performance indicators during the year were as follows:

	2021 £m	2020 (restated)* £m
Gross written premium	**1.0**	1.5
Net earned premium	**1.3**	3.5
Profit for the financial year	**0.4**	2.9
Investment income	**-**	-
Claims ratio(1)	**(38.5%)**	(34.1%)
Combined ratio(2)	**58.0%**	21.3%

*See note 18

(1)Claims ratio - Total of net incurred claims, including the movement in unexpired risk reserve, as a percentage of net earned premium

(2)Combined ratio - Total of net incurred claims, net acquisition costs and operating expenses as a percentage of net earned premium

The syndicate profit of £0.4 million (2020 restated: profit of £2.9 million) is driven by reserve releases on the Treaties, Schemes and Individual life classes, coupled with relatively benign claims experience across the remainder of the portfolio.

Gross written premiums and net earned premium both reduced from prior year to £1.0 million (2020: £1.5 million) and £1.3 million (2020 restated: £3.5 million), respectively, reflecting the fact the syndicate is in run-off.

COVID-19

The syndicate is exposed to significant mortality risk on its portfolio of long-term business. COVID-19 losses of £0.8 million (2020: £1.2 million) have been incurred which takes account of the geographic diversity of the portfolio and the varying expected COVID-19 death rate in each country.

Investment losses for Syndicate 308 totalled £13,000 (2020: £43,000 gain) equating to a negative return of 0.1% (2020: 0.3% return).

2017 year of account

In previous years there remained material uncertainties on future losses and premiums in relation to long-term contracts within this year of account. These uncertainties have reduced and/or been mitigated over the past 12 months, to an extent where TMKS has been able to determine a fair and equitable reinsurance to close (RITC) premium into the 2018 year of account.

Syndicate 308 made an underwriting loss of £10.2 million (before members' agents fees) on allocated capacity of £30.9 million after taking account of operating expenses, foreign exchange, Lloyd's expenses and investment income. The 2017 underwriting year was impacted by the poor performance of a group life policy covering investors in a certain investment scheme.

2018 year of account

The 2018 year of account will remain open at 31 December 2021 as there remain barriers to closure.

Syndicate underwriting year accounts have not been prepared for the run-off 2018 year of account in accordance with the exemption available under Regulation 6(1) of the 2008 Regulations.

2022 Outlook

Syndicate 308 will continue to focus on an orderly run-off. Following the reinsurance to close of the 2017 year of account, the syndicate will operate as an aligned syndicate with a single corporate member participating solely on the 2018 year of account.

Operational activities

The COVID-19 pandemic is impacting the operational activities of the syndicate, however, the Directors consider the negative implications on operations to be low. TMK introduced a dynamic working policy which allow employees to determine a mix between office and remote working meeting the mutual needs of the business and its employees.

Principal risks & uncertainties

Our business model remains consistent: we are specialist underwriters, providing a wide variety of products tailored to our clients' changing risk profiles. This is supported by a comprehensive, enterprise wide framework for the management of risk across the whole of TMK. We are prudent in financial risk management, such as investment management and reserving. This allows us to protect our capital.

Capital management

Capital framework at Lloyd's

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

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

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

Lloyd's capital setting process

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

A syndicate may be supported by one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's set for each member operate on a similar basis. Each members' total capital requirement is therefore determined by the share of each syndicate's SCR 'to ultimate' on which they participate. 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 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the members' capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's rather than Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

Provision of capital by members

Each member may provide capital to meet its ECA either through assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's) or as the members' share of the members' balances on each syndicate on which it participates.

Accordingly, all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the respective balance sheets, represent resources available to meet members' and Lloyd's capital requirements. The Lloyd's market-wide capital uplift applied for 2021 to derive the ECA is 35% (2020: 35%) of the members' SCR 'to ultimate'.

Capital allocation
We have an approved internal model which is used to calculate capital requirements, allocate capital to business lines and risk categories and assess the value of different business and reinsurance strategies. The calculations are based upon sophisticated mathematical models that reflect the key risks in the business, allowing for the probability of occurrence, the potential impact should losses occur and the interactions between the different risk types.

The results of the modelling confirm that the majority of capital is required to support insurance risk.

Risk management and risk appetite
We have a comprehensive, enterprise wide risk management framework in place for the management of risk across the whole of TMK. A key element of this is the risk appetite framework which is approved by the Board each year and lays out the agreed appetite for each area of risk the business is exposed to.

The risk appetite framework ensures that risk taking is aligned to the business strategy by including a set of risk preferences. These are strategic choices taken by the business to deliver the best result to its stakeholders. These preferences change over time as the strategy develops, ensuring we remain relevant to our clients, whilst adapting to market conditions.

As a business, we are exposed to a number of types of risk and have developed a strategy for categorising, managing and reporting these different risks. This high-level categorisation is called the TMK Risk Universe. We define the risk universe as 'the complete view of all possible types of risk that the firm may face, reflecting the risk profile of the business'. The universe includes risks that could positively or negatively impact the business.

TMK's risks are included in the TMK risk register and form part of the regular risk assessment process, facilitated by the Risk Management team. Risks are reported on a quarterly basis as part of the Own Risk and Solvency Assessment (ORSA) process to the Risk, Capital & Compliance Committee.

Insurance risk
This is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.

Insurance risk is sub-divided into several categories which include reinsurance risk and reserving risk.

Reinsurance risk
This is the risk that reinsurance purchased to protect the gross account does not respond as intended due to, inter alia: mismatch with gross losses; poorly worded contracts; reinsurer counterparty risk; or exhaustion of reinsurance limits. The risk is heightened if there is a lack of reinsurance or retrocession availability in the market.

Reinsurance is used to protect capital against underwriting risk volatility, either as a result of large catastrophes or from the severity of losses on individual policies.

Reserving risk
This is the risk of loss arising from claims reserves already in the balance sheet being understated, i.e. the risk that reserves are inadequate due to the inherent uncertainty of knowing the ultimate timing and quantum of liabilities incurred. Claims provisions represent estimates, based on both the underwriters' and claim managers' informed knowledge and judgement and on the Internal Reserving Actuary's statistical projections, of the expectation of the ultimate settlement and administration costs of claims incurred. A variety of estimation techniques are used, generally based upon statistical analyses of historical loss development patterns, to assist in the establishment of appropriate claims reserves.

In addition, the estimates are subject to independent review by external actuaries, who sign an annual Statement of Actuarial Opinion on the sufficiency of the reserves for the syndicate. Our policy is to reserve on a consistent basis with a reasonable margin for prudence. Claims run-off tables are used to monitor the history of reserve adequacy, and these show a trend of predominantly positive run-off since they were first prepared in 2001.

Credit risk
This is the risk of loss if another party fails to meet its financial obligations, including failure to meet them in a timely manner.

We are exposed to three types of credit risk: reinsurer credit risk; broker/coverholder credit risk; and investment credit risk. Credit exposure and aggregate exposure to reinsurers are managed by the Outwards Reinsurance team. It assesses all new reinsurers before business is placed with them, and it monitors the credit ratings of all reinsurers used. The performance of premium debtors, from brokers and coverholders, is monitored regularly. The Investment Committee regularly tracks and reviews our investment portfolio, which is outsourced to investment managers.

Market risk
This is the risk that arises from fluctuations in values of, or income from assets, interest rates or exchange rates. Investments are held as a result of underwriting activities either in premium trust funds or as capital support. The investment policy is set to protect the capital, and not to manage it as a separate profit centre. Funds managed by our investment managers are subject to set guidelines, and the on-going investment strategy and investment objectives that are agreed by the Investment Committee. These include the requirement to comply with the prudent person principle as outlined in the Solvency II Directive text. Additionally, we meet regularly with our fund managers to review performance.

We regularly review our balance of assets and liabilities. The syndicate maintains a diversified investment portfolio to restrict the concentration of assets.

Liquidity risk
This is the risk of the syndicate being unable to meet liabilities in a timely manner due to the lack of liquid resources.

To mitigate liquidity risk, the treasury team reviews syndicate cash flow projections quarterly, and also stress tests them. The syndicate also has the ability to make cash calls on members in order to manage liquidity.

Climate risk
The Board is unanimous in its recognition of the risks posed by climate change to the business, and the need for a robust risk management response which effectively identifies, measures, monitors, manages and reports those risks, both within the company and to its external stakeholders. During 2020/21 the Risk Management Team have worked closely with the Board, both collectively and with individuals, to develop TMK's climate related risk appetites and to ensure these are correctly integrated within our overarching risk management framework. Our climate risk appetites take into consideration the Tokio Marine Group Sustainability strategy and the Lloyd's ESG strategy.

We are participating in the second round of the CBES exercise, which will further explore and develop our understanding of the risks and development of our strategic response to them. We expect to receive feedback from the PRA in 2022. We will incorporate this into our strategic response to climate risks.

Risk appetites are now agreed and metrics reported to both the ESG Committee and Risk, Capital and Compliance Committee (RCCC) quarterly. These metrics form a key part of measuring TMK's position against climate-related issues.

Operational risk
This is the risk that errors caused by people, processes or systems lead to losses to the managed syndicate.

We seek to manage this risk by the recruitment of high calibre staff and providing them with ongoing, high quality training. Operational risk forms a significant part of TMK's risk register. Risks are reviewed on a regular basis with departmental heads responsible for identifying, assessing and controlling operational risks effectively, as well as attesting to the effectiveness of these controls on a regular basis. This forms the Risk, Control and Self-Assessment (RCSA) process at TMK, supported by the Risk Management team who independently assess key risks and controls on a regular basis.

There is a strong risk reporting and risk governance system in place to ensure effective risk management of operational risk. The Risk, Capital & Compliance Committee reviews the most material elements of the operational risk profile quarterly, in line with our risk management framework. Particular attention is paid to how the risks from cyber security threats are managed by the Information Security Group.

Tokio Marine Kiln Syndicates Limited is aware of its fiduciary responsibilities to capital providers across each of its four syndicates and is careful to ensure equity between them. As we operate with an integrated underwriting function, we manage potential conflicts of interest between capital providers using TMK's Underwriting Acceptance Protocols. These protocols, which have been shared with the members' agents, govern business not constrained by licence or customer preference. Any proposed exceptions to the protocols must be approved by TMK's Conflicts Committee before a risk is bound.

Regulatory risk
This is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change.

The managing agent is required to comply with the requirements of the FCA, PRA and Lloyd's, including those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. The Compliance function is responsible for monitoring compliance with regulation and monitoring of regulatory change. The Compliance framework outlines the broad regulatory and compliance structure that applies to all staff.

The nature of its business exposes the managing agent to controls and sanctions which regulate international trade. Processes and controls are in place to screen and monitor transactions against relevant requirements to ensure compliance with them.

Conduct risk
This is an important element of regulatory risk and is the risk of financial and/or service detriment which adversely affects our customers due to failings in the customer value chain.

Our conduct objective is to build, maintain and enjoy long-term relationships with our customers whether they be held directly or indirectly via a third party. This culture of partnership is fundamental to our dealings with our customers, and comes regardless of the complexity of the risk, the sophistication of the buyer, or the length of the supply chain to the end customer.

The conduct objective is owned by the Board and cascaded throughout the organisation. It is central in achieving delivery of the six consumer outcomes (as set out by the FCA), which are at the heart of our business.

The Board aims to embed a culture, from the top down, where the conduct risk arising from the execution of the business plan and strategy is appropriately monitored and managed to ensure good outcomes for all our customers. The management of conduct risk applies to all business, regardless of product lines and customer types, across both open market and delegated underwriting and is achieved through the application of the conduct risk framework. The framework is applied in a proportionate, risk-based way which takes account of the different inherent conduct risk across products, distribution and customer types.

The underwriters, with the support of all teams across TMK, take day-to-day ownership of conduct risk as they are the ones empowered to make decisions which commit us to relationships with our customers and business partners. Conduct risk and our treatment of customers is managed and monitored by the Conduct Risk Committee, a sub-committee of the Risk, Capital and Compliance Committee.

Reputational risk
This is the risk that negative publicity regarding an institution's business practices will lead to a loss of revenue or litigation.

In the modern digital era, reputational risk and the subsequent threat to our strong brand is becoming more significant. Loss of confidence from customers, regulators or capital providers could cause long-term harm to the business.

In light of this, all staff are made aware of their responsibilities to clients and other stakeholders.

Run-off risk
This is the risk that we fail to manage the run-off of Syndicate 308 efficiently and effectively, in the best interests of all members and not to the detriment of policyholders. The various risks associated with the run-off include the reputational risk, regulatory risk and the impact it may have from a resourcing perspective in terms of the potential for distraction from business as usual activities.

These risks require careful management and are a key priority for the business. It is clearly stated in our run-off plan that the run-off will be managed for all members in accordance with Lloyd's requirements and with full regard to our duties and obligations as a managing agent. We are managing the run-off in line with existing TMK policies and procedures and in compliance with Lloyd's Minimum Standards. A Run-Off Committee is in place to oversee the management of the run-off and this reports to the audit committee.

Emerging risk
We define an emerging risk as an issue that is perceived to be potentially significant, but which may not be fully understood or allowed for in insurance terms and conditions, pricing, reserving or capital setting, and may relate to issues which are changing rapidly or are uncertain.

We are committed to the continual research and identification of emerging risks and actively undertake research independently, and via market working groups. Emerging risk analysis is included in the TMK ORSA process with annual and where relevant, quarterly updates. Through the effective management of emerging risks we are able to identify external trends and threats, and improve risk selection and knowledge of future risk exposures. Emerging risks may present both threats and opportunities to the business and, as we have done in the past, we will readily capitalise on identified opportunities in this area.

Directors

The Directors of the managing agent who served during the year ended 31 December 2021, as well as any subsequent changes, are listed under the section 'Directors, run-off manager and administration'. The Directors did not participate in Syndicate 308.

Post balance sheet events

These are discussed in note 20 of the annual accounts.

Disclosure of information to the auditors

As far as each person who was a Director of the managing agent at the date of approving this report is aware, there is no relevant audit information, which is information needed by the auditors in connection with its report, of which the auditors are unaware. Having made enquiries of fellow Directors of the managing agent and the syndicates' auditors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Reappointment of auditors

The Board approved the reappointment of PricewaterhouseCoopers LLP as auditors for the current year and on an ongoing basis for the managed syndicates, managing agent and other TMK group entities.

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 a syndicate annual meeting this year; objections to this proposal or the intention to reappoint the auditors for a further 12 months can be made by syndicate members in writing to the Company Secretary within 21 days of this notice.

Approved by the Board of Directors

B T Irick
Chief Executive Officer
Tokio Marine Kiln Syndicates Limited
3 March 2022

Statement of managing agent's responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the going concern basis for each syndicate unless it is intended for the syndicate to cease operations, or it has no realistic alternative but to do so.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each syndicate and enable it to ensure that the syndicate annual accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of each 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 its website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of the managing agent confirm that they have complied with the above requirements in preparing the syndicate annual accounts.

Independent auditors' report to the members of Syndicate 308

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, 308's syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the Report and Accounts (the "Annual Report"), which comprise: the Balance sheet: assets and the Balance sheet: liabilities as at 31 December 2021; the Profit and loss: technical account – long-term business, the Profit and loss: non-technical account, the Statement of cash flows, and the Statement of changes in members' balances for the year then ended; and the notes to the syndicate annual accounts, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the syndicate in the period under audit.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the syndicate's ability to continue as a going concern.

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

Reporting on other information

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

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

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

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

Managing Agent's Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2021 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the syndicate annual accounts and the audit

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

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

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the syndicate annual accounts. We also considered those laws and regulations that have a direct impact on the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the syndicate annual accounts (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the risk and compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of the IBNR component of claims outstanding and estimated premium income.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations impacting revenue, journals posted by senior management and/or those posted late in the year end close process.
- Reviewing relevant meeting minutes including those of the Conflicts Committee, Risk, Capital & Compliance Committee and Audit Committee and correspondence with regulatory authorities, including Lloyd's of London and the Prudential Regulatory Authority.

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

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

Use of this report

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Matthew Nichols (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 March 2022

Profit and loss: technical account – long-term business for the year ended 31 December 2021

	Note	2021 £'000	2020 (restated)* £'000
Earned premiums, net of reinsurance			
Gross premiums written	3	**1,034**	1,526
Outward reinsurance premiums		**142**	517
Net premiums written		**1,176**	2,043
Change in the provision for unearned premiums:			
Gross amount		**577**	2,353
Reinsurers' share		**(426)**	(915)
Change in the net provision for unearned premiums		**151**	1,438
Earned premiums, net of reinsurance		**1,327**	3,481
Allocated investment return transferred from the non-technical account		**(13)**	43
Total technical income		**1,314**	3,524
Claims incurred, net of reinsurance			
Claims paid:			
- Gross amount		**(814)**	(2,869)
- Reinsurers' share		**-**	43
Net claims paid		**(814)**	(2,826)
Change in the long-term business provision:			
- Gross amount		**1,245**	3,210
- Reinsurers' share		**-**	(88)
Change in the net long-term business provision		**1,245**	3,122
Claims incurred, net of reinsurance		**431**	296
Change in other technical provisions, net of reinsurance		**80**	890
Members' standard personal expenses		**-**	-
Net operating expenses	4,5,6	**(1,281)**	(1,926)
Total technical charges		**(770)**	(740)
Balance on the technical account for long-term business		**544**	2,784

*See note 18

All operations are deemed to be continuing as, although the syndicate went into run-off with effect from 31 December 2017, it will take many years for that run-off to be completed.

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

Profit and loss: non-technical account for the year ended 31 December 2021

	2021 £'000	2020 (restated)* £'000
Balance on the technical account for long-term business	**544**	2,784
Investment (expense)/income	**(13)**	43
Allocated investment return transferred to the long-term business technical account	**13**	(43)
Non-technical foreign exchange (loss)/gain	**(126)**	98
Profit for the financial year	**418**	2,882

*See note 18

There is no other comprehensive income. Accordingly, a separate statement of other comprehensive income has not been provided.

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

Balance sheet: assets
as at 31 December 2021

	Note	2021 £'000	2020 (restated)* £'000
Investments			
Other financial investments	19	**12,237**	12,659
Deposits with ceding undertakings		**-**	239
		12,237	12,898
Reinsurers' share of technical provisions			
Provision for unearned premiums	7	**1,316**	1,743
Long-term business provision	7,8	**-**	-
		1,316	1,743
Debtors			
Debtors arising out of direct insurance operations	9	**96**	155
Debtors arising out of reinsurance operations	10	**202**	358
Other debtors	11	**1,222**	433
		1,520	946
Other assets			
Cash at bank and in hand		**430**	864
Overseas deposits		**2,496**	2,921
		2,926	3,785
Prepayments and accrued income			
Deferred acquisition costs	12	**-**	222
Total assets		**17,999**	19,594

*See note 18

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

Balance sheet: liabilities as at 31 December 2021

	Note	2021 £'000	2020 (restated)* £'000
Capital and reserves			
Members' balances		**4,525**	4,107
Technical provisions			
Provision for unearned premiums	7	**-**	573
Long-term business provision	7,8	**9,000**	10,180
Other technical provisions	13	**50**	130
		9,050	10,883
Creditors			
Creditors arising out of direct insurance operations	14	**1,436**	1,450
Creditors arising out of reinsurance operations		**1,658**	2,267
Other creditors	15	**1,330**	887
		4,424	4,604
Total liabilities		**17,999**	19,594

*See note 18

The annual accounts, which comprise the profit and loss: technical account – long-term business, profit and loss: non-technical account, the balance sheet: assets, balance sheet: liabilities, the statement of changes in members' balances, the statement of cash flows and the notes to the annual accounts and significant accounting policies, were approved by the Board of Tokio Marine Kiln Syndicates Limited on 3 March 2022 and were signed on its behalf by:

R Patel
Chief Financial Officer
Tokio Marine Kiln Syndicates Limited
3 March 2022

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

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

	2021 £'000	2020 (restated)* £'000
Members' balances brought forward at 1 January	**4,107**	1,225
Profit for the financial year	**418**	2,882
Members' balances carried forward at 31 December	**4,525**	4,107

*See note 18

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

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

Statement of cash flows
for the year ended 31 December 2021

	2021 £'000	2020 restated* £'000
Cash flows from operating activities:		
Operating profit on ordinary activities	**418**	2,882
Decrease in gross technical provisions	**(1,833)**	(6,712)
Decrease in reinsurers' share of technical provisions	**427**	1,002
(Increase)/Decrease in debtors	**(574)**	3,546
Decrease in creditors	**(180)**	(639)
Movement in other assets/liabilities	**984**	(2,225)
Unrealised foreign currency losses/(gains)	**262**	(18)
Investment return	**13**	(43)
Net cash outflow from operating activities	**(483)**	(2,207)
Cash flows from investing activities:		
Purchase of equity and debt instruments	**(115)**	18
Sale of equity and debt instruments	**200**	2,459
Investment income received	**(13)**	43
Other	**-**	(9)
Net cash inflow from investing activities	**72**	2,511
Cash flows from financing activities:		
Transfer from members in respect of underwriting participation	**-**	-
Net cash outflow from financing activities	**-**	-
Net (decrease)/increase in cash and cash equivalents	**(411)**	304
Cash and cash equivalents at beginning of year	**864**	544
Foreign exchange (losses)/gains on cash and cash equivalents	**(23)**	16
Cash and cash equivalents at end of year	**430**	864

*See note 18

The notes to the annual accounts and significant accounting policies form part of these annual accounts.

Notes to the annual accounts and significant accounting policies

1. Accounting policies

1.1 Statement of compliance

These annual accounts have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Accounting Standards in the United Kingdom, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103, 'Insurance Contracts' (FRS 103). The life business result is determined on an annual basis of accounting.

These annual accounts are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

These annual accounts are presented in pounds sterling, which is the functional currency of the syndicate. All amounts have been rounded to the nearest thousand pounds, unless otherwise stated.

1.2 New standards and amendments

The syndicate has applied FRS 102 and FRS 103, both as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. FRS 102 is subject to a periodic review at least every five years. The first periodic review, the Triennial Review 2017, was completed in December 2017, with an effective date of 1 January 2019.

The Financial Reporting Council (FRC) commenced the second periodic review in March 2021. Publication of a Financial Reporting Exposure Draft (FRED) is expected during 2022. The proposed effective date of the amendments set out in the FRED will be determined taking into account the nature of the proposals and other relevant factors, but will not be earlier than 1 January 2025.

There are no amendments to UK accounting standards impacting the year ended 31 December 2021 annual accounts.

1.3 Funds at Lloyd's

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

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

1.4 Going concern

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the annual accounts. The following are key factors on which a going concern basis has been adopted.

- Member level solvency – Lloyd's applies capital requirements centrally at member level to ensure that Lloyd's complies with Solvency II requirements, and beyond to meet its own financial strength, licence and ratings objectives.
- A single market rating has been applied to Lloyd's by Standards and Poor's (A+ Strong), Fitch (AA- Very Strong), AM Best (A Excellent) and Kroll Bond (AA- Stable).
- Cash flow forecasting and monitoring – Cash flow forecasts for the next 12 months are prepared on a regular basis and reported to Lloyd's on a quarterly basis.
- Approved run-off plan – The syndicate has been placed into run-off but will continue in operation for the foreseeable future in accordance with a plan approved by the Directors of the managing agency.

1.5 Summary of accounting policies

The significant accounting policies adopted in the preparation of the annual accounts are set out below. They have been applied consistently to all periods presented in these annual accounts.

a. Product classification

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

b. Premiums written
Inwards premiums written comprise premiums on contracts incepting during the financial year as well as adjustments made in the year to premiums on contracts incepting in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums on a risk by risk basis, representing the difference between the written and signed premium, which is held on the balance sheet as an asset.

Single premium life contracts consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals. Additional single premiums paid in respect of existing individuals' contracts are also included within single premiums.

Periodic premium life contracts include those contracts under which premiums are payable at regular intervals during the policy year, including repeated or recurrent single premiums where the level of premiums is defined. For policies with recurrent single premiums and a policy term of greater than 12 months, premium is usually written on an annual basis at the anniversary of inception into the youngest year of account up to and including the 2017 year. As a result of the syndicate going into run-off from the 2018 calendar year, premium will continue to be written into the 2017 year of account on an annual basis until the policy expires.

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

c. Earned premiums
For policies reserved under a long-term methodology, written premium is treated as fully earned from inception, or anniversary of inception, and no unearned premium reserve is held. Other policies not reserved in this manner have their earning patterns based on time apportionment.

d. Claims paid and incurred
Paid claims represent all claims paid during the year and include claims handling expenses.

Claims incurred comprise paid claims and changes in the long-term business provision.

e. Long-term business provision and related recoveries
The long-term business provision is determined annually by an actuarial valuation. Policies are reserved using a gross premium valuation methodology to calculate the provision required to meet future expected claims and expenses less future expected premiums ('mathematical reserves').

The long-term business provision includes an additional expense reserve to cover the future costs associated with maintaining the long-term contracts. The level of expenses is based on a prudent assessment of the expected costs, necessary to maintain the in-force policies.

f. Provision for unexpired risks
Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision. The expected claims are calculated having regard only to events that have occurred prior to the balance sheet date. The need for an unexpired risks provision is assessed on a 'managed together' basis. Unexpired risks surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. The unexpired risks provision is included within other technical provisions.

All reasonable steps are taken to ensure that the appropriate information regarding claims exposures is obtained. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premiums and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.

g. Net operating expenses and personal expenses
Net operating expenses comprise the cost of acquiring business including commission and profit commission as well as the staff costs and other expenses attributable to underwriting operations.

Personal expenses comprise managing agent's fee, Lloyd's central fund contributions and Lloyd's subscriptions.

Net operating expenses and personal expenses are recognised on the accruals basis and represent the expenses incurred on underwriting operations and also the reinsurance commission income.

h. Finance costs
Finance costs comprise interest paid and bank charges together with facility fees on letters of credit and are recorded in the period in which they are incurred.

i. Acquisition costs
Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date. Where inwards business is ceded to an outwards proportional reinsurance treaty, an estimate of the relevant proportion of the inwards acquisition costs is calculated and deferred in line with the outwards unearned premium at the balance sheet date.

Deferred acquisition costs, representing the proportion of commission and other acquisition costs that relate to unearned premium on policies in force at the year-end, are charged over the period in which related premiums are earned. Deferred acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

j. Foreign currencies
Functional and presentation currency
Items included in the annual accounts are measured using the currency of the primary economic environment in which the syndicate operate (the functional currency). The annual accounts are presented in pounds sterling which is also the functional currency of the syndicate.

Transactions and balances
Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions or an appropriate average rate of exchange. At each period end foreign currency monetary items are translated using the closing rate. For this purpose, all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items.

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

Exchange rates used are as follows:

US dollar	**2021**	2020
Average rate	**1.38**	1.28
Year-end rate	**1.35**	1.37

The distributable result on closing a year of account is calculated using the exchange rates prevailing at the date of closure.

k. Financial investments
The syndicate has chosen to adopt Sections 11 and 12 of FRS 102, "Basic Financial Instruments" and "Other Financial Instruments Issues", respectively.

Information relating to investments is reported to internal management on a fair value basis therefore all financial investments are designated at fair value through profit or loss at acquisition. These are initially recorded at cost, which equates fair value and subsequently carried at fair value through profit or loss.

All regular purchases and sales of financial investments are recognised on the trade date, being the date the syndicate commits to purchase or sell the asset.

Fair value determinations for financial investments are based on either bid market prices at close of business on the year-end date for listed investments, broker or dealer price quotations, or by reference to current market values of another substantially similar instrument.

A financial asset is derecognised when the contractual right to receive cash flows expires or where they have been transferred and the syndicate has also substantially transferred all risks and rewards of ownership. A financial liability is derecognised once the obligation under the liability is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Equity instruments that are not publicly traded and whose value cannot be measured reliably are subsequently measured at cost less impairment.

l. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

m. Debtors and creditors arising out of direct and reinsurance operations

Debtors and creditors arising out of direct and reinsurance operations are initially recognised at transaction price and are subsequently carried at the recoverable amount. The carrying value of is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss. Debtors arising out of direct insurance and reinsurance operations are stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management.

n. Other debtors and creditors

Any other debtors and creditors are recognised initially at transaction price and subsequently carried at the recoverable amount. The carrying value of other debtors is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. All other debtors and creditors are due within one year, unless otherwise stated.

o. Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 24 hours or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. These are measured at cost less any allowance for impairment. Cash and cash equivalents consist of cash at bank and in hand only.

p. Overseas deposits

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries. These are measured at cost less any allowance for impairment and classified as other assets.

q. Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment management expenses, including interest. Realised gains and losses on investments carried at fair value through profit or loss are calculated as the difference between sale proceeds and the fair value at the previous balance sheet date, or purchase price if acquired during the year. Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and the fair value at the previous balance sheet date, or purchase price if acquired during the year.

Investment return on long-term business is initially recorded in the non-technical account. A transfer is made from the non-technical account to the long-term business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

r. Investment yield

The calendar year investment yield is calculated as the ratio of 'aggregate investment return' to 'average funds available', expressed as a percentage. Aggregate investment return is the total amount of net appreciation, investment income and accrued interest received during the year, after deducting investment management costs but before deducting tax. Average funds available is the average value of all investments (including accrued interest), deposits and surplus cash at the beginning of the year and at each quarter-end revalued at market prices.

s. Taxation

Under Schedule 19 of the Finance Act 1993 the syndicate does not pay UK taxation, its profits being allocated and assessed to tax on its members in direct proportion to their capacity.

The syndicate pays various overseas direct and premium based taxes, the majority of which are allocable to its members in direct proportion to their capacity and which can be claimed by members either as double tax relief or as an expense against tax liabilities.

t. Pension costs

TMKS operates a defined contribution scheme. A defined contribution plan is a pension plan under which a fixed contribution is paid into a separate entity. Once the contributions have been paid TMKS has no further payment obligations. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

TMKS also operates a defined benefit scheme through the R J Kiln & Co. Limited Pension and Assurance Scheme (closed to future benefit accruals from 1 May 2003). This fund is valued at the balance sheet date by the scheme actuary. TMKS allocates a charge to the syndicate during the year which represents the syndicate’s yearly share of the obligated funding requirement of the scheme.

u. 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. Final settlement to the managing agent is made when the year of account closes. Profit commission is estimated on an ultimate basis for each year of account and accrued by the syndicate based on the interim annual accounting results of the year of account under UK GAAP to the extent it is probable (more likely than not) that the syndicate will be required to transfer economic benefits in settlement.

v. Provisions

A provision is recognised when the syndicate has a present legal or constructive obligation, as a result of a past event, that is expected to result in an outflow of resources. A provision is recognised when a reliable estimate of the amount of the obligation can be made.

w. Current and non-current disclosure

For each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than 12 months after the year-end date and (b) more than 12 months after the year-end date, the relevant note discloses the amount expected to be recovered or settled after more than 12 months.

x. Contingencies

Contingent liabilities arise as a result of past events when either it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the syndicate’s control. Contingent liabilities are disclosed in the annual accounts unless the probability of an outflow of resources is remote.

y. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

2. Use of critical accounting estimates and judgements in applying accounting policies

The preparation of the syndicate annual accounts requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the syndicate accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are those listed below. The judgements and estimation uncertainty are disclosed within the individual accounting policies:

Incurred but not reported claims (IBNR)	The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the syndicate, where more information about the claim event is generally available. In calculating the estimated cost of unpaid claims the syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including: • changes in processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods; • changes in the legal environment; • the effects of inflation; • changes in the mix of business; • the impact of large losses; and • movements in industry benchmarks. A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these, regard is given to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims affecting each relevant business class are generally assessed separately, either measured on a case by case basis or projected separately, in order to allow for the possible distorting effect of the development and incidence of these large claims. Where possible, multiple techniques are adopted in order to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset. 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, the 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 report and annual annual accounts for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability. An estimate of the future cost of indirect claims handling is calculated as a percentage of the claims reserves held at the balance sheet date. The long-term business provision is determined annually by an actuarial valuation and is calculated initially to comply with the reporting requirements of the PRA's Prudential Sourcebook for Insurers. These are the amounts shown in the balance sheet. This statutory solvency basis is then adjusted in respect of general contingency reserves and other reserves required for statutory solvency purposes. This adjusted basis is referred to as the modified statutory solvency basis. The long-term business provision includes an established additional expense reserve to cover the future costs associated with maintaining the long-term contracts. The level of expenses is based on a prudent assessment of the expected costs, necessary to maintain the in-force policies. Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

Long-term business provision	TMKS adopts a prudent reserving methodology in valuing the long-term business provision due to a number of material uncertainties. TMKS has a surplus compared to the external actuaries, who adopt the following methodologies: • For group life business or business written under a delegated authority where individual data is not available, claims IBNR is estimated using those statistical and past experience methodologies described in the accounting policy for claims provisions and related recoveries. • For individual business where individual data is available, a gross premium valuation method has been used as described in the accounting policy for earned premium. The principal assumptions for the gross premium valuation method for all components of the long-term business provision aside from the UNFCU policy are: • The valuation interest rate and claims discount rate is the risk free rate published by EIOPA as at 31 December 2021 (2020: risk-free discount rate published by EIOPA as at 31 December 2020); • Renewal expenses are 75.6% of regular premiums (2020: 60.7%); • Where policies have been underwritten, 110% (2020: 105%) of the TM/F16 (2020: TM/F08) select tables were used. Where policies have not been underwritten, the ultimate tables were used (2020: same). Where smoker status is known, the smoker/non-smoker specific mortality sub-tables have been used (2020: same). Where smoker status is unknown, it is assumed that 90% (2020: 90%) of policyholders are non-smokers and 10% (2020: 10%) are smokers. Following the issuance of the consent order by the NYDFS in November 2017, the UNFCU contract for the US insured lives changed from an annually renewable group life contract reserved using short-term methodologies into term life policies until age 71 reserved using long-term life reserving techniques. The UNFCU contract for the rest of the world lives remains as an annually renewable group life contract reserved using short-term methodologies. The principal assumptions for the gross premium valuation method in respect of the UNFCU policy for the US insured lives, are: • The valuation interest rate and claims discount rate is the risk free rate published by EIOPA as at 31 December 2021 (2020: risk-free discount rate published by EIOPA as at 31 December 2020); • The renewal expenses are nil% of regular premiums (2018: nil%), as TMKS has committed to pay all future expenses and not recharge this to the syndicate; • Mortality is 120% (2020: 120%) of the TM16 (2020: TM08) tables for males and 115% (2020: 110%) of the TM16 (2020: TM08) tables for females. Where smoker status is unknown, it is assumed that 90% (2020: 90%) of policyholders are non-smokers and 10% (2020: 10%) are smokers.
COVID-19	The syndicate is exposed to significant mortality risk on its portfolio of long-term business. COVID-19 losses of £0.8 million (2020: £1.2 million) have been incurred which takes account of the geographic diversity of the portfolio and the varying expected COVID-19 death rate in each country.
Written premium Pipeline premium	Written premium is reported according to management estimation of when premium will be written. An estimate of premiums written during the year that have not yet been notified by the financial year-end 'pipeline premiums' is made on a risk by risk basis. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision and an estimate of claims incurred but not reported in respect of the earned element. For periodic premium life contracts with recurrent single premiums and a policy term of greater than 12 months, premium is written on an annual basis, at anniversary of inception.
Earned premium	Earned premium is estimated based on assumptions of how each risk is earned according to its method of placement and class of business. Each risk falling within a class of business is earned according to the estimated pattern applying to that class of business, which takes into account the class characteristics including exposure to seasonal weather-related events. This approach is applied consistently year-on-year. The earning of premiums is based primarily on time apportionment, with an adjustment for the risk profile of certain classes of business particularly those exposed to seasonal weather related events. For life policies reserved under a long-term methodology, written premium is treated as fully earned from inception, or anniversary of inception, and no unearned premium reserve is held. Instead these policies are reserved using a gross premium valuation methodology to calculate the provision required to meet future expected claims and expenses less future expected premiums ('mathematical reserves'). Where mathematical reserves for an individual long-term life contract creates a deficit from

	inception on a best estimate basis, assets will be transferred from the year of account which originally underwrote the business to the year of account carrying the liability in order to maintain equity between capital providers. The assessment for this requirement is made on a 'managed together' basis.
Provision for unexpired risks	All reasonable steps are taken to ensure that the appropriate information regarding claims exposures is obtained. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premium and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.
Reinsurance recoverable	Reinsurance is deemed to be fully recoverable unless there is reason to doubt to its recoverability. In these circumstances specific provisions are made based on the expected proportional recovery and the credit risk profile of the counterparties.
Financial investments	Financial investments are carried in the balance sheet at fair value. Market valuations of funds are obtained from fund administrators. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available is determined by using valuation techniques.

3. Segmental analysis

All business written by the syndicate is life insurance. All business was concluded in the UK. There are no new business premiums.

	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Result £'000
2021						
Direct insurance	**786**	**1,556**	**199**	**(1,058)**	**(335)**	**362**
Reinsurance accepted	**248**	**55**	**312**	**(168)**	**(4)**	**195**
	1,034	**1,611**	**511**	**(1,226)**	**(339)**	**557**
2020 (restated*)						
Direct insurance	1,349	3,574	948	(1,759)	(426)	2,337
Reinsurance accepted	177	305	283	(158)	(26)	404
	1,526	3,879	1,231	(1,917)	(452)	2,741

*See note 18

The direct gross written premium can be further analysed as follows:

	2021 £'000	2020 £'000
Individual premiums	**641**	1,249
Premiums under group contracts	**145**	100
	786	1,349
Periodic premiums	**641**	1,249
Single premiums	**145**	100
	786	1,349

The geographical analysis of premium by location of client is as follows:

	2021 £'000	2020 £'000
United Kingdom	**348**	884
European Union	**403**	38
United States	**(151)**	718
Other	**434**	(114)
	1,034	1,526

4. Net operating expenses

	2021 £'000	2020 £'000
Acquisition costs	**452**	680
Change in deferred acquisition costs	**224**	783
Administrative expenses	**551**	454
Reinsurance commissions and profit participations	**54**	9
	1,281	1,926

Auditors' remuneration

	2021 £'000	2020 £'000
Fees payable to the syndicate's auditor for the audit of the syndicate annual accounts	**116**	94
Other services pursuant to legislation	**50**	40
	166	134

The charge incurred for other services pursuant to legislation relates to the audit and review of the syndicate's regulatory returns. The charge incurred for all other services in 2021 relates to the provision of a statement of actuarial opinion on the reserves.

Audit fees are billed combined for the TMK group and the syndicate and are paid by a fellow subsidiary of TMKGL. Audit fees are recharged to the syndicate.

5. Staff costs

The syndicate and its managing agent have no employees. Staff are employed by Tokio Marine Kiln Insurance Services Limited. The following amounts were recharged to the syndicate in respect of salary costs and are included within administrative expenses:

	2021 £'000	2020 £'000
Wages and salaries	**116**	225
Social security costs and other pension costs	**32**	29
	148	254

Included in social security costs and pension costs are amounts related to the defined benefit pension scheme recharged by the managing agent:

	2021 £'000	2020 £'000
Net charge from managing agent during year	**-**	27
Amount funded in year	**-**	27

6. Emoluments of the Directors and run-off manager

The Directors of Tokio Marine Kiln Syndicates Limited received the following aggregate remuneration in relation to their work on the syndicate:

	2021 £'000	2020 £'000
Emoluments	**4**	3

Of the above amount £3,000 (2020: £2,000) was charged to the syndicate as an expense, with the remainder borne by other group entities.

The run-off manager received the following remuneration charged as a syndicate expense:

	2021 £'000	2020 £'000
Emoluments	**82**	124

7. Reconciliation of insurance balances

The reconciliation of the opening and closing provision for unearned premiums is as follows:

	Gross £'000	**Reinsurance £'000**	**Net £'000**
2021			
At 1 January 2021	**573**	**(1,743)**	**(1,170)**
Premiums written in the year	**1,034**	**142**	**1,176**
Premiums earned during the year	**(1,611)**	**284**	**(1,327)**
Foreign exchange adjustments	**4**	**1**	**5**
At 31 December 2021	**-**	**(1,316)**	**(1,316)**
2020 restated*			
At 1 January 2020	2,935	(2,657)	278
Premiums written in the year	1,526	517	2,043
Premiums earned during the year	(3,879)	398	(3,481)
Foreign exchange adjustments	(9)	(1)	(10)
At 31 December 2020	573	(1,743)	(1,170)

*See note 18

The reconciliation of the opening and closing long-term business provision is as follows:

	Gross £'000	**Reinsurance £'000**	**Net £'000**
2021			
At 1 January	**10,180**	**-**	**10,180**
Claims incurred during the year	**(431)**	**-**	**(431)**
Claims paid during the year	**(814)**	**-**	**(814)**
Foreign exchange adjustments	**65**	**-**	**65**
At 31 December	**9,000**	**-**	**9,000**
2020			
At 1 January 2020	13,638	(88)	13,550
Claims incurred during the year	(341)	45	(296)
Claims paid during the year	(2,869)	43	(2,826)
Foreign exchange adjustments	(248)	-	(248)
At 31 December	10,180	-	10,180

8. Claims development

Within the calendar year technical result, a surplus of £112,000 (2020: surplus of £1,940,000) relates to the reassessment of net claims incurred for previous accident years.

The following tables show the development of gross and net claims incurred including IBNR and the claims handling provision the last 10 years. The claims development tables are prepared on an underwriting year of account basis, and therefore reflect the pattern of earned premium and risk exposure over a number of years. All figures are shown converted at current year-end rates.

The syndicate is required to hold additional reserves under rules for syndicates with long-term insurance liabilities. The total outstanding claims reserve shown in the tables below includes the allowance made for these additional reserves which are accounted for in the net claims outstanding amount shown on the balance sheet. Outstanding claims are shown within in the long-term business provision in the balance sheet.

	End of first year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Claims Paid
Year of Account	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Gross of reinsurance											
2012	7.4	15.5	15.7	15.9	15.8	15.8	15.7	15.6	15.6	15.6	(15.6)
2013	9.5	17.7	17.2	17.1	17.1	17.1	17.2	17.2	17.2		(17.1)
2014	6.8	15.8	16.2	15.3	15.4	15.3	15.3	15.3			(15.3)
2015	9.9	16.3	19.5	19.0	18.9	18.9	18.9				(18.8)
2016	8.1	27.1	26.3	27.2	25.7	25.5					(25.4)
2017	10.4	24.3	28.5	29.1	29.3						(24.9)
2018	8.4	8.1	7.4	7.2							(2.9)
Net of reinsurance											
2012	7.3	15.2	15.4	15.6	15.5	15.5	15.4	15.3	15.3	15.3	(15.3)
2013	9.0	17.1	16.7	16.6	16.6	16.6	16.7	16.6	16.6		(16.6)
2014	6.8	14.9	14.9	14.3	14.3	14.1	14.2	14.1			(14.1)
2015	9.9	16.3	19.1	18.6	18.5	18.4	18.8				(18.8)
2016	8.1	27.1	26.3	27.2	25.7	25.5					(25.4)
2017	10.0	24.0	28.1	28.7	27.6						(23.1)
2018	8.4	8.1	7.4	7.2							(2.8)

	Gross £m	**Reinsurance £m**	**Net £m**
Estimated balance to pay	**9.0**	-	**9.0**
2011 and prior	-	-	-
Outstanding claims reserve	**9.0**	-	**9.0**

9. Debtors arising out of direct insurance operations

	2021 £'000	2020 £'000
Amounts due from intermediaries	**96**	155

10. Debtors arising out of reinsurance operations

	2021 £'000	2020 £'000
Amounts due from intermediaries	**202**	230
Gross reinsurance recoverable on paid claims	**-**	128
	202	358

11. Other debtors

	2021 £'000	2020 £'000
Intercompany	**1,214**	403
Indirect taxes	**8**	30
	1,222	433

12. Reconciliation of deferred acquisition costs

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

	Gross £'000	Reinsurance £'000	Net £'000
2021			
At 1 January	**222**	**-**	**222**
Cost deferred during the year	**452**	**54**	**506**
Charge for the year	**(676)**	**(54)**	**(730)**
Foreign exchange adjustments	**2**	**-**	**2**
At 31 December	**-**	**-**	**-**
2020			
At 1 January	1,013	(2)	1,011
Cost deferred during the year	680	11	691
Charge for the year	(1,463)	(9)	(1,472)
Foreign exchange adjustments	(8)	-	(8)
At 31 December	222	-	222

13. Other technical provisions

	2021 £'000	2020 £'000
Provision for unexpired risks	**50**	130

14. Creditors arising out of direct insurance operations

	2021 £'000	2020 £'000
Amounts due to intermediaries within one year	**1,436**	1,450

15. Other creditors

	2021 £'000	2020 £'000
Intercompany	**1,330**	887

16. Off-balance sheet items

The syndicate has not been party to an arrangement, which is not reflected in its balance sheet, where material risks and benefits arise for the syndicate.

17. Related parties

Syndicate 308 accepted inwards reinsurance business from other Tokio Marine group entities that are deemed to be related parties of Tokio Marine Kiln Syndicates Limited by virtue of the shareholding in Tokio Marine Kiln Group Limited by Tokio Marine Holdings, Inc. All transactions between these entities were conducted at arm's length and on normal commercial terms.

Syndicate 308 accepted written premium from related parties in the 2021 calendar year of £nil (2020: £8,000). The unpaid premiums due from related parties at the period end were £nil (2020: £nil). The outstanding claims (excluding IBNR) were £nil (2020: £nil). No business was ceded to related parties.

No profit commission was payable by the syndicate to Tokio Marine Kiln Syndicates Limited in respect of the 2021 calendar year (2020: £nil). Profit commission is accrued by the syndicate based on the interim annual accounting results of each year of account under UK GAAP and final settlement to the managing agent is paid when the year of account is closed, normally after three years.

No managing agency fees were paid by the syndicate to Tokio Marine Kiln Syndicates Limited (2020: £nil). Expenses of £476,000 (2020: £733,000) were paid to Tokio Marine Kiln Syndicates Limited for expenses paid on behalf of the syndicate.

Tokio Marine Underwriting Limited

Tokio Marine & Nichido Fire Insurance Co., Ltd. wholly owns Tokio Marine Underwriting Limited. During the year, Tokio Marine Underwriting Limited participated as a member on Syndicate 308 as shown in the following table.

	2017	2018
Percentages of capacity per year of account %	52	100

18. Prior year restatement

During 2021, two prior period errors were identified which resulted in a restatement of the profit and loss: technical account – long-term business for the year ended 31 December 2020, profit and loss: non-technical account for the year ended 31 December 2020, balance sheet: assets as at 31 December 2020, balance sheet: liabilities as at 31 December 2020, statement of changes in members' balances for the year ended 31 December 2020 and the statement of cash flows for the year ended 31 December 2020. The errors related solely to outwards reinsurance premiums on the 2017 and prior years of account. The first error led to an understatement of outwards reinsurance earned premium due to an incorrect classification of an earning pattern on one ceded reinsurance contract. The second error related to an overstatement of outwards reinsurance written premium arising across a number of historic years of account. The following table illustrates the impact of the restatements to the primary annual accounts as at 31 December 2020.

	As reported £'000	Restated £'000
Profit and loss: technical account – long-term business		
Change in the provision for unearned premiums: Reinsurers' share	(793)	(915)
Change in the net provision for unearned premiums	1,560	1,438
Earned premiums, net of reinsurance	3,603	3,481
Total technical income	3,646	3,524
Balance on the technical account for long-term business	2,906	2,784
Profit and loss: non-technical account		
Balance on the technical account for long-term business	2,906	2,784
Profit for the financial year	3,004	2,882
Balance sheet: assets		
Reinsures' share of technical provisions: Provision for unearned premiums	2,173	1,743
Balance sheet: liabilities		
Members' balances	4,121	4,107
Creditors arising out of reinsurance operations	2,683	2,267
Statement of changes in members' balances		
Members' balances brought forward 1 January	1,117	1,225
Profit for the financial year	3,004	2,882
Statement of cash flow		
Operating profit on ordinary activities	3,004	2,882
Decrease/(Increase) in reinsurers' share of technical provisions	880	1,002

19. Risk management

Details of the syndicate's risk management framework are given in the 'principal risks & uncertainties' section in the managing agent's report.

a) Insurance risk

Earned premium sensitivity analysis

For business not reserved using long-term methodologies, premium is earned on a straight-line basis. This approach is applied consistently year-on-year.

The following table gives an indication of the impact on gross earned premium and members' balances of a one percent increase and decrease in earned premium on each year of account. Impact on members' balance has been calculated by applying the underlying attritional loss ratio.

Increase/(Decrease)	**2021 £'000**	2020 £'000
Impact of 1% increase on Gross earned premium	**400**	391
Impact of 1% increase on Members' balances	**65**	(485)
Impact of 1% decrease on Gross earned premium	**(400)**	(391)
Impact of 1% decrease on Members' balances	**(65)**	485

Claims sensitivity analysis

The following table gives an indication of the impact on members' balances of a one percent increase and decrease in loss ratio.

Increase/(Decrease) in members' balances	**2021 £'000**	2020 £'000
Impact of 1% increase in loss ratio	**(16)**	(39)
Impact of 1% decrease in loss ratio	**16**	39

b) Financial risk

The syndicate is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are credit risk, liquidity risk and market risk (including interest rate risk and currency risk).

These risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. The risks that the syndicate primarily faces due to the nature of its investment and liabilities are interest rate risk and currency risk.

Credit risk

For details of the management of the syndicate's credit risks please refer to the Directors' report of the managing agent. The following table provides information regarding credit risk exposures of the syndicate by classifying assets according to the Standard & Poor's credit ratings of the counterparties. Where a security has no credit rating, the rating of the issuer is used. During the year there were no material breaches in exposure limits.

	AAA £'000	**AA £'000**	**A £'000**	**BBB and below £'000**	**Total £'000**
2021					
Financial investments:					
-Other financial investments	**8,605**	**-**	**3,632**	**-**	**12,237**
-Deposits with ceding undertakings	**-**	**-**	**-**	**-**	**-**
Overseas deposits	**699**	**1,797**	**-**	**-**	**2,496**
Cash at bank and in hand	**-**	**-**	**430**	**-**	**430**
Reinsurers' share of technical provisions	**-**	**-**	**-**	**-**	**-**
Reinsurance recoverable on paid claims	**-**	**-**	**-**	**-**	**-**
	9,304	**1,797**	**4,062**	**-**	**15,163**
2020					
Financial investments:					
-Other financial investments	8,689	-	3,970	-	12,659
-Deposits with ceding undertakings	-	-	-	239	239
Overseas deposits	1,227	1,694	-	-	2,921
Cash at bank and in hand	-	-	864	-	864
Reinsurers' share of technical provisions	-	-	-	-	-
Reinsurance recoverable on paid claims	-	-	-	-	-
	9,916	1,694	4,834	239	16,683

There was no potential reinsurance credit exposure to the syndicate at 31 December 2021 (2020: no potential reinsurance credit exposure). The Outwards Reinsurance team reviews the level of this exposure and takes appropriate action where necessary. This includes requesting a letter of credit for all reinsurers, related parties included.

An aged analysis of financial assets past due is shown below.

	Fully performing	Past due	Impairment	Total
	£'000	£'000	£'000	£'000
2021				
Financial investments:				
-Other financial investments	**12,237**	**-**	**-**	**12,237**
-Overseas deposits	**2,496**	**-**	**-**	**2,496**
Cash at bank and in hand	**430**	**-**	**-**	**430**
Insurance debtors	**96**	**-**	**-**	**96**
	15,259	**-**	**-**	**15,259**
2020				
Financial investments:				
-Other financial investments	12,659	-	-	12,659
-Deposits with ceding undertakings	239	-	-	239
Overseas deposits	2,921	-	-	2,921
Cash at bank and in hand	864	-	-	864
Reinsurance recoverable on paid claims	-	128	-	128
Insurance debtors	155	-	-	155
	16,838	128	-	16,966

For assets to be classified as past-due the contractual payments are in arrears by more than 30 days. An impairment adjustment is recorded in the profit and loss: non-technical account for assets impaired. The syndicate operates mainly on a 'neither past-due nor impaired basis' and when evidence is available, sufficient collateral will be obtained for 'past-due and impaired' assets. An impairment assessment will also be performed if applicable.

Liquidity risk

For details of the management of the syndicate's liquidity risks please refer to the managing agent's report.

The syndicate writes a significant proportion of US Situs and Canadian business which requires the deposit of appropriate monies in specific trust funds. Some of these trust funds are regulated, requiring quarterly assessment of the adequacy of funding. Surplus funds or additional funding requirements are settled each quarter between the regulated and non-regulated trust funds. In exceptional circumstances, and with approval from Lloyd's, inter-fund settlement can take place outside the quarterly process. As at 31 December 2021 the balance held in these trust funds was US $4,026,000 (2020: US $5,820,000).

The following table analyses the financial liabilities and gross claims provision into their relevant maturity groups based on the remaining period at the year-end date to their contractual maturities or expected settlement dates. The projected settlement of the gross claims provision is modelled using actuarial techniques. These estimates assume that future claims settlement patterns will be broadly similar to those experienced in the past.

	No stated maturity £'000	Up to 1 year £'000	1-3 years £'000	3-5 years £'000	Over 5 years £'000	Total £'000
2021						
Financial liabilities:						
Creditors	**-**	**4,424**	**-**	**-**	**-**	**4,424**
Technical provisions: claims outstanding	**401**	**1,597**	**2,336**	**1,578**	**3,088**	**9,000**
Financial liabilities and claims outstanding	**401**	**6,021**	**2,336**	**1,578**	**3,088**	**13,424**
2020 (restated)*						
Financial liabilities:						
Creditors	-	4,604	-	-	-	4,604
Technical provisions: claims outstanding	460	1,853	2,548	1,932	3,387	10,180
Financial liabilities and claims outstanding	460	6,457	2,548	1,932	3,387	14,784

*See note 18

Foreign currency market risk

For further details of the management of the syndicate's market risk please refer to the managing agent's report.

The syndicate maintains bank accounts and claims reserves in pounds sterling and US dollars (the Lloyd's closing currencies). Transactions arising in other currencies are translated to the Lloyd's closing currencies as they occur. Certain other currencies are held for regulatory purposes. The majority of the syndicate's financial assets are denominated in the same currencies as its insurance liabilities and thus the developing profit or loss that remains embedded within the syndicate gives rise to the main currency exposure. The profit or loss is distributed, or settled, in accordance with Lloyd's rules using a combination of pounds sterling and US dollars after deduction of the member level charges.

Foreign currency liquidity and exposure for the syndicate is the responsibility of the Chief Financial Officer. Strategy is recommended and agreed by the Investment Committee. The syndicate currency exposure and future cash flows are monitored by currency and potential exposures and shortfalls addressed by foreign currency transactions, hedges or cash calls on members.

A sizeable proportion of the syndicate's business is written in currencies other than pounds sterling, in particular US dollars. The syndicate's business is therefore exposed to changes in exchange rates and there is no assurance that foreign currency risk mitigation initiatives which the syndicate undertakes will be successful in preventing any losses due to such changes.

Exchange rate sensitivity analysis

The analysis below is performed for possible movements in key variables, with all other variables held constant, showing the impact on the result and net assets. The correlation of variables will have a significant effect in determining the ultimate impact. However, to isolate and demonstrate the effect due to changes in variables, each variable has been changed on an individual basis.

The following table gives an indication of the impact on the result and net assets or liabilities of a ten percent change in the relative strength of the pound sterling against the value of the US dollar, excluding the effect of hedges.

	2021 £'000	2020 (restated)* £'000
Sterling strengthens 10% against US dollar	**205**	331
Sterling weakens 10% against US dollar	**(205)**	(331)

*See note 18

Interest rate market risk

For further details of the management of the syndicate's market risk please refer to the managing agent's report.

The syndicate holds investments in its balance sheet and the performance of its investment portfolio may have an effect on the result. The income derived by the syndicate from its investments, and the capital value of its investments, may fall as well as rise. Therefore, changes in interest rates, credit ratings and other economic variables could substantially affect the syndicate's profitability.

Interest rate market risk
For further details of the management of the syndicate's market risk please refer to the managing agent's report.

Capital management
The managing agent maintains an efficient capital structure in Syndicate 308, consistent with its risk profile and the regulatory and market requirements of the syndicate's business.
The managing agent's objectives in managing the capital of the syndicate are:

- to match the profile of assets and liabilities, taking account of the risks inherent in the business;
- to satisfy the requirements of the policyholders, regulators and rating agencies; and
- to manage exposure to movements in exchange rates.

Further disclosures on capital management can be found in the managing agent's report.

Regulatory capital requirements
The members maintain Funds at Lloyd's determined in accordance with Lloyd's ECA and also in accordance with the PRA's SCR. These funds are deposited at Lloyd's by the members and therefore are off balance sheet. The syndicate's capital requirement as at 31 December 2021 is estimated to be £7,830,000 (2020: £8,100,000) in respect of the run-off of the 2017 year of account and £2,430,000 (2020: £2,600,000) in respect of the 2018 year of account which has been formed exclusively for the purpose of managing the liabilities and remedies arising from the UNFCU contract. The syndicate's capital requirement as at 31 December 2018 was £14,400,000 in respect of the run-off of the 2017 and prior years of account and £4,500,000 in respect of the 2018 year of account.

Restrictions on available capital resource
The available resource of the syndicate's trust funds is described in the following tables. Members' balances are distributed on the closure of an underwriting year subject to meeting Lloyd's and other regulatory requirements. Such amounts cannot be distributed without an up-to-date actuarial valuation.

Other UK life business	2021 £'000	2020 (restated)* £'000
Members' balances surplus	**4,525**	4,107
Disallowance – overdue premium and sundry debtors	-	128
Deferred acquisition costs	-	(222)
Total available capital resource	**4,525**	4,013
Provision for unearned premiums	-	(573)
Long-term business provision	**(9,000)**	(10,180)
Other technical provisions	**(50)**	(130)
Gross technical provisions in the balance sheet	**(9,050)**	(10,883)

*See note 18

The general reduction in the technical provisions during 2021 is due to the run-off of the liabilities over time as Syndicate 308 is no longer writing new business.

Movements in capital resource	2021 £'000	2020 (restated)* £'000
Balance at 1 January	**4,013**	179
Disallowance – (decrease)/increase in overdue premium and sundry debtors	**(128)**	53
Deferred acquisition costs	**222**	791
Movement in members' balances	**418**	2,990
Balance as at 31 December	**4,525**	4,013

*See note 18

Capital resource sensitivities

The capital position is sensitive to changes in market conditions, due to both changes in the value of the assets and the effect that change in investment conditions may have on the value of the liabilities. It is also sensitive to assumptions and experiences relating to mortality and morbidity and to a lesser extent, expenses and persistency. The most significant sensitivities arise from the following risks:

- market risk, which would arise if the return from the fixed interest investments which support this business were lower than that assumed for reserving (currently the valuation interest rate is assumed to be the risk-free discount rate), and
- mortality risk, which would arise if mortality of the lives insured were heavier than that assumed, possibly because of an epidemic or catastrophe.

The timing of any impact on capital would depend on the interaction of assumptions and past experience about future experience. In general, if experience was worse or was expected to deteriorate, and management actions were not expected to reduce the future impact, then assumptions relating to future experience would be changed. In this way, liabilities would be increased to anticipate the future impact of the worse experience with immediate impact on the capital position.

c) Fair value estimation

Financial instruments that are fair valued through profit and loss are classified using a fair value hierarchy that reflects the significance of the inputs used in these measurements.

- Level 1 financial instruments comprise government bonds and securities which have been valued at fair value using quoted prices in an active market.
- Level 2 financial instruments are less regularly traded government agency bonds, supranational bonds, corporate bonds, money market and open-ended funds. These fair values have been derived from market observable inputs.
- The fair value for level 3 financial instruments is derived from inputs that are not observable. The syndicate held no level 3 securities as at 31 December 2021.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Historical Cost £'000
2021					
Financial investments:					
-Other financial investments	**3,632**	**8,605**	**-**	**12,237**	**12,237**
-Overseas deposits	**2,496**	**-**	**-**	**2,496**	**2,496**
	6,128	**8,605**	**-**	**14,733**	**14,733**
2020					
Financial investments:					
-Other financial investments	3,970	8,689	-	12,659	12,659
-Overseas deposits	2,921	-	-	2,921	2,921
	6,891	8,689	-	15,580	15,580

20. Post balance sheet events

TMK will have claims exposure to the recent and rapidly developing war in Ukraine. While it is too early to estimate the cost of those exposures, at this time we do not expect the losses to materially impact our operations or financial position. TMK holds no direct assets in Ukraine or Russia and indirect investment exposures are immaterial.

There are no other post balance sheet events to report.

Tokio Marine Kiln Life Syndicate 308

Underwriting year accounts for the 2017 year of account

Report of the Directors of the managing agent

The managing agent presents its report at 31 December 2021 for the 2017 closed year of account. This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). It accompanies the underwriting year and run-off accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No. 1950 of 2008, Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

2017 closed year of account

In previous years there were material uncertainties on future losses and premiums in relation to long-term contracts residing in this year. These material uncertainties have reduced and/or been mitigated during the past 12 months, to an extent where TMKS has been able to determine a fair and equitable reinsurance to close (RITC) premium into the 2018 year of account.

Syndicate 308 made an underwriting loss of £10.2 million (before members' agents fees) on allocated capacity of £30.9 million after taking account of operating expenses, foreign exchange, Lloyd's expenses and investment income. The 2017 underwriting year was impacted by the poor performance of a group life policy covering investors in a certain investment scheme.

Disclosure of information to the auditors

As far as each person who was a Director of the managing agent at the date of approving this report is aware, there is no relevant audit information, which is information needed by the auditors in connection with its report, of which the auditors are unaware. Having made enquiries of fellow Directors of the managing agent and the syndicates' auditors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Reappointment of auditors

The Board approved the reappointment of PricewaterhouseCoopers LLP as auditors on an ongoing basis for the managed syndicates, managing agent and other TMK group entities.

Approved by the Board of Directors

B T Irick
Chief Executive Officer
Tokio Marine Kiln Syndicates Limited
3 March 2022

Statement of managing agent’s responsibilities

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

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

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the RITC shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each syndicate and enable it to ensure that each syndicate underwriting year accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of each 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 its website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of the managing agent confirm that they have complied with the above requirements in preparing the syndicate underwriting year accounts.

Independent auditors' report to the members of Syndicate 308 – 2017 closed year of account

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, 308's syndicate underwriting year financial statements for the 2017 year of account for the 60 months ended 31 December 2021 (the "underwriting year financial statements"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2021 and of its loss for the 2017 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Underwriting Year Accounts, which comprise: the Balance sheet for the 2017 closed year of account as at 31 December 2021; the Profit and loss: technical account – long-term business, the Profit and loss: non-technical account and the statement of changes in members' balances 2017 closed account for the 60 months ended 31 December 2021; and the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter – Basis of preparation

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

Reporting on other information

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

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

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of Managing Agent's Responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2017 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the risk and compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to valuation of the IBNR component of claims outstanding and estimated premium income.

- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations impacting revenue, journals posted by senior management and/or those posted late in the year end close process.

- Reviewing relevant meeting minutes including those of the Conflicts Committee, Risk, Capital & Compliance Committee and Audit Committee and correspondence with regulatory authorities, including Lloyd's of London and the Prudential Regulatory Authority.

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

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

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

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

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

We have no exceptions to report arising from this responsibility.

Matthew Nichols (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 March 2022

Profit and loss: technical account – long-term business
2017 closed account for 60 months ended 31 December 2021

	Note	2017 £'000
Syndicate allocated capacity		**30,887**
Earned premiums, net of reinsurance		
Gross premiums written	3	40,241
Outward reinsurance premiums		(5,096)
Change in the provision for unearned premiums, net of reinsurance		(177)
Earned premiums, net of reinsurance		34,968
Reinsurance to close premium received, net of reinsurance	4	5,122
Allocated investment return transferred from the non-technical account		108
Claims incurred, net of reinsurance		
Claims paid:		
Gross amount		(27,565)
Reinsurers' share		392
Reinsurance to close premium payable, net of reinsurance	4	(6,140)
Claims incurred, net of reinsurance		(33,313)
Members' standard personal expenses		(506)
Net operating expenses	5,6	(16,468)
Balance on the technical account - long-term business		(10,089)

There is no other comprehensive income.

The notes to the underwriting year accounts and significant accounting policies form part of these underwriting year accounts.

Profit and loss: non-technical account
2017 closed account for 60 months ended 31 December 2021

	2017 £'000
Balance on the long-term business technical account	(10,089)
Investment income	108
Allocated investment return transferred to the long-term business technical account	(108)
Foreign exchange loss	(121)
Result before members' agents fees	(10,210)
Members' agents fees	(82)
Amounts due from members	(10,292)

The syndicate has ceased trading forward and therefore there are no component parts of the business to be separately classified and disclosed as discontinued.

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts, therefore no statement of other comprehensive income has been presented.

The notes to the underwriting year accounts and significant accounting policies form part of these underwriting year accounts.

Balance sheet for the 2017 closed year of account as at 31 December 2021

	Note	2017 £'000
Assets		
Investments		
Other financial investments	8	3,234
Debtors		
Arising out of direct insurance operations:		93
Arising out of reinsurance operations		103
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	4	(169)
Other assets		
Cash at bank and in hand		238
Overseas deposits		2,496
Prepayments and accrued income		
Deferred acquisition costs		-
Total assets		5,995
Liabilities		
Amounts due from members		(292)
Reinsurance to close premiums payable to close the account - gross amount	4	5,971
Creditors		
Arising out of direct insurance operations:		160
Arising out of reinsurance operations		139
Other creditors		17
Total Liabilities		5,995

The underwriting year accounts, which comprise the profit and loss: technical account – long-term business, the profit and loss: non-technical account, balance sheet for the 2017 closed year of account, the statement of changes in members' balances and notes to the underwriting year accounts and significant accounting policies were approved by the Board of Tokio Marine Kiln Syndicates Limited on 3 March 2022 and were signed on its behalf by

R Patel
Chief Financial Officer
Tokio Marine Kiln Syndicates Limited
3 March 2022

The notes to the underwriting year accounts and significant accounting policies form part of these underwriting year accounts.

Statement of changes in members' balances
2017 closed account for the 60 months ended 31 December 2021

	2017 £'000
Loss for the 2017 underwriting year of account	(10,210)
Members' agents fee advances	(82)
Cash call made	10,000
Amount due from members at 31 December 2021	(292)

The notes to the underwriting year accounts and significant accounting policies form part of these underwriting year accounts.

Notes to the underwriting year accounts and significant accounting policies

1. Accounting policies

1.1 Statement of compliance

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

These underwriting year accounts are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

These underwriting year accounts are presented in pounds sterling, which is the functional currency of the syndicate. All amounts have been rounded to the nearest thousand pounds, unless otherwise stated.

1.2 New standards and amendments

The syndicate has applied FRS 102 and FRS 103, both as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. FRS 102 is subject to a periodic review at least every five years. The first periodic review, the Triennial Review 2017, was completed in December 2017, with an effective date of 1 January 2019.

The Financial Reporting Council (FRC) commenced the second periodic review in March 2021. Publication of a Financial Reporting Exposure Draft (FRED) is expected during 2022. The proposed effective date of the amendments set out in the FRED will be determined taking into account the nature of the proposals and other relevant factors, but will not be earlier than 1 January 2025.

There are no amendments to UK accounting standards impacting the 2017 year of account.

1.3 Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and is 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 underwriting year accounts by way of such capital resources. However, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

1.4 Going concern

These underwriting year accounts relate to a closed underwriting year of account, matters relating to going concern are not relevant. The underwriting year accounts are prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

1.5 Summary of accounting policies

The significant accounting policies adopted in the preparation of the underwriting year accounts are set out below. They have been applied consistently to all periods presented in these underwriting accounts.

a. Product classification

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

b. Premiums written

Inwards premiums written comprise premiums on contracts incepting during the financial year as well as adjustments made in the year to premiums on contracts incepting in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums on a risk by risk basis, representing the difference between the written and signed premium, which is held on the balance sheet as an asset.

Single premium life contracts consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals. Additional single premiums paid in respect of existing individuals' contracts are also included within single premiums.

Periodic premium life contracts include those contracts under which premiums are payable at regular intervals during the policy year, including repeated or recurrent single premiums where the level of premiums is defined. For policies with recurrent single premiums and a policy term of greater than 12 months, premium is usually written on an annual basis at the anniversary of inception into the youngest year of account up to and including the 2017 year. As a result of the syndicate going into run-off from the 2018 calendar year, premium will continue to be written into the 2017 year of account on an annual basis until the policy expires.

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

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums follow the year of account of the original premium. Estimates are made for pipeline premiums, representing premiums written but not reported to the syndicate by the reporting date.

c. Earned premiums

For policies reserved under a long-term methodology, written premium is treated as fully earned from inception, or anniversary of inception, and no unearned premium reserve is held. Other policies not reserved in this manner have their earning patterns based on time apportionment.

d. Claims paid and incurred

Paid claims represent all claims paid during the year and include claims handling expenses.

Claims incurred comprise paid claims and changes in the long-term business provision.

e. Long-term business provision and related recoveries

The long-term business provision is determined annually by an actuarial valuation. Policies are reserved using a gross premium valuation methodology to calculate the provision required to meet future expected claims and expenses less future expected premiums ('mathematical reserves').

The long-term business provision includes an additional expense reserve to cover the future costs associated with maintaining the long-term contracts. The level of expenses is based on a prudent assessment of the expected costs, necessary to maintain the in-force policies.

f. Provision for unexpired risks

Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision. The expected claims are calculated having regard only to events that have occurred prior to the balance sheet date. The need for an unexpired risks provision is assessed on a 'managed together' basis. Unexpired risks surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. The unexpired risks provision is included within other technical provisions.

All reasonable steps are taken to ensure that the appropriate information regarding claims exposures is obtained. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premiums and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.

g. Net operating expenses and personal expenses

Net operating expenses comprise the cost of acquiring business including commission and profit commission as well as the staff costs and other expenses attributable to underwriting operations.

Commission and brokerage are charged to the year of account to which the relevant policy is allocated.

Personal expenses comprise managing agent's fee, Lloyd's central fund contributions and Lloyd's subscriptions.

Net operating expenses and personal expenses are recognised on the accruals basis and represent the expenses incurred on underwriting operations and also the reinsurance commission income.

h. Finance costs

Finance costs comprise interest paid and bank charges together with facility fees on letters of credit and are recorded in the period in which they are incurred.

i. Acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date. Where inwards business is ceded to an outwards proportional reinsurance treaty, an estimate of the relevant proportion of the inwards acquisition costs is calculated and deferred in line with the outwards unearned premium at the balance sheet date.

Deferred acquisition costs, representing the proportion of commission and other acquisition costs that relate to unearned premium on policies in force at the year-end, are charged over the period in which related premiums are earned. Deferred acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

j. Foreign currencies

Functional and presentation currency

Items included in the underwriting year accounts are measured using the currency of the primary economic environment in which the syndicate operate (the functional currency). The underwriting year accounts are presented in pounds sterling which is also the functional currency of the syndicate.

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions or an appropriate average rate of exchange. At each period end foreign currency monetary items are translated using the closing rate. For this purpose, all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items.

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

Exchange rates used are as follows:

US dollar	2021	2020	2019	2018	2017
Average rate	**1.38**	1.28	1.28	1.34	1.29
Year-end rate	**1.35**	1.37	1.32	1.27	1.35

The distributable result on closing a year of account is calculated using the exchange rates prevailing at the date of closure.

k. Financial investments

The syndicate has chosen to adopt Sections 11 and 12 of FRS 102, "Basic Financial Instruments" and "Other Financial Instruments Issues", respectively.

Information relating to investments is reported to internal management on a fair value basis therefore all financial investments are designated at fair value through profit or loss at acquisition. These are initially recorded at cost, which equates fair value and subsequently carried at fair value through profit or loss.

All regular purchases and sales of financial investments are recognised on the trade date, being the date the syndicate commits to purchase or sell the asset.

Fair value determinations for financial investments are based on either bid market prices at close of business on the year-end date for listed investments, broker or dealer price quotations, or by reference to current market values of another substantially similar instrument.

A financial asset is derecognised when the contractual right to receive cash flows expires or where they have been transferred and the syndicate has also substantially transferred all risks and rewards of ownership. A financial liability is derecognised once the obligation under the liability is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Equity instruments that are not publicly traded and whose value cannot be measured reliably are subsequently measured at cost less impairment.

l. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

m. Debtors and creditors arising out of direct and reinsurance operations

Debtors and creditors arising out of direct and reinsurance operations are initially recognised at transaction price and are subsequently carried at the recoverable amount. The carrying value of is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss. Debtors arising out of direct insurance and reinsurance operations are stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management.

n. Other debtors and creditors

Any other debtors and creditors are recognised initially at transaction price and subsequently carried at the recoverable amount. The carrying value of other debtors is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. All other debtors and creditors are due within one year, unless otherwise stated.

o. Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 24 hours or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. These are measured at cost less any allowance for impairment. Cash and cash equivalents consist of cash at bank and in hand only.

p. Overseas deposits

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries. These are measured at cost less any allowance for impairment and classified as other assets.

q. Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment management expenses, including interest. Realised gains and losses on investments carried at fair value through profit or loss are calculated as the difference between sale proceeds and the fair value at the previous balance sheet date, or purchase price if acquired during the year. Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and the fair value at the previous balance sheet date, or purchase price if acquired during the year.

Investment return on long-term business is initially recorded in the non-technical account. A transfer is made from the non-technical account to the long-term business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Investment return that is not specific to a year of account is allocated based on the proportion of the assets generating that return held by each year of account.

r. Investment yield

The calendar year investment yield is calculated as the ratio of 'aggregate investment return' to 'average funds available', expressed as a percentage. Aggregate investment return is the total amount of net appreciation, investment income and accrued interest received during the year, after deducting investment management costs but before deducting tax.

Average funds available is the average value of all investments (including accrued interest), deposits and surplus cash at the beginning of the year and at each quarter-end revalued at market prices.

s. Taxation

Under Schedule 19 of the Finance Act 1993 the syndicate does not pay UK taxation, its profits being allocated and assessed to tax on its members in direct proportion to their capacity.

The syndicate pays various overseas direct and premium based taxes, the majority of which are allocable to its members in direct proportion to their capacity and which can be claimed by members either as double tax relief or as an expense against tax liabilities.

t. Pension costs

TMKS operates a defined contribution scheme. A defined contribution plan is a pension plan under which a fixed contribution is paid into a separate entity. Once the contributions have been paid TMKS has no further payment obligations. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

TMKS also operates a defined benefit scheme through the R J Kiln & Co. Limited Pension and Assurance Scheme (closed to future benefit accruals from 1 May 2003). This fund is valued at the balance sheet date by the scheme actuary. TMKS allocates a charge to each syndicate during the year which represents that syndicate's yearly share of the obligated funding requirement of the scheme.

u. 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. Final settlement to the managing agent is made when the year of account closes.

v. Provisions

A provision is recognised when the syndicate has a present legal or constructive obligation, as a result of a past event, that is expected to result in an outflow of resources. A provision is recognised when a reliable estimate of the amount of the obligation can be made.

w. Current and non-current disclosure

For each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than 12 months after the year-end date and (b) more than 12 months after the year-end date, the relevant note discloses the amount expected to be recovered or settled after more than 12 months.

x. Contingencies

Contingent liabilities arise as a result of past events when either it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the syndicate's control. Contingent liabilities are disclosed in the underwriting year accounts unless the probability of an outflow of resources is remote.

y. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

2. Use of critical accounting estimates and judgements in applying accounting policies

The preparation of the underwriting accounts requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the syndicate's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the underwriting accounts are those listed below.

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<td>Incurred but not reported claims (IBNR)</td>
<td>The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the syndicate, where more information about the claim event is generally available. In calculating the estimated cost of unpaid claims the syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:
• changes in processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
• changes in the legal environment;
• the effects of inflation;
• changes in the mix of business;
• the impact of large losses; and
• movements in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these, regard is given to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims affecting each relevant business class are generally assessed separately, either measured on a case by case basis or projected separately, in order to allow for the possible distorting effect of the development and incidence of these large claims.

Where possible, multiple techniques are adopted in order to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

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, the 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 underwriting accounts for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability. An estimate of the future cost of indirect claims handling is calculated as a percentage of the claims reserves held at the balance sheet date.

The long-term business provision is determined annually by an actuarial valuation and is calculated initially to comply with the reporting requirements of the PRA's Prudential Sourcebook for Insurers. These are the amounts shown in the balance sheet. This statutory solvency basis is then adjusted in respect of general contingency reserves and other reserves required for statutory solvency purposes. This adjusted basis is referred to as the modified statutory solvency basis. The long-term business provision includes a newly established additional expense reserve to cover the future costs associated with maintaining the long-term contracts. The level of expenses is based on a prudent assessment of the expected costs, necessary to maintain the in-force policies. Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.</td>
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Long-term business provision	TMKS adopts a prudent reserving methodology in valuing the long-term business provision due to a number of material uncertainties. TMKS has a surplus compared to the external actuaries, who adopt the following methodologies: • For group life business or business written under a delegated authority where individual data is not available, claims IBNR is estimated using those statistical and past experience methodologies described in the accounting policy for claims provisions and related recoveries. • For individual business where individual data is available, a gross premium valuation method has been used as described in the accounting policy for earned premium. The principal assumptions for the gross premium valuation method for all components of the long-term business provision aside from the UNFCU policy are: • The valuation interest rate and claims discount rate is the risk free rate published by EIOPA as at 31 December 2021 (2020: risk-free discount rate published by EIOPA as at 31 December 2020); • Renewal expenses are 75.6% of regular premiums (2020: 60.7%); • Where policies have been underwritten, 110% (2020: 105%) of the TM/F16 (2020: TM/F08) select tables were used. Where policies have not been underwritten, the ultimate tables were used (2020: same). Where smoker status is known, the smoker/non-smoker specific mortality sub-tables have been used (2020: same). Where smoker status is unknown, it is assumed that 90% (2020: 90%) of policyholders are non-smokers and 10% (2020: 10%) are smokers.
Written premium Pipeline premium	Written premium is reported according to management estimation of when premium will be written. An estimate of premiums written during the year that have not yet been notified by the financial year-end 'pipeline premiums' is made on a risk by risk basis. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision and an estimate of claims incurred but not reported in respect of the earned element. For periodic premium life contracts with recurrent single premiums and a policy term of greater than 12 months, premium is written on an annual basis, at anniversary of inception.
Earned premium	Earned premium is estimated based on assumptions of how each risk is earned according to its method of placement and class of business. Each risk falling within a class of business is earned according to the estimated pattern applying to that class of business, which takes into account the class characteristics including exposure to seasonal weather-related events. This approach is applied consistently year-on-year. The earning of premiums is based primarily on time apportionment, with an adjustment for the risk profile of certain classes of business particularly those exposed to seasonal weather related events. For life policies reserved under a long-term methodology, written premium is treated as fully earned from inception, or anniversary of inception, and no unearned premium reserve is held. Instead these policies are reserved using a gross premium valuation methodology to calculate the provision required to meet future expected claims and expenses less future expected premiums ('mathematical reserves'). Where mathematical reserves for an individual long-term life contract creates a deficit from inception on a best estimate basis, assets will be transferred from the year of account which originally underwrote the business to the year of account carrying the liability in order to maintain equity between capital providers. The assessment for this requirement is made on a 'managed together' basis.
Provision for unexpired risks	All reasonable steps are taken to ensure that the appropriate information regarding claims exposures is obtained. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premium and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.
Reinsurance recoverable	Reinsurance is deemed to be fully recoverable unless there is reason to doubt to its recoverability. In these circumstances specific provisions are made based on the expected proportional recovery and the credit risk profile of the counterparties.
Financial investments	Financial investments are carried in the balance sheet at fair value. Market valuations of funds are obtained from fund administrators. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available is determined by using valuation techniques.

3. Segmental analysis

All business written by the syndicate is life insurance. All business was concluded in the UK. There are no new business premiums.

	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Result £'000
2017						
Direct insurance	38,778	38,635	(27,564)	(16,312)	(4,584)	(9,825)
Reinsurance Accepted	1,463	1,432	(1)	(615)	(170)	646
RITC	4,804	4,804	(5,971)	-	149	(1,018)
	45,045	44,871	(33,536)	(16,927)	(4,605)	(10,197)

All business was concluded in the UK.

The direct gross written premium can be further analysed as follows:

	2017 £'000
Individual premiums	9,439
Premiums under group contracts	29,339
	38,778
Periodic premiums	20,887
Single premiums	17,891
	38,778

4. Reinsurance to close premium

	Reported £'000	IBNR £'000	Total £'000
Receivable, net of reinsurance			
Gross reinsurance to close premium receivable	3,762	1,042	4,804
Reinsurance recoveries anticipated	368	(50)	318
	4,130	992	5,122
Payable, net of reinsurance			
Gross reinsurance to close premium payable	5,024	947	5,971
Reinsurance recoveries anticipated	169	-	169
	5,193	947	6,140

The reinsurance to close is effected to the 2018 year of account of Syndicate 308.

5. Net operating expenses

	£'000
Acquisition costs	9,557
Change in deferred acquisition costs	569
Administrative expenses	6,295
Reinsurance commissions and profit participations	47
	16,468

Included within administrative expenses is auditors' remuneration:

	£'000
Fees payable to the syndicate's auditor for the audit of the syndicate accounts	126
Other services pursuant to legislation	159
	285

The charge incurred for other services pursuant to legislation is wholly and exclusively in relation to the audit and review of the syndicate's regulatory returns. A portion of the audit fee is borne by the managing agent which is not recharged.

6. Staff costs

The syndicate and its managing agent have no employees. Staff were employed by Tokio Marine Kiln Insurance Services Limited. The following amounts were recharged to the 2017 year of account in respect of salary costs and are included within administrative expenses:

	£'000
Wages and salaries	3,219
Social security costs and pension costs	245
	3,464

7. Analysis of technical year result

	2016 & prior £'000	2017 £'000	Total £'000
Technical account balance excluding investment return and operating expenses	1,449	5,328	6,777
Brokerage and commission on gross premium	124	(9,728)	(9,604)
	1,573	(4,400)	(2,827)

All acquisition costs are attributable to business allocated to the 2017 pure year of account.

8. Other financial investments

	Fair value £'000	Purchase price £'000
Other financial investments	3,234	3,234

9. Off-balance sheet items

The syndicate has not been party to an arrangement, which is not reflected in its balance sheet, where material risks and benefits arise for the syndicate.

10. Risk management

Details of the syndicate's risk management framework and disclosures are given in the 'principal risks & uncertainties' section in the annual accounts.

11. Post balance sheet events

There are no post balance sheet events to report.

Seven-year summary (unaudited)

	2011	2012	2013	2014	2015	2016	2017
Syndicate allocated capacity £'000	20,000	22,500	26,500	31,980	32,000	31,880	30,887
Number of underwriting members	84	96	108	136	136	136	128
Gross premiums £'000	19,098	20,878	22,155	21,261	21,824	28,949	30,684
– as a percentage of allocated capacity %	95	93	84	66	68	91	99
Result £'000	1,830	1,420	330	740	(2,010)	(3,030)	(10,210)
– as a percentage of allocated capacity %	9	6	1	2	(6)	(10)	(33)
Results for an illustrative share of £10,000							
Gross premiums £	9,549	9,279	8,360	6,648	6,820	9,081	9,934
Net premiums £	8,759	8,504	7,640	6,017	6,272	8,543	8,212
Reinsurance to close premium from an earlier year of account £	535	278	348	452	764	715	1,658
Net claims incurred £	(6,781)	(6,398)	(6,240)	(4,564)	(5,854)	(7,489)	(8,798)
Reinsurance to close the year of account/amount retained £	(313)	(409)	(545)	(764)	(712)	(1,607)	(1,988)
Administrative expense £	(945)	(1,112)	(851)	(775)	(935)	(990)	(2,222)
Underwriting result £	**1,255**	**863**	**352**	**366**	**(465)**	**(828)**	**(3,138)**
Profit/(loss) on exchange £	7	31	(53)	43	(25)	36	(39)
Investment return £	19	12	5	5	3	11	35
Personal expenses £	(364)	(276)	(181)	(185)	(140)	(170)	(164)
Result before members' agents fees £	**917**	**630**	**123**	**229**	**(627)**	**(951)**	**(3,306)**

The seven year summary has been prepared from the audited underwriting year accounts. Gross premiums are stated net of acquisition costs (but before acquisition costs – other). Net premiums are stated after acquisition costs and reinsurance commissions receivable. Investment expenses for all years of account have been deducted from investment return and are not included in syndicate operating expenses. Personal expenses are at the amount which would be incurred pro rata by individual Names writing the premium income in the syndicate irrespective of any minimum charge applicable. Corporate members may be charged at different rates. Foreign tax, which may be treated as a credit for personal tax purposes has been excluded. Where necessary, the results have been adjusted to comply with the current underwriting year accounting policies of the syndicate. The adjustments arising are not material and have not been separately disclosed.