

Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

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

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



Agora Syndicate 3268

Financial Statements
For the 36 Months ended 31 December 2021
2019 Closing Year Report and Accounts

Contents

Directors and Administration	1
Managing Agent's report for the 2019 closing year of account.....	2
Statement of Managing Agent's Responsibilities.....	4
Independent Auditor's Report to the Members of Syndicate 3268	5
Income Statement: Technical account – General business.....	7
Income Statement: Non-technical account	8
Balance sheet	9
Statement of members' balances	10
Statement of cash flows	10
Notes to the financial statements.....	11
1. Basis of preparation	11
2. Accounting policies	11
3. Risk management	15
4. Particulars of business written	15
5. Analysis of result by year of account	16
6. Reinsurance to close premium payable net of reinsurance.....	16
7. Net operating expenses	16
8. Investment income	16
9. Investments.....	17
10. Cash and cash equivalents.....	17
11. Deposits with ceding undertakings	17
12. Debtors arising out of direct insurance operations	17
13. Debtors arising out of reinsurance operations	17
14. Creditors arising out of direct insurance operations	17
15. Creditors arising out of reinsurance operations	17
16. Disclosure of interests.....	18
17. Related parties	18
18. Post balance sheet event.....	18

Directors and Administration

Managing Agent

Asta Managing Agency Ltd

Directors

P A Jardine* (Chairman)

R P Barke

C V Barley

K A Green*

C N Griffiths

L Harfitt

A J Hubbard*

D J G Hunt

M D Mohn*

S P A Norton

S D Redmond*

K Shah*

J M Tighe

Non-Executive Directors*

Company Secretary

N J Burdett

Managing Agent's Registered Office

5th Floor

Camomile Court

23 Camomile Street

London

EC3A 7LL

Managing Agent's Registered Number

1918744

Active Underwriter

M S F Pritchard

Bankers

Barclays Plc

Citibank N.A.,

RBC Dexia

Registered Auditors

Mazars LLP

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Managing Agent's report for the 2019 closing year of account

For the 36 months ended 31 December 2021

The Directors of Asta Managing Agency Ltd ("Asta") present their report at 31 December 2021 for the 2019 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Underwriting year results

The Syndicate generated losses of £4,667,014 after standard personal expenses on gross written premiums of £114,917,465 for the 2019 underwriting year. The Stamp Capacity for the 2019 underwriting year is £107.7m. The result as a % of Stamp Capacity, before Members' Agents fees, is a loss of 4%.

Principal activities and review of the business

This is the fourth year of the Syndicate's operations. The Syndicate's principal activity is the underwriting of Property Insurance and Property Reinsurance business in the Lloyd's market.

Gross written premium income by class of business for the 2019 year was as follows;

	2019 Underwriting Year £'000
Property Binders	32,797
Property D&F	55,419
Property Treaty	24,539
Speciality	2,162
	<hr/> 114,917 <hr/>

Directors

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

S D Redmond

Appointed 20 April 2021

Managing Agent's report for the 2019 Closing Year of Account continued

Disclosure of Information to the Auditor

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

The board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk and capital management.

Approved by the Board of Directors and signed on behalf of the Board.

N J Burdett
Company Secretary
03 March 2022

Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are responsible for preparing the Syndicate underwriting year accounts in accordance with the Insurance Accounts Directive (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw. They have elected to prepare the accounts in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare Syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close 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 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 and then apply them 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 is used; and
- consistently throughout each underwriting year and from one underwriting year to the next, subject to changes from newly adopted standards. Where items affect more than one underwriting year, the managing agent must ensure that the Syndicate treats the affected member equitably. In particular, premium charged for reinsurance to close should be equitable between the reinsured and reinsuring members of the syndicate; and
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors of the Managing Agent are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate underwriting year accounts comply with the Lloyd's Regulations and Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets for the prevention and detection of fraud and other irregularities.

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

Independent Auditor's Report to the Members of Syndicate 3268

Opinion

We have audited the syndicate underwriting year accounts of Syndicate 3268 (the "Syndicate") for the three years ended 31 December 2021 which comprise the Profit and loss account, the Balance sheet, the Statement of Members' balances, the Statement of cash flows, the related notes, including a summary of significant accounting policies, and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the loss for the 2019 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- closure of 2019 year of account

We draw your attention to the basis of preparation note 1 which explains that the 2019 year of account has closed and all assets and liabilities transferred to the 2020 year of account by reinsurance to close at 31 December 2021. Consequently the 2019 year of account of syndicate 3268 is no longer a going concern.

The reinsurance to close occurs in the normal course of business for a syndicate after 36 months of development.

Our opinion is not modified in respect of this matter.

Other information

The managing agent is responsible for the other information. The other information comprises the information included in the 2019 Closed Year Report and Accounts, other than the syndicate underwriting year accounts and our auditor's report thereon. Our opinion on the syndicate underwriting year accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Independent Auditor's Report to the Members of Syndicate 3268 continued

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) requires us to report to you, if in our opinion:

- the managing agent in respect of the Syndicate has not kept adequate accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 4, the managing agent is responsible for the preparation of the syndicate underwriting year accounts and for being satisfied that they give a true and fair view of the result for the 2019 closed year of account, and for such internal control as the managing agent determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the syndicate underwriting year accounts

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

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

Use of the audit report

This report is made solely to the Syndicate's members, as a body, in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Amanda Barker (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St. Katharine's Way
London E1W 1DD

03 March 2022

Income Statement: Technical account – General business

For the 36 months ended 31 December 2021

	Notes	£'000	£'000
Earned premiums, net of reinsurance			
Gross premiums written	4	114,917	
Outward reinsurance premiums		<u>(20,707)</u>	
			94,210
Reinsurance to close premiums received, net of reinsurance			
			21,419
Allocated investment return transferred from the non-technical account			
			845
Claims incurred, net of reinsurance			
Claims paid - Gross amount		(78,072)	
- Reinsurers' share		<u>18,607</u>	
Net claims paid		(59,465)	
Reinsurance to close premium payable net of reinsurance	6	<u>(30,235)</u>	
			(89,700)
Net operating expenses			
	7		(31,859)
Balance on the technical account – general business			<u>(5,085)</u>

The underwriting year closed and therefore all items relate to discontinued operations.

The notes on pages 11 to 18 form part of these financial statements.

Income Statement: Non-technical account

For the 36 months ended 31 December 2021

	Notes	£'000
Balance on the technical account – general business		(5,085)
Investment Income	8	845
		<hr/>
		(4,240)
Allocated investment return transferred to general business technical account		(845)
Exchange gains		418
Loss for the closed year of account	5	<hr/> (4,667)

The underwriting year closed and therefore all items relate to discontinued operations.

There were no recognised gains or losses relating to the current or preceding year other than those included in the profit and loss. Therefore, no statement of other comprehensive income has been presented.

The notes on pages 11 to 18 form part of these financial statements.

Balance sheet

As at 31 December 2021

	Notes	£'000	£'000
Assets			
Investments			
Short-term deposits with financial institutions	9		23,021
Deposits with ceding undertakings	11		19
Debtors			
Debtors arising out of direct insurance operations	12	7	
Debtors arising out of reinsurance operations	13	5,649	
Other debtors		<u>2,644</u>	
			8,300
Reinsurance recoveries anticipated on gross reinsurance premiums payable to close the account	6		12,769
Cash at bank and in hand	10		(3,445)
Overseas deposits as other assets			1,413
<i>Total assets</i>			<u>42,077</u>
Liabilities			
Amounts due from members			(4,748)
Reinsurance to close premiums payable to close the account – gross amount	6		43,004
Creditors			
Creditors arising out of direct insurance business	14	30	
Creditors arising out of reinsurance operations	15	3,544	
Amounts owed to credit institutions		-	
Accruals		<u>247</u>	
			3,821
<i>Total liabilities</i>			<u>42,077</u>

The notes on pages 11 to 18 form part of these financial statements.

The Syndicate underwriting year accounts were approved by the Board of Asta Managing Agency Ltd on 24 February 2022 and were signed on its behalf by

R P Barke
Director
03 March 2022

Statement of members' balances

For the 36 months ended 31 December 2021

	£'000
Loss for the closed year of account	(4,667)
Members' agents fees paid on behalf of members	(81)
Members' balances at 31 December 2021	<u>(4,748)</u>

The notes on pages 11 to 18 form part of these financial statements.

Statement of cash flows

	Notes	£'000
Cash flows from operating activities		
Loss for the year of account		(4,667)
Net unrealised losses on foreign exchange		(87)
(Increase) in debtors		(432)
(Decrease) in creditors		(1,044)
Non-cash consideration received as part of RITC received		(8,984)
RITC premium payable, net of reinsurance		30,235
Investment return		(845)
<i>Net cash inflow from operating activities</i>		<u>14,176</u>
Cash flows from investing activities		
Net purchase of money market funds		(18,366)
Increase in Part VII accounts		(19)
Investment return		845
<i>Net cash outflow from investing activities</i>		<u>(17,540)</u>
Cash flows from financing activities		
Members' agents' fees paid on behalf of members		(81)
<i>Net cash outflow from financing activities</i>		<u>(81)</u>
Net decrease in cash and cash equivalents		(3,445)
Cash and cash equivalent at 1 January 2019		-
Cash and cash equivalent at end of the year of account	10	<u>(3,445)</u>

The notes on pages 11 to 18 form part of these financial statements.

Notes to the financial statements

For the 36 months ended 31 December 2021

1. Basis of preparation

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

The Syndicate's functional currency is USD. The financial statements are prepared in GBP which is the reporting and presentational currency of the Syndicate and rounded to the nearest £'000.

Members participate on a Syndicate by reference to a year of account and each Syndicate year of account is a separate annual venture. These accounts relate to the 2019 year of account which has been closed by reinsurance to close at 31 December 2021. Consequently, the balance sheet represents the assets and liabilities of the 2019 year of account at the date of closure and the profit and loss account reflects the transactions for that year of account during the 36 months period until closure.

The 2019 underwriting year has now closed. The Directors of the Managing Agent have prepared the underwriting year accounts on a non-going concern basis. There was no effect of this on the amounts reported in the accounts.

As each Syndicate year of account is a separate annual venture, there are no comparative figures.

2. Accounting policies

Significant accounting estimates and judgements

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

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

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

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

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

Accounting policies continued

Underwriting transactions

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of that three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account or to another Syndicate by way of a third-party transaction.

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

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

Outwards reinsurance premiums ceded are attributed to the same year as the original risk being produced.

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

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims and unearned premiums, net of deferred acquisition costs and unexpired risks) relating to the closed year and to all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year and previous closed years reinsured therein to the members of Syndicate 3268, 2019 year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The outstanding claims comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

Notified claims are estimated on a case-by-case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics. The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

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

Accounting policies continued

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved.

The Syndicate uses a number of statistical techniques to assist in making the above estimates. The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The methods used, and the estimates made, are reviewed regularly.

A provision for unexpired risks is created where claims, related expenses and deferred acquisition costs, likely to arise after the balance sheet date in respect of contracts relating to the closing year of account, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. At the 31 December 2021 the Syndicate had nil gross unexpired risk provision and nil net unexpired risk provision.

Acquisition costs, comprising commission and other internal and external costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums at the balance sheet date.

Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

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

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

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

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

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

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

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

Accounting policies continued

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Investment return

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

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

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

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

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

Syndicate operating expenses & profit commission

Costs incurred by the Managing Agent in respect of the Syndicate are charged to the Syndicate and included within the relevant profit and loss account heading. Where expenses do not relate to any specific year of account, they are apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent and the Syndicate, they are apportioned as follows:

- Salaries and Related Costs
According to time of each individual spent on Syndicate matters.
- Accommodation Costs
According to number of personnel.
- Other Costs
As appropriate in each case.

Accounting policies continued

- **Profit Commission**
Profit commission is charged by the Managing Agent at a rate of 20% of profit subject to the operation of a deficit clause. Such commission does not become payable until after the appropriate year of account closes, normally at 36 months. Profit commission on naturally open years is accrued on the basis of earned profit to date.
- **Pensions**
The Managing Agent operates a defined contribution pension scheme and its recharges to the Syndicate in respect of salaries and related costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the recharge relates.

Taxation

Under Schedule 19 of the Finance Act 1993 Managing Agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from Syndicate investment income is recoverable by Managing Agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue & Customs.

Member's resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Foreign currencies

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

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

Exchange differences are recorded in the non-technical account.

3. Risk management

Effective from 31 December 2021, the RITC process means that Insurance, Financial, Credit, Liquidity, Market and Capital risks are transferred to the accepting applicable Year of Account of Syndicate 3268. Accordingly, these Underwriting Year accounts do not have any associated disclosures as required by section 34 of FRS 102 and FRS 103. Full disclosures relating to these risks are provided in the main Annual accounts of the Syndicate.

4. Particulars of business written

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

	Gross Premiums Written and Earned £'000	Gross Claims Incurred £'000	Net Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Fire and other damage to property	114,917	(88,626)	(31,859)	(363)	(5,931)
Total	<u>114,917</u>	<u>(88,626)</u>	<u>(31,859)</u>	<u>(363)</u>	<u>(5,931)</u>

5. Analysis of result by year of account

	2018 & Prior	2019 Pure	2019 Total
	£'000	£'000	£'000
Technical account before investment return and net operating expenses	3,578	22,352	25,930
Brokerage & Commissions on gross premium	(36)	(21,187)	(21,223)
Other acquisition costs	-	(216)	(216)
Net other expenses	422	(10,438)	(10,016)
Investment income	11	847	858
Balance on technical account	3,975	(8,642)	(4,667)

6. Reinsurance to close premium payable net of reinsurance

	Reported £'000	IBNR £'000	Total £'000
Gross outstanding losses	(26,418)	(16,586)	(43,004)
Reinsurance recoveries anticipated	6,600	6,169	12,769
Net outstanding losses	(19,818)	(10,417)	(30,235)

7. Net operating expenses

	£'000
Acquisition costs	(21,438)
Standard personal expenses	(1,824)
Administration expenses	(8,597)
	<u>(31,859)</u>

	£'000
The closed year profit is stated after charging:	
Auditor's remuneration:	
Fees payable to the Syndicate's auditor for the audit of the financial statements	(65)
Fees payable to the Syndicate's auditor and its associates in respect of: Other services pursuant to legislation	(57)
	<u>(122)</u>

8. Investment income

	£'000
Income from investments	845
	<u>845</u>

9. Investments

	£'000
Short-term deposits with financial institutions	23,021
	<u>23,021</u>

10. Cash and cash equivalents

	£'000
Cash at bank and in hand	(3,445)
Amounts owed to credit institutions	-
	<u>(3,445)</u>

The closing year has a negative pure cash balance but sufficient assets within cash equivalents to meet its obligations. The cash accounts at a total level are positive and there is no borrowing within the syndicate.

11. Deposits with ceding undertakings

	£'000
Lloyds Part VII Accounts	19
	<u>19</u>

12. Debtors arising out of direct insurance operations

	£'000
Due within one year	7
	<u>7</u>

13. Debtors arising out of reinsurance operations

	£'000
Due within one year	5,649
	<u>5,649</u>

14. Creditors arising out of direct insurance operations

	£'000
Due within one year	(30)
	<u>(30)</u>

15. Creditors arising out of reinsurance operations

	£'000
Due within one year	(3,544)
	<u>(3,544)</u>

16. Disclosure of interests

Managing Agent's interest

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

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

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

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

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

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

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

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

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

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

17. Related parties

Asta provides services and support to the Syndicate in its capacity as Managing Agent. The 2019 year of account was charged Managing Agency fees of £1.0m. Asta also recharged £2.2m worth of service charges to the 2019 year of account. As at 31 December 2021, £nil was owed to Asta in respect of service charges.

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

Agora provide underwriting services to the Syndicate. The 2019 year of account was charged £3.7m and are included within Administration expenses. As at 31 December 2021 £nil was owed to Agora in respect of services provided.

18. Post balance sheet event

Subsequent to the balance sheet date, the 2019 underwriting year loss of £4.7m (\$6.4m) has been called as a consequence of this year closing. This will be collected in USD during 2022.

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