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SA MEACOCK

SYNDICATE 727

REPORT AND ACCOUNTS 2023

KEY INFORMATION

RESULTS – 2021 ACCOUNT

9.9% Profit

After standard personal expenses

FORECAST – 2022 ACCOUNT

0% to 15% Profit

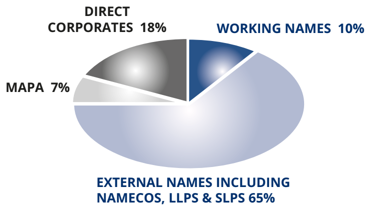
After standard personal expenses

COMBINED LOSS RATIO 2023

100.8%

CAPACITY

Total 2024 account £108.6 million



SYNDICATE FUNDS – Syndicate's position as at 31 December 2023

	CASH, INVESTMENTS, OVERSEAS DEPOSITS AND OTHER ASSETS AT 31 DECEMBER 2023
Sterling	£6.0 million
US dollars	US$ 367.7 million
Canadian dollars	CAN$ 39.3 million
Total translated into Sterling	£318.9 million

ACTIVE UNDERWRITER'S REPORT

REVIEW OF YEAR OF ACCOUNT

RESULTS AND PROSPECTS

The Closed 2021 Account

The 2021 Account has closed with a profit of 9.95% of capacity, after standard expenses. The pure year loss ratio is tracking better than the 2020 year at the same stage, which is encouraging bearing in mind we continued to grow our premium during 2021 as we became more optimistic about the rating environment. Along with the improving loss ratios, a strong investment return has also contributed to producing this profit as we began to benefit from rising interest rates. At the same time, we have taken the opportunity to strengthen our 'old year' reserves, as rising inflation and continued uncertainty associated with the US legal system suggest this is prudent.

The Open 2022 Account

The 2022 Account continued to see insurance and reinsurance rates rise as market capacity tightened. Encouraged by these conditions (in nearly all departments), we wrote more business, and the year will see us write very close to our stamp capacity at a level not seen for over a decade. At this stage the loss ratios for this year of account are holding up well, and, despite Hurricane Ian which made landfall in Florida and the war in Ukraine having a major impact on some sectors of the world economy, the loss ratios compare perfectly well with prior years. As a result, we are confident that we will achieve a profit within the forecast range provided.

The Open 2023 Year of Account

As expected, we have seen further improvement in terms and conditions during 2023, and due to lack of headroom in capacity we pre-empted our stamp following Hurricane Ian. The year has seen more property catastrophe activity, the US Midwest had another brutal year of hail and tornado events. Our largest individual catastrophe loss so far comes from the Maui fires of last summer (estimated ultimate of $2m), but we were spared a major hurricane hitting the US mainland during 2023. So, whilst the property account has been hit by more frequency, we feel at last the market is adjusting its pricing to reflect the greater peril, something we still do not feel is reflected in the vendor catastrophe models that are constantly pushed our way. At this stage the 2023 Account is running slightly better than 2022, and while it is too early to comment on ultimate loss ratios, we feel we have made a good start.

Prospects for the 2024 Account

Climate change continues to add further uncertainty to our short tail book. Worldwide insured losses during 2023 were 30% higher than the 21st century average, and it can be no coincidence that it was the hottest year on record. It is an area where we insist our counterparties retain more and our commitment of capacity is more disciplined than ever. In the same way, on the longer tail lines, 'social' inflation cannot be ignored and we feel here the market is not reacting quickly enough to offset the cost of future jury awards and demands. However, it is worth commenting that with less certainty over these major issues, whether it is inflation, a warming planet, not to mention less political stability, there is enough concern (and often fear) for capital waiting in the wings to seek a safer yield elsewhere. And while this uncertainty remains it gives us a chance to price risk adequately, and so we remain cautiously optimistic as we look forward into this year.

On a more personal note, Michael is very much missed by us all. He arrived in the City in 1956, and departed last January for his holiday to Antigua for a well-earned rest, still thoroughly enjoying the business. He spent 67 years in the Lloyd's market, 57 as Active Underwriter of 727, always so proudly representing private capital, and doing business at the box with such style and grace. What a wonderful innings. He would have wanted to have said thank you, as do we, for all your support of the syndicate.

Finally, we would like to thank our fellow directors and staff, who in this difficult year have pulled together, and helped keep the business running smoothly - just as Michael would have wanted.

J M Meacock	**M P Bartlett**
Joint Active Underwriter	Joint Active Underwriter
27 February 2024	

FOURTEEN YEAR SUMMARY OF RESULTS

31 DECEMBER 2023

	2008 £	2009 £	2010 £	2011 £	2012 £	2013 £	2014 £
Syndicate allocated capacity	73,681,796	73,789,097	78,814,031	79,821,684	79,587,725	80,055,342	80,688,382
Number of Members of the Syndicate	782	789	790	792	795	815	820
Aggregate net premiums	93,656,352	59,509,108	59,102,713	64,602,432	61,713,904	57,826,174	48,027,674
Results for £10,000 share							
Gross premiums	12,909	8,273	7,544	8,316	7,924	7,347	6,005
Net premiums	12,711	8,061	7,405	8,093	7,754	7,223	5,952
Premium for the reinsurance to close an earlier year of account	17,575	23,711	22,628	21,878	21,987	23,005	23,716
Net claims	(6,454)	(5,461)	(5,817)	(6,209)	(5,761)	(4,941)	(4,489)
Reinsurance to close the year of account (Note 4)	(22,876)	(24,312)	(22,783)	(22,235)	(22,280)	(22,750)	(23,185)
Underwriting result	956	1,999	1,433	1,527	1,701	2,537	1,995
Syndicate operating expenses	(519)	(550)	(560)	(613)	(583)	(556)	(514)
Balance on technical account	437	1,449	873	914	1,118	1,981	1,481
Profit/(Loss) on exchange	604	117	(151)	125	97	(45)	362
Investment income less investment expenses and charges and investment gains less losses	834	382	750	380	325	179	466
Profit/(Loss) before personal expenses	1,875	1,948	1,472	1,419	1,540	2,114	2,309
Illustrative profit commission	(261)	(271)	(200)	(244)	(284)	(397)	(438)
Illustrative personal expenses	(132)	(142)	(137)	(140)	(120)	(132)	(121)
Total standard personal expenses	(393)	(413)	(337)	(384)	(404)	(529)	(559)
Profit/(Loss) after standard personal expenses	1,482	1,535	1,135	1,035	1,136	1,586	1,750

FOURTEEN YEAR SUMMARY OF RESULTS

31 DECEMBER 2023

	2015 £	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £
Syndicate allocated capacity	80,696,220	80,569,329	80,634,666	80,484,967	80,554,452	84,553,757	84,767,486
Number of Members of the Syndicate	819	801	794	794	790	779	762
Aggregate net premiums	49,724,787	51,455,941	50,157,785	54,092,327	54,345,633	70,185,218	73,021,104
Results for £10,000 share							
Gross premiums	6,229	6,449	6,278	6,785	6,845	8,410	8,695
Net premiums	6,162	6,387	6,220	6,721	6,746	8,301	8,614
Premium for the reinsurance to close an earlier year of account	27,617	25,969	27,000	26,369	26,258	25,048	27,273
Net claims	(5,294)	(5,437)	(6,009)	(5,806)	(5,653)	(6,700)	(6,075)
Reinsurance to close the year of account (Note 4)	(27,628)	(26,177)	(27,195)	(27,161)	(26,168)	(24,265)	(29,333)
Underwriting result	857	742	16	123	1,183	2,384	479
Syndicate operating expenses	(524)	(675)	(330)	(603)	(659)	(655)	(660)
Balance on technical account	333	67	(314)	(480)	526	1,730	(181)
Profit/(Loss) on exchange	290	215	(84)	45	2	(27)	270
Investment income less investment expenses and charges and investment gains less losses	457	531	1,114	1,172	394	(910)	1,276
Profit before personal expenses	1,080	813	716	737	920	792	1,366
Illustrative profit commission	(192)	(138)	(120)	(108)	(157)	(114)	(211)
Illustrative personal expenses	(123)	(124)	(121)	(120)	(137)	(142)	(160)
Total standard personal expenses	(315)	(262)	(241)	(228)	(294)	(256)	(371)
Profit after standard personal expenses	766	551	475	509	627	536	995

Notes:

1. This fourteen year summary of results on this and the previous page shows the result for a £10,000 share of the Syndicate for each year of account from 2008 to 2021.
2. Gross premiums and net premiums above, are stated after brokerage and commissions.
3. The illustrative profit commission and personal expenses are estimates of amounts which might be charged on an illustrative share of £10,000 for an individual name.
4. The reinsurance premium received to close an earlier year of account is stated at the exchange rate ruling as to the year end it transferred the liabilities into the receiving year. The reinsurance to close the current year of account is stated at the average exchange rate for the calendar year in which it closed. The effect of translating it to the closed year-end exchange rate is included within the profit or loss on exchange.

SYNDICATE 727
2021 YEAR OF ACCOUNT

SYNDICATE UNDERWRITING YEAR ACCOUNTS

31 DECEMBER 2023

CONTENTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

The Managing Agent presents its Report of the Directors together with the Syndicate Underwriting Year Accounts for the 2021 Year of Account of Syndicate 727 for the three years ended 31 December 2023.

REVIEW OF THE 2021 YEAR OF ACCOUNT

ACTIVITIES

The principal activity of the Syndicate is that of underwriting insurance and reinsurance risks and this is conducted wholly within the Lloyd's market. A large percentage of the risks underwritten are located in the USA while significant exposures are accepted in the UK and Canada with more modest exposures in many other areas of the world. Exposures taken on through reinsurance would have a similar geographic spread with perhaps less emphasis on the UK.

The initial stamp capacity for 2021 was £84.8m which is similar to the previous year of account. The business plan proposed total gross premium after brokerage and commissions of £80.7m. Gross Premiums written after brokerage and commissions, converted to sterling at 2021 Business Plan exchange rates, were £76.7m, 95% of plan. Property continues to be the largest category of direct business at 25% of the whole, with liability, at 23% being the next largest direct business category.

Very little reinsurance was purchased, in line with our general philosophy of only accepting exposures if they are worth keeping. That reinsurance which was purchased was largely placed with reinsurers whose security is "A" rated by AM Best (the same level as Lloyd's) or better.

RESULTS

The profit for the 2021 year of account was £8.6m equivalent to 9.9% of the final capacity. Note 3 to the Accounts provides an analysis by class of business.

Within this profit, there was a loss arising from the reinsurance to close received from 2020 year of account of £1.5m. This arose from an increase in the estimate of 2020 and prior years' liability reserves as a result of unfavourable claims developments in 2023. See page 24 for a more detailed analysis of the various sources of profit and loss.

AUDITOR

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors of the Managing Agent who held office at the date of the approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Syndicate's auditor is unaware and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Approved by the Board of Directors of S A Meacock & Company Limited and signed on its behalf by:

K.W. Jarvis

K W Jarvis
Director
27 February 2024

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

The Managing Agent is responsible for preparing Syndicate Underwriting Year Accounts and an accompanying Report of the Directors of the Managing Agent in accordance with applicable law, Lloyd's Byelaws and United Kingdom Generally Accepted Accounting Practice.

Regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Underwriting Year Accounts for a Syndicate in respect of any underwriting year which is being closed by reinsurance to close during or at the end of a financial year.

The Syndicate Underwriting Year Accounts must be prepared on an underwriting-year basis which give a true and fair view of the result of the underwriting year at closure.

In preparing the Syndicate Underwriting Year Accounts, the Managing Agent is required by the Syndicate Accounting Byelaw (No. 8 of 2005) 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 as between the Members of the Syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring Members and reinsured Members are Members of the same Syndicate for different years of account, be equitable as 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 accounting standards have been followed, subject to any material departures disclosed and explained in these Financial Statements.

In preparing the Syndicate Underwriting Year 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.

The Managing Agent is 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 2008 Regulations and the Syndicate Accounting Byelaw (No. 8 of 2005). It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Syndicate and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors of S A Meacock & Company Limited and signed on its behalf by:

K.W. Jarvis

K W Jarvis
Director
27 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 727 – 2021 CLOSED YEAR OF ACCOUNT

OPINION

We have audited the syndicate underwriting year accounts of Syndicate 727 (the 'syndicate') for the 2021 Year of Account for the three years ended 31 December 2023 which comprise the Profit and Loss Account, the Statement of changes in members' balances, the Balance Sheet, the Statement of Cash Flows and notes to the Syndicate Underwriting Year Accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate underwriting year accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2023 and of its profit for the 2021 closed year of account for the three years then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and 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 syndicate underwriting year accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the FRC'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 2021 YEAR OF ACCOUNT

We draw attention to the Basis of Preparation at Note 1.2 which explains that the 2021 year of account of Syndicate 727 has closed and all assets and liabilities transferred to the 2022 year of account by reinsurance to close at 31 December 2023.

As a result, the 2021 year of account of Syndicate 727 is no longer a going concern. The reinsurance to close occurs in the normal course of business for a syndicate year of account at the 36-month stage of development and the syndicate underwriting year accounts have been prepared on the basis that the recorded assets and liabilities will be realised and discharged in the normal course of business.

Our opinion is not modified in respect of this matter.

EMPHASIS OF MATTER – REINSURANCE TO CLOSE (RITC)

We draw your attention to Note 6 of the syndicate underwriting year of accounts which describes the composition of the Reinsurance to Close ("RITC"). The syndicate has throughout its history underwritten a large portfolio of US liability business which has potential for latent claims to emerge for many years after the risk was underwritten. This together with the limited extent of reinsurance purchased increases the risk that the ultimate level of future claims may vary significantly from the amount at which the RITC has been set. The RITC selected is significantly in excess of the actuary's best estimate to reflect this uncertainty. However, should significant latent losses emerge the reserves may be insufficient to fully provide for such development. Conversely, if the more recent benign patterns of claims developments continues the claims provision may prove to be in excess of the ultimate cost.

Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The other information comprises the information included in the report and accounts, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the report and accounts. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the syndicate underwriting year accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 has not kept proper accounting records in respect of the syndicate; 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, 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 and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year 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 to write new business, disclosing, as applicable, matters related to its ability to continue as a going concern and using the going concern basis of accounting, unless the managing agent intends to cease to operate the syndicate or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SYNDICATE 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.

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:

- We obtained an understanding of the syndicate and the insurance sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the underwriting year accounts. We obtained our understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of the insurance sector. We determined the principal laws and regulations relevant to the syndicate in this regard to be those arising from Insurance

Accounts Directive (Lloyd's Syndicate Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), the Financial Conduct Authority ('FCA'), Prudential Regulation Authority ('PRA') and the financial reporting framework (UK GAAP).

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the syndicate with those laws and regulations. These procedures included, but were not limited to:

- agreement of the syndicate underwriting year accounts disclosures to regulatory requirements;

- enquiries of management and review of minutes of Board and management meetings throughout the period;

- understanding the syndicate's policies and procedures in monitoring compliance with laws and regulations;

- inspection of correspondence with Lloyd's, the PRA and FCA; and

- reviewing compliance reports and internal audit reports relating to the syndicate.

- We also identified possible risks of material misstatement of the syndicate underwriting year accounts due to fraud. We considered in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the syndicate underwriting year accounts relating to the valuation of the Reinsurance to Close and premium income. To address this, we challenged the assumptions and judgements made by management when auditing those significant accounting estimates.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals, reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the syndicate underwriting year accounts or non-compliance with laws and regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the syndicate underwriting year accounts, as we will be less likely to become aware of instances of non-compliance. This risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, conclusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

USE OF OUR REPORT

This report is made solely to the syndicate's members, as a body, in accordance with the Regulation 6(4) of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No. 8 of 2005). Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the syndicate and the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Seaman (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

27 February 2024

PROFIT AND LOSS ACCOUNT
TECHNICAL ACCOUNT FOR GENERAL BUSINESS

THREE YEARS ENDED 31 DECEMBER 2023

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

	NOTE	£'000	2021 YEAR OF ACCOUNT £'000
Syndicate Allocated Capacity			84,767
Earned Premiums, Net of Reinsurance:			
Gross premiums written	3		99,412
Outward reinsurance premiums			(686)
Net premiums written			98,726
Reinsurance to Close Premiums Received, Net of Reinsurance	5		231,188
			329,914
Allocated Investment Return Transferred from the Non-Technical Account			10,813
Claims Incurred, Net of Reinsurance			
Claims paid			
Gross amount		(55,138)	
Reinsurers' share		3,639	
			(51,499)
Reinsurance to Close Premiums Payable, Net of Reinsurance	6		(248,647)
			40,581
Net Operating Expenses	7		(34,254)
Balance on the Technical Account – for General Business	8		6,327

PROFIT AND LOSS ACCOUNT NON-TECHNICAL ACCOUNT

THREE YEARS ENDED 31 DECEMBER 2023

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

	NOTE	2021 YEAR OF ACCOUNT £'000
Balance on the Technical Account – for General Business		6,327
Investment income	9	12,469
Unrealised gains on investments	9	6,585
Investment expenses and charges	9	(7,849)
Unrealised losses on investments	9	(392)
Allocated investment return transferred to general business technical account	9	(10,813)
Other charges – loss on exchange		2,291
Profit for the 2021 Closed Year of Account		8,618

As the 2021 Year of Account following a Reinsurance to Close is no longer trading, all operations relate to ceased activities for this Year of Account.

The above profit is stated after a £2,291,219 exchange profit, included within the Non-Technical Account other charges.

There was no Other Comprehensive Income for the 2021 Year of Account.

STATEMENT OF CHANGES IN MEMBERS' BALANCES

THREE YEARS ENDED 31 DECEMBER 2023

	NOTE	2021 YEAR OF ACCOUNT £'000
Balance at 1 January 2021		–
Profit for the 2021 closed year of account		8,618
Members' agents' fees advances on behalf of Members		(356)
Amounts due to Members at 31 December 2023		8,262

BALANCE SHEET

AT 31 DECEMBER 2023

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

		2021 YEAR OF ACCOUNT	
	NOTE	£'000	£'000
Assets			
Investments	10		230,346
Debtors	11		9,226
Reinsurance Recoveries Anticipated on Gross Reinsurance to Close Premiums Payable	6		8,056
Other Assets			
Cash at bank and in hand		4,195	
Other (including overseas deposits)		6,412	
			10,607
Prepayments and Accrued Income			
Accrued interest			2,191
Total Assets			260,426
Liabilities			
Amount due to Members			8,262
Reinsurance to Close Premium Payable			
– Gross Amount	6		246,045
Creditors	12		6,119
Total Liabilities			260,426

The Syndicate Underwriting Year Accounts were approved by the Board of Directors of S A Meacock & Company Limited on 27 February 2024 and were signed on its behalf by:

J M Meacock
Director

K W Jarvis
Director

STATEMENT OF CASH FLOWS

THREE YEARS ENDED 31 DECEMBER 2023

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

	NOTE	2021 YEAR OF ACCOUNT £'000
Cash flow from Operating Activities:		
Profit/(loss) for the closed year account		8,262
Adjustments for:		
Increase in reinsurance to close payable	6	237,989
(Increase) in debtors, prepayments and accrued interest		(11,773)
Increase in creditors, accruals and deferred income		6,119
Income from investment	9	(11,471)
Net unrealised (gains)/losses on investments	9	(6,193)
Currency changes		10,314
Net Cash Inflow from Operating Activities		233,247
Cash Flows from Investing Activities:		
Purchase of equity and debt instruments, overseas deposits and other assets		(324,900)
Sale of equity and debt instruments, overseas deposits and other assets		84,733
Investment income received	9	11,471
Net Cash Outflow from Investing Activities		(228,696)
Cash Flows from Financing Activities:		
Advances of fees to Members Agents on behalf of Members		(356)
Net Cash Outflow from Financing Activities		(356)
Net increase in Cash and Cash Equivalents in the three years		
Cash and cash equivalents at 1 January 2021		–
Effect of exchange rates on cash and cash equivalents		–
Cash and cash equivalents at 31 December 2023		4,195
Cash and cash equivalents comprise:		
Cash at bank and in hand		4,195
Other Financial Investments:		
Short-term deposits with credit institutions		–
Cash and cash equivalents		4,195

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

1.1 General Information and Principal Activities

Syndicate 727 is a Lloyd's Syndicate domiciled in England and Wales. It is managed by S A Meacock & Company Limited a private company limited by shares that is incorporated in England and whose registered office is Hasilwood House, 60 Bishopsgate, London EC2N 4AW.

The Syndicate underwrites a diverse book of general insurance and reinsurance business from around the world as part of the Lloyd's of London insurance market. This activity is carried out primarily from a box in the Lloyd's Building in London and from nearby offices.

The Syndicate is supported by capacity from connected and third-party members.

1.2 Basis of Preparation and Compliance with Accounting Standards

These Syndicate Underwriting Year Accounts have been prepared in accordance with United Kingdom Accounting Standards, including both FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" to the extent necessary to produce a true and fair view of the result, as well as the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No. 8 of 2005).

The Syndicate Underwriting Year Accounts have been prepared on the historical cost basis, except for financial assets at fair value through the profit or loss.

These Syndicate Underwriting Year Accounts ('Accounts') represent the participation of members in the 2021 Year of Account which closed as at 31 December 2023. The accumulated profits of the 2021 Closed Year of Account will be distributed shortly after publication of these Accounts. Therefore the 2021 Year of Account is not continuing to trade and, accordingly, the Directors have not adopted the going concern basis of preparation of these Accounts. The amounts reported would be identical if the accounts had been prepared on a going concern basis as the 2021 Year of Account will be closed by payment of a Reinsurance to Close Premium, as outlined in Note 1.3 (e) below, which is consistent with the normal course of business for a Lloyd's Syndicate and with the approach applied to earlier underwriting years.

The basis on which the Syndicate Underwriting Year Accounts are prepared is consistent with the Managing Agent's assessment that the Syndicate will be able to realise its assets and discharge its liabilities in the normal course of business. This assessment takes into consideration that the Syndicate is continuing to underwrite for the 2024 year of account.

The Syndicate Underwriting Year Accounts are presented in Pounds Sterling which is also the Syndicate's functional currency.

Members participate on a Syndicate by reference to a year of account and each Syndicate year of account is a separate annual venture. These Syndicate Underwriting Year Accounts relate to the 2021 year of account which has been closed by reinsurance to close into the 2022 year of account of Syndicate 727 at 31 December 2023. Consequently, the Balance Sheet represents the assets and liabilities of the 2021 year of account and the Profit and Loss Account and the Statement of Cash Flows reflect the transactions for that year of account during the 36 months period until closure.

As each Syndicate year of account is a separate annual venture, comparatives do not exist and are therefore not included in these accounts.

Significant Accounting Policies

1.3 Underwriting Transactions

Each account is normally kept open for three years and the underwriting result is ascertained at the end of the third year when the account is closed, normally by reinsurance to close into the following year of account. The accounts include transactions on the following bases:

(a) Gross premiums are allocated to years of account on the basis of the policy inception date. 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 and claims are allocated to the year of account to which the related premiums are allocated. Commissions or brokerage charged to the Syndicate are allocated to the same year of account as the relevant policy. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) The reinsurance premiums are allocated to a year of account in accordance with the underlying risks being protected. Any reinsurance premium adjustments are charged to a year of account according to the basis on which the adjustments concerned are calculated.

(c) Gross claims paid include internal and external adjustment and settlement expenses. Salvages and reinsurance recoveries are allocated to the year of account to which the related claim was charged.

(d) All underwriting transactions are recognised on the basis of transactions processed up to and including the balance sheet date plus accruals in respect of anticipated additional or return premiums, reinsurance premiums and reinsurance recoveries in respect of paid claims.

(e) A Reinsurance to Close is a contract of insurance which, in return for a premium paid by the closing Year of Account, transfers, normally to the following Year of Account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing Year of Account. However, it should be noted that a reinsurance to close contract does not extinguish the primary liability of the original underwriter.

The estimate of future liabilities (including internal and external settlement costs) and the premium for the Reinsurance to Close are calculated by the Underwriter based on the latest loss information available at the time of making such calculation. The calculation allows for the estimated net cost of claims which may have been incurred but not yet reported; such allowance is established by the Underwriter exercising his judgement aided by statistical projections based on the history of past claim settlements and by reference to case by case reviews of notified losses. The calculation includes estimates for known outstanding claims, claims which may have been incurred but not reported, and potential reinsurance recoveries. The uncertainties which are inherent in the process of estimating are such that in the normal course of events, unforeseen or unexpected future developments may cause the ultimate cost of settling the outstanding liabilities to differ from that presently estimated. Credit is taken for any reinsurance recoveries that are presently estimated to be recoverable. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the Reinsurance to Close or the estimate of future liabilities as applicable. Any unearned premiums are taken into account within the calculation of the Reinsurance to Close premium.

1.4 Financial assets and financial liabilities

(a) Classification

The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the profit or loss or other comprehensive income. These classifications are made at initial recognition and subsequent reclassification is only permitted in restricted circumstances.

Investments in shares and other variable yield securities and unit trusts and debt securities and other fixed income securities are classified as fair value through profit and loss as they are managed on a fair value basis. Cash at bank, deposits with credit institutions, debtors and accrued interest are classified as held at amortised cost.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset after deducting all of its liabilities.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Recognition

Financial assets and liabilities are recognised when the Syndicate becomes party to the contractual provisions of the instrument.

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.

(c) Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(d) Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in shares and other debt instruments are measured at fair value through profit or loss. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in previous calendar years in respect of the investment disposed of in the current period.

(e) De-recognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the Syndicate transfer to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Syndicate, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(f) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date. When quoted prices are unavailable, observable inputs developed using market data, other than quoted prices, for the asset or liability, either directly or indirectly, are used to determine the fair value. If the market for the asset is not active and there are no observable inputs, then the Syndicate estimates the fair value by using unobservable inputs, where market data is unavailable.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

(h) Offsetting

Debtors/creditors arising from insurance/reinsurance operations shown in the balance sheet include the totals of all outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicate and each of its counterparty insureds, reinsurers or intermediaries as appropriate.

1.5 Investment Return

The gross investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Investment return is initially recorded in the Non-Technical Account. A transfer is made from the Non-Technical Account to the General Business Technical Account to reflect the investment return on funds supporting underwriting business.

1.6 Syndicate Operating Expenses

Costs incurred by the Managing Agent in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflect 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 on bases that are considered to fairly reflect the nature and usage of the expense concerned.

1.7 Taxation

Under Schedule 19 of the Finance Act 1993 Managing Agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic 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 the Inland Revenue.

No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Basis of Currency Translation

The Syndicate has Pounds Sterling as its functional and presentation currency.

Income and expenditure in US dollars and Canadian dollars are translated at average rates of exchange for each calendar year as an equivalent of transaction rates. The exception to this is that the reinsurance to close receivable has been translated at the transaction rates of exchange ruling at the effective dates of the contracts. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Although transactions are translated as described above the monetary assets and liabilities, including any unearned premiums or deferred acquisition costs, within the balance sheet in US dollars and Canadian dollars are translated at the rates of exchange ruling on 31 December 2023. Any differences are included within the profit or loss on exchange account in the Non-Technical Account. Any non-monetary assets or liabilities are retained at their original exchange rate.

Where US dollars or Canadian dollars are sold or bought relating to the profit or loss of a closed underwriting account after 31 December 2022, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where United States Dollars are transferred to or from Members any exchange profit or loss accrues to those Members.

1.9 Key Accounting Judgements and Estimation Uncertainties

The key accounting judgements, assumptions and estimates made in the preparation of these Underwriting Year Accounts are those relating to the determination of the Reinsurance to Close to transfer all assets and liabilities from the 2021 Year of Account to the 2022 Year of Account. However, as this amount has been contractually committed to since the year end there can be no further change to the amount in respect of the 2021 Year of Account.

The accounting policy for the Reinsurance to Close is described at 1.3(e) and the related risks relating to the underlying net technical provisions that it transfers are described at Note 2.2 (c) on pages 57 to 59 within the Syndicate Annual Accounts. The Reinsurance to Close for net technical provisions after the reinsurers' share is £238.0m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the Syndicate has not yet been notified or where there has been insufficient information to date to be certain regarding its ultimate cost. An analysis of the Reinsurance to Close for net technical provisions after the reinsurers' share including disclosure of the provision for Incurred But Not Reported ("IBNR") after potential related reinsurance recoveries is shown at Note 6.

2. RISK AND CAPITAL MANAGEMENT

Since 31 December 2023 a Reinsurance to Close has been completed which transferred all assets and liabilities from the 2021 year of account to the 2022 year of account. Any change in value of the assets or liabilities or further transactions after 31 December 2023 will be borne by the 2022 year of account. The 2021 year of account therefore bears no further risk and accordingly no disclosures relating to risks are disclosed in these Underwriting Year Accounts. The risks remain within the Syndicate and are borne by the 2022 and subsequent years of account and are disclosed in the Syndicate Annual Accounts on pages 31 to 76 and in particular within Note 2.2 (c) on Risk Management on pages 57 to 59.

The basis on which capital is managed by the Syndicate in accordance with the requirements of the Society of Lloyd's and the Prudential Regulation Authority is also described within the Syndicate Annual Accounts within Note 16 on Regulatory Capital Management on pages 73 to 74.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

3. ANALYSIS BY CLASS OF BUSINESS

An analysis of the underwriting result before investment return for the three years ended 31 December 2023 is set out below:

2021 YEAR OF ACCOUNT	GROSS PREMIUMS WRITTEN & EARNED £'000	GROSS CLAIMS INCURRED £'000	GROSS OPERATING EXPENSES £'000	REINSURANCE BALANCE £'000	TOTAL TECHNICAL RESULT £'000
Direct Insurance					
Accident and health	8,236	(3,534)	(2,974)	(44)	1,684
Motor (third party liability)	1,184	(668)	(468)	–	48
Motor (other classes)	13,300	(7,193)	(5,146)	–	961
Marine aviation and transport	4,489	(2,071)	(1,485)	–	933
Fire and other damage of property	24,817	(13,812)	(8,872)	(8)	2,125
Third Party Liability	22,757	(16,895)	(8,295)	–	(2,433)
Credit and Suretyship	771	(2,213)	(331)	–	(1,773)
	75,554	(46,386)	(27,571)	(52)	1,545
Reinsurance Acceptance	23,858	(8,752)	(6,683)	3,005	11,428
	99,412	(55,138)	(34,254)	2,953	12,973
Reinsurance to Close received	231,874	–	–	(686)	231,188
Reinsurance to Close payable	–	(252,286)	–	3,639	(248,647)
Total	331,286	(307,424)	(34,254)	5,906	(4,486)

4. GEOGRAPHICAL ORIGIN OF GROSS DIRECT PREMIUMS WRITTEN

All contracts of insurance were concluded in the United Kingdom.

5. REINSURANCE TO CLOSE PREMIUMS RECEIVED, NET OF REINSURANCE

	OUTSTANDING CLAIMS REPORTED £'000	IBNR £'000	2021 YEAR OF ACCOUNT TOTAL £'000
Gross reinsurance to close premiums received	44,958	179,339	224,297
Reinsurance recoveries anticipated	(2,711)	–	(2,711)
	42,247	179,339	221,586
Provision for internal claims administration expenses			9,602
At 1 January 2023 exchange rate			231,188

IBNR is the provision for claims incurred but not reported.

The value of the RITC received at the 2023 average exchange rate was £224,276,990.

6. REINSURANCE TO CLOSE PREMIUMS PAYABLE NET OF REINSURANCE

	OUTSTANDING CLAIMS REPORTED £'000	IBNR £'000	TOTAL £'000
Gross reinsurance to close premiums payable	47,128	200,909	248,037
Reinsurance recoveries anticipated	(3,192)	(5,146)	(8,338)
	43,936	195,763	239,699
Provision for internal claims administration expenses			8,947
At 2023 calendar year average exchange rate			248,647
Adjustments to year-end foreign exchange rates			(10,658)
At 31 December 2023 exchange rate			237,989

Continuing to use 31 December 2023 exchange rates, this number is made up of anticipated claims settlements of £237.2m and anticipated recoveries from reinsurers of £8.1m, but does not include the charge of £2.4m for estimated future return premium which has been allowed for in arriving at the gross written premium figure of £99.4m. Including the £8.9m reserve against future claims handling costs, total value of all future liabilities of the 2021 and prior years of account has been reserved at £238.0m. This compares to the RITC of the 2020 Account, £231.2m.

As detailed in note 2.2 (c) to the Syndicate Annual Accounts, the syndicate adopts an approach to claims reserving that is above the actuary's best estimate, primarily to allow for the future emergence of latent losses on its long tail US liability business, as has happened in the past. The excess above best estimate within the RITC paid by 2021 Year of Account is £100.4m and the excess received from the 2020 Year of Account was £101.4m. The amount shown above as the Reinsurance to Close premium payable for closing the 2021 year of account into the 2022 year of account of Syndicate 727 as at 31 December 2023 was subsequently approved by the Board of S A Meacock & Company Limited on 25 January 2024.

The table of the development of ultimate claims over the last ten years is shown within Note 4 to the Syndicate Annual Accounts for the year ended 31 December 2023.

Reconciliation of Reinsurance to Close premiums received to Reinsurance to Close premiums payable

	GROSS CLAIMS £'000	REINSURERS' SHARE £'000	TOTAL £'000
Reinsurance to Close Received at 1-1-23 (Note 5)	233,899	(2,711)	231,188
Claims paid in relation to 2020 and prior	(20,064)	1,171	(18,893)
Change in provision for 2020 and prior claims	5,986	(1,652)	4,334
Effect of movements in exchange rates	(11,635)	161	(11,474)
Reinsurance to Close Payable for 2020 and prior at 31-12-23	208,186	(3,031)	205,155
Provision for claims in relation to 2021 pure	37,859	(5,025)	32,834
Reinsurance to Close Payable for 2021 and prior at 31-12-23	246,045	(8,056)	237,989

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

7. NET OPERATING EXPENSES

	2021 YEAR OF ACCOUNT £'000
Brokerage and commissions	25,705
Other acquisition costs	1,497
Acquisition costs	27,202
Administrative Expenses	7,052
	34,254
Included within administrative costs above are the following:	
Auditors' remuneration – audit related services	216
– other reports to Regulators	2
Standard personal expenses (excluding Members' agents' fees)	2,959

8. BALANCE ON THE TECHNICAL ACCOUNT BEFORE NET OPERATING EXPENSES AND ALLOCATED INVESTMENT RETURN AND AFTER BROKERAGE AND COMMISSIONS

	2020 & PRIOR YEARS OF ACCOUNT £'000	2021 PURE YEAR OF ACCOUNT £'000	TOTAL 2021 £'000
Technical account balance before allocated investment return and net operating expenses	(1,491)	31,260	29,769
Brokerage and commission on gross premium (Note 7)	–	(25,705)	(25,705)
Balance after brokerage and commissions	(1,491)	5,555	4,064
	(1,491)	5,555	4,064

9. INVESTMENT RETURN

	2021 YEAR OF ACCOUNT £'000
Income from investments	11,471
Gains on realisation of investments	998
Investment Income	12,469
Losses on realisation of investments	(7,849)
Investment expenses and charges	(7,849)
Unrealised gains on investments	6,585
Unrealised losses on investments	(392)
Net unrealised gains on investments	6,193
Allocated investment return transferred to the Technical Account from the Non-Technical Account	10,813
The above is comprised of:	
Interest and dividend income from financial assets at fair value through profit or loss	8,902
From financial instruments designated as held to maturity	2,569
Net realised and unrealised gains and losses from financial assets at fair value through profit or loss	(658)
Total Investment Return	10,813

10. INVESTMENTS

	2021 YEAR OF ACCOUNT MARKET VALUE £'000	COST £'000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities and unit trusts	24,096	24,176
Debt securities and other fixed income securities	206,250	234,823
	230,346	258,999

Fair value hierarchy

The above financial instruments carried at fair value have been classified by valuation method into three levels based on the reliability of inputs used in determining fair values, with Level 1 being the most reliable. The three levels are as follows:

Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

10. INVESTMENTS (CONTINUED)

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	2021 YEAR OF ACCOUNT TOTAL £'000
Financial assets at fair value through profit or loss:				
Shares and other variable yield securities and units in unit trusts	–	23,009	1,087	24,096
Debt securities and other fixed income securities	206,250	–	–	206,250
	206,250	23,009	1,087	230,346

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	2021 YEAR OF ACCOUNT TOTAL £'000
Overseas deposits included in Other Assets:				
Loans and deposits with credit institutions	437	5,975	–	6,412
	437	5,975	–	6,412

Additional details about the methods and assumptions used to determine the fair value of the financial investments are given in Note 1.4 of these Syndicate Underwriting Year Accounts and Note 1.12 of the Syndicate Annual Accounts for the year ended 31 December 2023 on pages 20 to 22 and pages 52 to 53 respectively.

11. DEBTORS

	2021 YEAR OF ACCOUNT £'000
Arising out of direct insurance operations:	
Intermediaries	–
Arising out of reinsurance operations	
Other debtors	9,226
	9,226

All amounts are due within one year.

12. CREDITORS

	2021 YEAR OF ACCOUNT £'000
Provision for other risks and charges	2,126
Creditors arising out of direct insurance operations	2,383
Other creditors	1,610
Financial liabilities at amortised cost	6,119

The other creditors amounting to £1.610m, include profit commission payable to the syndicate's Managing Agent of £1.602m.

All amounts are payable within one year.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

13. RELATED PARTIES

(a) S A Meacock and Company Limited (the company) is a Managing Agent which has managed Syndicate 727 since 1 January 1997 with standard agency terms as follows:

	FEE	£'000's	PROFIT COMMISSION	£'000's
2021	0.75%	636	17.5%*	1,602

Profit commission is not charged to staff, Executive Directors of the company or Meacock LLP.

* From the 2021 year of account onward, profit commission is calculated based on a seven-year rolling-average result as a percentage of capacity:

7.5% or greater	20%
Less than 7.5%	17.5%

(b) Certain expenses amounting to £4,012,790 were incurred by the company and then recharged to the Syndicate.

(c) The balance due to the company at 31 December 2023 was £1,602,082, in respect of profit commission.

(d) In 2006 Meacock LLP was formed to enable Executive Directors and staff to participate in the Syndicate. Directors' participations are included in Note 13(e) below. For 2021, the aggregate capacity of the Meacock LLP was £2,572,470.

(e) The combined Syndicate participations of the Directors and staff of the Managing Agent, both as individual names (unlimited and Nameco) and through the Meacock LLP, are shown below:

	2021 ACCOUNT	
	£'000's	% OPL
M P Bartlett	150	100
N N S Ford (Retired 30 June 2023)	429	100
K W Jarvis	551	100
D J Jones	245	100
J M Meacock	300	27
M J Meacock (Deceased)	5,178	51
A Taylor	902	100
G J Thompson (Appointed 1 July 2023)	100	100
D A Thorp	464	100
Meacock LLP (other than those shown above, both current and former staff)	555	100

None of these participations were through a MAPA and none has been protected by personal stop loss arrangements. Standard terms have been applied to them with the exception that profit commission has not been charged to staff, Executive Directors of the company or Meacock LLP.

NOTES TO THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

2021 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2023

13. RELATED PARTIES (CONTINUED)

(f) Meacock Capital plc (MC) which has a total issued share capital of 5,295,146 ordinary 25 pence shares owns 100% of Meacock Underwriting Limited (MU) which participated on Syndicate 727 on standard terms and with the following capacity:

	£
2021	14,715,400

The following Directors or connected persons held shares in MC:

	2021	
	ORD. 25P	% SHARE CAP
C N Jarvis (wife of K W Jarvis)	100,500	1.90
C E Meacock	529,000	9.99
J M Meacock	529,000	9.99
J W S Meacock	529,000	9.99
M J Meacock (Deceased)	1,411,509	26.66
W T R Meacock	529,000	9.99
D A Thorp	56,000	1.06
A Taylor	50,000	0.94

(g) Mr M J Meacock, who died on 19 February 2023, was a Non-Executive Director of Alpha Insurance Analysts Limited (Alpha), a Lloyd's Members' agency, until 7 December 2021. Neither Mr M J Meacock nor the company have a financial interest in Alpha.

(h) Mr W T R Meacock, was appointed a Director of Meacock Capital plc and Meacock Underwriting Limited on 1 October 2010. He is also a Director of Guy Carpenter & Company LLC, a Marsh McLennan company, which does place business with Syndicate 727. Mr W T R Meacock is not personally involved in the placing of any business with Syndicate 727 and does not receive any form of direct remuneration or commission for this business.

(i) The following other 'close family' members of Mr M J Meacock also participated on Syndicate 727, on standard terms:

	2021 ACCOUNT £'000's
C E Meacock (son)	188
J W S Meacock (son)	199
Mrs R J R Meacock (widow)	645
W T R Meacock (son), via Elnry Ltd	165

(j) There were no unpaid balances due to the Syndicate at 31 December 2023 from any of the Members detailed in notes 13(e) and 13(i) above.

14. PENSION OBLIGATIONS

The company operates a defined contribution scheme for its employees including Syndicate staff. The cost of the contributions charged to the 2021 year of account was £150,600 and there were no outstanding or prepaid contributions at 31 December 2023 in respect of the 2021 year of account. As the 2021 year of account has now been reinsured to close, no further pension contributions are chargeable to the Members of this year of account.

SYNDICATE 727

SYNDICATE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 2023

CONTENTS

AT 31 DECEMBER 2023

DIRECTORS AND ADVISERS

31 DECEMBER 2023

MANAGING AGENT:

Managing Agent	S A Meacock & Company Limited Hasilwood House 60 Bishopsgate London EC2N 4AW
Directors	D A Thorp (Non-Executive Chairman) M P Bartlett N N S Ford (Retired 30 June 2023) K W Jarvis D J Jones J M Meacock M J Meacock (Deceased 19 February 2023) A Taylor D G Taylor Rea (Non-Executive Director) G J Thompson (Appointed 1 July 2023) D K L White (Non-Executive Director)

SYNDICATE:

Joint Active Underwriters	J M Meacock and M P Bartlett
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD

STRATEGIC REPORT

31 DECEMBER 2023

The Directors of S A Meacock & Company Limited present their Strategic Report for Syndicate 727 for the year ended 31 December 2023.

Syndicate Underwriting Year Accounts

In addition to these Syndicate Annual Accounts there is also a separate set of Underwriting Year Accounts shown at pages 7 to 30 drawn up on the three year funded basis which have been prepared to show the cumulative result for the 2021 closed underwriting account as at 31 December 2023 which is being distributed in 2024.

Activities

The principal activity of the Syndicate is that of underwriting insurance and reinsurance risks and this is conducted wholly within the Lloyd's market. A large percentage of the risks underwritten are located in North America while significant exposures are accepted in the UK and more modest exposures in many other areas of the world. Exposures taken on through reinsurance would have a similar geographic spread with perhaps less emphasis on the UK. Note 3 to the Financial Statements provides an analysis of the business by class. There are no significant lines of business that have been discontinued or commenced during the year.

Key Performance Indicators

The Managing Agent considers the following to be key performance indicators of the Syndicate:

CALENDAR YEAR	2023	2022
Initial capacity (underwriting year)	£110.5m	£89.1m
Gross premiums written (Note 3)	£115.2m	£122.8m
Gross premium (less reinsurance) earned	£116.2m	£118.3m
Acquisition costs earned (Note 5)	£30.5m	£30.9m
Profit/(Loss) for the year earned on the General Business Technical Account	£13.7m	£7.4m
Claims ratio (net)	68.8%	54.1%
Combined ratio (net)	100.8%	86.5%
Cash and investments	£320.0m	£316.1m

The 2023 Account capacity finished at £101.2m and the capacity for the 2024 Underwriting Year of Account is initially at £108.6m. The gross premiums underwritten in the year ended 31 December 2023 were £115.2m, a 6% decrease over the previous year. Property continues to be our largest line of business, accounting for 53.8% of the earned premium, while casualty is 29.1% of the earned premium. All other business categories are quite small in comparison. In line with the stated philosophy of taking on only exposures worth keeping, very little reinsurance has been purchased. Such reinsurance which has been purchased is largely placed with reinsurers whose security is "A" rated by AM Best (the same level as Lloyd's) or better.

Rate integrity in the excess of loss reinsurance book has improved this year, meaning that the proportion of property and casualty business written through binding authorities has slightly reduced. In 2023, 54% of the £117.7m of gross earned premium came from binding authorities.

The combined ratio of 100.8% is largely due to a strengthening of reserves on the 2021 and prior years of account. See the Risk Management note beginning on page 55 for more detail regarding this.

Results

The profit on the General Business Technical Account for the calendar year 2023 was £13.7m. In calendar year 2022 the profit was £7.4m (comparing claims recognised during 2023 with the gross premium earned during 2023 produces ratios of 58% for the property book and 92% for the liability book.)

STRATEGIC REPORT

31 DECEMBER 2023

Current Trading Conditions and Future Developments

The current trading conditions continue to improve in a number of areas. The Syndicate intends to underwrite a largely similar mix of business in 2024 subject to any changes in market conditions and any opportunities that may arise. A similar level of reinsurance protection is proposed for 2024 to that purchased in 2023. The initial stamp capacity increased for 2024 to £108.6m and the stamp utilisation level is forecast to be 90%.

There have been no significant post-balance-sheet events other than the proposed distribution of profits to Members detailed in Note 14 to the Syndicate Annual Accounts.

As a Syndicate that underwrites over 80% of its business in the USA, we take comfort that Lloyd's and the broking community in particular have a healthy presence in the USA. This should ensure effective management of any issues that may arise to challenge the existing arrangements regarding Excess and Surplus Lines business and Reinsurance Markets business.

Covid and flexible working

Last year saw a return to the office for all staff for most of the week, although we have been happy to accommodate greater flexibility and some hybrid working arrangements, where this suits both the individual and the business's needs.

Analysis of Risk Management and Underwriting Analysis

The key risks for the business are related to insurance and comprise business volumes and pricing levels, claims levels from catastrophic events and attritional claims and reserving adequacy. Investment risks are the next largest element of risk for the business.

The Syndicate Annual Accounts include further details of risks and risk management at Note 2. Additionally details of the underwriting business written by Class of Business and claims development are included within Notes 3 and 4 respectively.

OTHER PERFORMANCE INDICATORS

Culture and Staff Engagement

We believe that we create a good working environment with a positive culture for our colleagues to develop and thrive. We are aware of the external focus on culture and the benefits to the business that can be derived from making improvements and this is a key theme for 2024 as part of our work on ESG (Environmental, Social, and Governance).

Our purpose and value statement reads: -

"We are committed to maintaining a competent workforce, selecting and developing the best individuals, who believe in team-work and traditional values".

The Managing Agent considers its staff to be a key resource and seeks to provide a good working environment that is safe and complies with appropriate employee legislation and is also satisfying to all staff, with a view to achieving a high retention and level of production. During the year there have been no significant actions taken by the Company with regard to staff behaviour or issues reported by staff in accordance with our whistleblowing and speaking up procedures.

In order to improve stakeholder engagement, we continue to garner views of the Staff Engagement Group on cultural and business issues. This group is formed of a diverse membership of people who feedback to management on matters that are important to staff at all levels.

Environmental Matters and the Financial Risks from Climate Change

The Managing Agent does not consider that Syndicate 727 has a material impact upon the environment. As a result the Managing Agent does not currently manage its business by reference to any environmental key performance indicators, although we continue to have this aspect under review as part of our ESG project initiative. Directors and employees of the Managing Agent are not provided with company cars and travel requisitions and expenses are subject to review as to whether the journey is necessary for the business. The Managing Agent seeks to maintain a high proportion of its records electronically. To help achieve this the Managing Agent is a party to the current electronic data exchange programme in the London market, which is intended to reduce the amount of paper records circulating in the market. The Managing Agent also seeks to recycle over 80% of its paper consumption by the use of recycling bags for all business waste paper and shredding.

We have reviewed the document Financial Risks from Climate Change and assessed how these risks might impact the business. Climate change poses serious risks to the global economy and therefore deserves our careful consideration. The accepted taxonomy of financial risks from climate change groups these into physical risks arising from a number of factors relating to weather events, transition risks that could lead to stranded assets and devaluation of our investment portfolio and liability risks that could result from legal action related to climate change.

We have adopted this classification and have explored how each of the three types of risks interacts with our risk universe and incorporated the strategic management of financial risks from climate change into our overall risk management process so that the effect of the risks and the effectiveness of mitigating actions can be monitored.

STRATEGIC REPORT

31 DECEMBER 2023

Corporate Governance

The Governance Framework within the company touches on all aspects of the business, ensuring that checks and balances are in place so that effective decision-making can take place. An evaluation of Corporate Governance and Board Performance is reviewed annually by the Company Secretary and this review is assessed by an external firm every 4 years. As well as structure and decision-making the review covers competency assessment, succession planning and Non-Executive challenge.

Investment Return

	2023 £'000	2022 £'000
Income from investments	12,287	10,337
Net gains/(losses) on realised investments	(6,090)	(7,617)
Net (losses)/gains on unrealised investments	8,463	(11,587)
Total investment return, expressed at year-end rates for the purpose of calculating the calendar year investment yield	14,660	(8,867)
Average amount of Syndicate funds available for investment during the year (expressed in Sterling at year-end rates):		
Sterling	4,043	5,175
US Dollar (in Sterling)	276,610	272,947
Canadian Dollar (in Sterling)	19,923	17,977
Combined in Sterling at year-end rates	300,576	296,099
Gross calendar year investment yield:		
Sterling	5.8%	0.7%
US Dollar	4.6%	(3.4%)
Canadian Dollar	4.6%	1.8%
Combined	4.7%	(3.0%)

The above investment returns are calculated using average funds based on the monthly balances of bank accounts and investments as revalued to month-end market prices. The available funds were mostly held in US Dollars with much smaller amounts held in the other two currencies.

The investments are managed in-house and the custodians for investments were Hargreaves Lansdown, Citibank and Royal Bank of Canada.

Approved by the Board of Directors of S A Meacock & Company Limited, and signed on its behalf by:

K.W. Jarvis

K W Jarvis
Director
27 February 2024

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

31 DECEMBER 2023

The Managing Agent presents its Directors' Report for Syndicate 727 for the year ended 31 December 2023.

Strategic Report

The Managing Agent's Report should be read in conjunction with the Strategic Report as it includes information required to be disclosed in the Managing Agent's Report. This information is primarily relating to a review of the business and a description of principal risks and uncertainties, although there is more extensive disclosure of risk management in Note 2 to the Syndicate Annual Accounts.

Directors Serving in the Year

The Directors of the Managing Agent, who served during the year ended 31 December 2023 and up to the date of this report were as follows:

D A Thorp (Non-Executive Chairman)
M P Bartlett
N N S Ford (Retired 30 June 2023)
K W Jarvis
D J Jones
J M Meacock
M J Meacock (Deceased 19 February 2023)
A Taylor
D G Taylor Rea (Non-Executive Director)
G J Thompson (Appointed 1 July 2023)
D K L White (Non-Executive Director)

Annual General Meeting

The Directors do not propose to hold an Annual General Meeting for the Syndicate. If any Members' agent or direct corporate supporter of the Syndicate wishes to meet them, the Directors will be happy to do so.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Disclosure of Information to Auditor

The Directors of the Managing Agent who held office at the date of the approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Syndicate's auditor is unaware and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Approved by the Board of Directors of S A Meacock & Company Limited, and signed on its behalf by:

K W Jarvis
Director
27 February 2024

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

31 DECEMBER 2023

The Managing Agent is responsible for preparing the Annual Report and the Syndicate Annual Accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Annual Accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate Annual Accounts are required by law to give a true and fair view of the state of affairs of the Syndicate and of its profit or loss for that year.

In preparing those Syndicate Annual Accounts, the Managing Agent is required to:

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Accounts;
- prepare the Syndicate Annual Accounts on a going concern basis, unless it is inappropriate to do so; and
- assess the Syndicate's ability to continue to write new business, disclosing as applicable, matters related to its ability to continue to operate and using the going concern basis of accounting, unless the Managing Agent intends to cease to operate the Syndicate or 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 the 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 the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Approved by the Board of Directors of S A Meacock & Company Limited, and signed on its behalf by:

K.W. Jarvis

K W Jarvis
Director
27 February 2024

Independent Auditor's Report to the Members of Syndicate 727

Opinion

We have audited the syndicate annual accounts of Syndicate 727 (the 'syndicate') for the year ended 31 December 2023 which comprise the Profit and Loss account, the Statement of Changes in Members' Balances, the Balance Sheet, the Statement of Cash Flows and notes to the syndicate annual accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Emphasis of matter – technical provisions

We draw attention to note 2.2 (c) of the syndicate annual accounts which describes the reserving risk in relation to the syndicate's technical provisions for outstanding claims and the syndicate's approach to addressing this risk. The syndicate has, throughout its history, underwritten a large portfolio of US liability business which has the potential for late developing or latent claims to emerge many years after the risk was underwritten. This, together with the limited extent of reinsurance purchased, increases the risk that the ultimate level of future claims may vary significantly from the amount at which the technical provisions have been set. As explained in the note, the outstanding claims provision selected is significantly in excess of the actuary's best estimate to reflect this uncertainty and is consistent with the syndicate's cautious long-term approach to claims reserving. However, should significant losses emerge the reserves may still be insufficient to fully provide for such development. Conversely, if the more recent benign patterns of claims development continue the claims provision may ultimately prove to be in excess of the ultimate claims cost.

Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the syndicate annual report and accounts, other than the syndicate annual accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the syndicate annual report. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the syndicate annual accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the managing agent's report for the financial year for which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts; and

- the managing agent's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept on behalf of the syndicate; or

- the syndicate annual accounts are not in agreement with the accounting records and returns; or

- certain disclosures of managing agent emoluments and other benefits specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of the managing agent

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view and for such internal control as the managing agent determines is necessary to enable the preparation of 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 to write new business, disclosing, as applicable, matters related to its ability to continue to operate and using the going concern basis of accounting, unless the managing agent intends to cease to operate the Syndicate or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual accounts

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

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:

- We obtained an understanding of the syndicate and the insurance sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the syndicate annual accounts. We obtained our understanding in this regard through discussions with management, industry research and the application of our cumulative audit knowledge and experience of the insurance sector.

- We determined the principal laws and regulations relevant to the syndicate in this regard to be those arising from the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), Lloyd's of London and the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008, and the financial reporting framework (UK GAAP).

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the syndicate with those laws and regulations. These procedures included, but were not limited to:

    - agreement of the syndicate annual accounts disclosures to underlying supporting documentation;

    - enquiries of management and review of minutes of Board and management meetings throughout the period;

    - understanding the syndicate's policies and procedures in monitoring compliance with laws and regulations;

    - inspection of correspondence with Lloyd's of London, the PRA and FCA; and

    - reviewing compliance reports and internal audit reports relating to the syndicate.

- We also identified possible risks of material misstatement of the syndicate annual accounts due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the syndicate annual accounts relating to the valuation of technical provisions and the calculation of the reinsurer's share of technical provisions, To address this, we challenged the assumptions and judgements made by management when auditing those significant accounting estimates.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals, reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the syndicate annual accounts or non-compliance with laws and regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the syndicate annual accounts, as we will be less likely to become aware of instances of non-compliance. This risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, conclusion, omission or misrepresentation.

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

Use of our report

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

TCE Seaman

Thomas Seaman
(Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

27 February 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

PROFIT AND LOSS ACCOUNT
TECHNICAL ACCOUNT – GENERAL BUSINESS

YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Earned Premiums, Net of Reinsurance					
Gross premiums written	3	115,238		122,770	
Outward reinsurance premiums		(1,486)		(1,021)	
Net premiums written			113,752		121,749
Change in the provision for unearned premiums					
Gross amount	4	2,442		(3,399)	
Reinsurers' share	4	(40)		(2)	
Change in the net provision for unearned premiums			2,402		(3,401)
Earned premiums, net of reinsurance			116,154		118,348
Allocated investment return transferred from the Non-Technical Account			14,660		(8,567)
Claims Incurred, Net of Reinsurance					
Claims paid – Gross amount		(64,014)		(54,492)	
– Reinsurers' share		1,175		2,618	
Net claims paid		(62,839)		(51,874)	
Change in the provision for claims					
Gross amount	4	(16,377)		(18,177)	
Reinsurers' share	4	481		6,015	
Change in the net provision for claims		(15,896)		(12,162)	
Claims incurred, net of reinsurance			(78,735)		(64,036)
Net Operating Expenses	5		(38,378)		(38,394)
Balance on the Technical Account – for General Business			13,701		7,351

There are no discontinued operations.

PROFIT AND LOSS ACCOUNT NON-TECHNICAL ACCOUNT

YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 £'000	2022 £'000
Balance on the General Business Technical Account		13,701	7,351
Investment income	8	13,286	11,041
Unrealised gains on investments	8	6,862	14
Investment expenses and charges	8	(7,089)	(8,395)
Unrealised losses on investments	8	1,601	(11,227)
Allocated investment return transferred to general business technical account	8	(14,660)	8,567
Other charges, including value adjustments Profit/(Loss) on foreign exchange		(839)	1,025
Profit/(Loss) for the Financial Year		12,862	8,376

There is no Other Comprehensive Income for 2023 or 2022.

STATEMENT OF CHANGES IN MEMBERS' BALANCES

YEAR ENDED 31 DECEMBER 2023

	2023 £'000	2022 £'000
Balance due (from)/to Members at 1 January	(4,186)	(7,392)
Profit/(Loss) for the financial year	12,862	8,376
Profit distributed to Members – 2020 (2019) Year of Account	(4,269)	(4,804)
Advances of fees to Members' agents on behalf of Members	(428)	(366)
Balance due (from)/to Members at 31 December	3,979	(4,186)

BALANCE SHEET – ASSETS

AT 31 DECEMBER 2023

	NOTE	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Investments					
Other financial investments	9		307,190		298,547
Reinsurers' Share of Technical Provisions					
Provision for unearned premiums	4	18		60	
Claims outstanding	4	9,135		9,171	
			9,153		9,231
Debtors					
Debtors arising out of direct insurance operations	10	16,085		16,670	
Debtors arising out of reinsurance operations	11	12,356		12,491	
Other debtors	12	4,071		713	
			32,512		29,874
Other Assets					
Cash at bank and in hand		4,195		7,254	
Other (including overseas deposits)		8,651		10,319	
			12,846		17,573
Prepayments and Accrued Income					
Accrued interest and rent		2,605		2,630	
Deferred acquisition costs	4	15,472		16,880	
Other prepayments and accrued income		101		90	
			18,178		19,600
Total assets			379,879		374,825

BALANCE SHEET – LIABILITIES

AT 31 DECEMBER 2023

	NOTE	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Capital and Reserves					
Members' balances			3,979		(4,186)
Technical Provisions					
Provision for unearned premiums	4	52,890		58,037	
Claims outstanding	4	315,080		314,671	
			367,970		372,708
Provision for other risks and charges	4		2,126		2,250
Creditors payable within one year					
Creditors arising out of direct insurance operations	13	2,150		1,786	
Creditors arising out of reinsurance operations	13	1,575		646	
Other creditors including taxation and social security	13	1,967		1,509	
			5,692		3,941
Creditors payable after one year					
Other creditors including taxation and social security			112		112
Total Liabilities			375,900		379,011
Total Liabilities and Equity			379,879		374,825

The Syndicate Annual Accounts were approved by the Board of Directors of S A Meacock & Company Limited on 27 February 2024 and signed on its behalf by:

J M Meacock
Director

K W Jarvis
Director

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 £'000	2022 £'000
Cash Flow from Operating Activities:			
Profit/(Loss) for the financial year		12,862	8,376
Adjustments for:			
Increase/(decrease) in gross technical provisions		(4,738)	50,426
(Increase)/decrease in reinsurers' share of technical provisions		78	(94)
(Increase)/decrease in debtors, prepayments & accrued income		(1,215)	(10,160)
Increase/(decrease) in creditors		1,750	321
Other changes in value of investments		24,374	(26,809)
Movement in other assets/liabilities		(124)	250
Investment return		(14,660)	8,567
Net Cash Generated from Operating Activities		18,326	30,877
Cash Flows from Investing Activities:			
Purchase of equity & debt instruments		(91,661)	(122,591)
Sale of equity & debt instruments		68,747	99,039
Investment income received		6,225	2,646
Net Cash from Investing Activities		(16,689)	(20,906)
Cash Flows from Financing Activities:			
Distribution of 2020 (2019) Closed Year Profit		(4,269)	(4,804)
Advances of fees to Member's Agent on behalf of Members		(428)	(366)
Net Cash used in Financing Activities		(4,696)	(5,170)
Net increase/(decrease) in Cash and Cash Equivalents in year		(3,059)	4,801
Cash and cash equivalents at beginning of the year		7,254	2,453
Cash and cash equivalents at end of the year		4,195	7,254
Cash and cash equivalents comprise:			
Cash at bank and in hand		4,195	7,254
Cash and cash equivalents		4,195	7,254

NOTES TO THE SYNDICATE ANNUAL ACCOUNTS

31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

1.1 General Information and principal activities

Syndicate 727 is a Lloyd's Syndicate domiciled in England and Wales. It is managed by S A Meacock & Company Limited a private company limited by shares that was incorporated in England and whose registered office is Hasilwood House, 60 Bishopsgate, London, EC2N 4AW.

The Syndicate underwrites a diverse book of general insurance and reinsurance business from around the world as part of the Lloyd's of London insurance market. This activity is carried out primarily from our box in the Lloyd's Building in London and our nearby office.

The Syndicate is supported by capacity from related and third-party members.

SIGNIFICANT ACCOUNTING POLICIES

1.2 Basis of Preparation and Compliance with Accounting Standards

These Syndicate Annual Accounts have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

The underwriting results are determined on an annual basis of accounting. Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

The Syndicate Annual Accounts have been prepared on the historical cost basis, except for financial assets at fair value through the profit or loss which are measured at fair value.

The Syndicate Annual Accounts are presented in Pounds Sterling which is also the Syndicate's functional currency.

1.3 Going Concern Basis

These Syndicate Annual Accounts are prepared on a going concern basis.

Syndicates by their nature only underwrite for single underwriting years on behalf of their supporting Members; however, this is within a context of not finalising results until after 36 months so that typically there are three underwriting years in progress at any time. In addition syndicates will normally expect to continue to trade for more underwriting years into the future and the syndicate is continuing to underwrite in 2024.

The Syndicate's business activities, together with the factors likely to affect its future development are set out in the Review of Business within the Strategic Report. In addition at Note 2 below information on Risk Management is provided detailing the insurance and financial risks the Syndicate is exposed to and how those risks are managed.

The Syndicate has considerable financial resources together with long-term relationships with a number of brokers and policyholders across different classes of business and geographical areas. As a consequence, the Directors of the Managing Agent believe that the Syndicate is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd's of the Members supporting the Syndicate (as explained in Note 16) to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Syndicate Annual Accounts.

1.4 Premiums Written

Premiums written comprise premiums on contracts of insurance incepted during the financial year in respect of direct and inwards reinsurance business. Premiums written include any adjustments made in the year to estimates of premiums written in prior years and estimates are also made for pipeline premiums, including amounts due to the Syndicate not yet notified. Premiums are shown gross of commission payable and exclude taxes and duties levied on them.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Unearned Premiums

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

1.6 Reinsurance Premium Ceded

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

1.7 Claims Incurred and Reinsurers' Share

Gross claims incurred comprise claims and settlement expenses (both internal and external) occurring during the year and the movement in provision for outstanding claims and settlement expenses brought forward. Allowance is made for the cost of claims incurred by the balance sheet date but not reported until after the year end. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties. The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, 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.

Adjustments to the amounts of claims provisions established in prior years are reflected in the Syndicate Annual Accounts for the period in which the adjustments are made.

The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities.

Reinsurance assets are assessed for impairment at the balance sheet date, based upon an assessment of the likely amount to be recovered. Any impairment will be charged to the profit or loss for the period in which it is recognised.

The methods used, and the estimates made in arriving at the amounts for technical provisions in respect of outstanding claims, are more fully described in Note 2.2.

1.8 Unexpired Risks Provision

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

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.9 Net Operating Expenses (including Acquisition Costs)

Net operating expenses include acquisition costs and amounts charged to Members through the Syndicate. Profit commission is charged by the Managing Agent as it is incurred but is not payable until the year of account closes, normally at 36 months.

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, representing Deferred Acquisition Costs (DAC).

Employee costs include the cost of all employee benefits to which employees have become entitled as a result of service rendered to the entity during the reporting period, which the Managing Agent considers to be attributable to this Syndicate.

1.10 Balance due to Members and distribution of profits and collection of losses

The balance due to Members represents Syndicate profits or losses attributable to Members net of any early releases to Members or cash calls received from Members.

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their Members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to Members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and Members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

1.11 Foreign currencies

The presentation currency of the Syndicate is Pounds Sterling.

The functional currency of the Syndicate is Pounds Sterling.

Income and expenditure in US dollars and Canadian Dollars are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities (which in accordance with FRS 103 are deemed to include unearned premiums and deferred acquisition costs) are translated into the Sterling functional currency at the rates of exchange at the balance sheet date and the resulting foreign exchange gains and losses are recognised in the Profit and Loss Account - Non-Technical Account.

Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the original transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rate of any non-monetary assets and liabilities denominated in foreign currencies are recognised in Other Comprehensive Income for those items which are required to be recognised within Other Comprehensive Income and in the Non-Technical Account when the gain or loss is required to be recognised in the Profit and Loss Account.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Financial assets and liabilities

(a) Classification

The full provisions of FRS102 have been applied to the treatment of financial instruments. The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the profit or loss or other comprehensive income. These classifications are made at initial recognition and subsequent reclassification is only permitted in restricted circumstances.

Investments in shares and other variable yield securities and unit trusts and debt securities and other fixed income securities are classified as fair value through profit and loss as they are managed on a fair value basis. Cash at bank, deposits with credit institutions, debtors and accrued interest are classified as held at amortised cost.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset after deducting all of its liabilities.

(b) Recognition

Financial assets and liabilities are recognised when the Syndicate becomes party to the contractual provisions of the instrument. The regular way that purchases and sales of financial assets are recognised and derecognised, as applicable, is on the trade date i.e. the date that the Syndicate commits itself to purchase or sell the asset.

(c) Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

(d) Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in shares and other debt instruments are measured at fair value through profit or loss. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in previous calendar years in respect of the investment disposed of in the current period.

(e) Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the Syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date. When quoted prices are unavailable, observable inputs developed using market data, other than quoted prices, for the asset or liability, either directly or indirectly, are used to determine the fair value. If the market for the asset is not active and there are no observable inputs, then the Syndicate estimates the fair value by using unobservable inputs, where market data is unavailable.

(g) Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

(h) Offsetting

Debtors/creditors arising from insurance/reinsurance operations shown in the balance sheet include the totals of all outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicate and each of its counterparty insureds, reinsurers or intermediaries as appropriate.

1.13 Investment Return

The gross investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

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

Dividend income is recognised when the right to receive income is established and interest income is recognised as it accrues on the next coupon payment. For assets measured at fair value, gains and losses are the difference between the purchase price and the net sale proceeds and unrealised gains and losses are the difference between the latest valuation and purchase price. Movements in unrealised gains and losses in the period represent the change in value of investments still held from their previous period end value or purchase price if acquired in the period and the reversal of any gains or losses in previous periods in relation to investments sold in the current period. For any investments at amortised cost realised gains are the difference between the carrying value at the previous year end or purchase price if acquired in the period and the sale proceeds or carrying value at the end of the current period.

1.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date and are carried at amortised cost.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Taxation

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

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

No provision has been made for any other overseas tax payable by Members on underwriting results.

1.16 Pension Costs

S A Meacock & Company Limited operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate as incurred and included within net operating expenses.

1.17 Key Accounting Judgements and Estimation Uncertainties

Of the various accounting judgements, assumptions and estimates made in the preparation of these Syndicate Annual Accounts those relating to the determination of the technical provisions, premium income and investment valuations are considered to be those most critical to understanding the Syndicate's results and financial position.

Technical provisions: The net technical provisions shown in Note 4 after the reinsurers' share is £358.8m (2022: £363.5m). The most uncertain element within these technical provisions is the amount for the incurred but not reported (IBNR) element of claims outstanding which covers amounts where either the claim has not yet been notified to the Syndicate or where there has been a notification but there is insufficient information to date to be certain regarding its ultimate cost. This excluding unallocated loss adjustment expenses amounted to £345.5m (2022: £351.8m). As described in the risk management note there is a thorough review process of claims notifications and reserving estimates, including detailed actuarial evaluation of past claims development. There is however a risk that past performance may not be a good indicator of the future developments. This is mitigated by a mixed spread of different types of business from a number of geographical areas across several years that should reduce the risk of a common trend of adverse development occurring. The uncertainty within technical provisions may be mitigated by the element that is reinsurers' share, although there are also uncertainties in calculating that.

Premium income: The estimation of written premium includes amounts for additional or return premiums and business that may have been underwritten through binding authorities but not yet notified. The earning of this written premium has then been calculated on a basis of time apportionment and seeking to take account of when underlying binding authority risks incepted. The Directors consider that this represents a reasonable approximation of the overall earning risk profile of the policies written. As described in the risk management note there is detailed evaluation of premium written estimates at the time of writing risks and these are monitored and checked as remaining valid with brokers until they are received. This risk is mitigated by a granular evaluation of estimated income from the bottom up and the income arising from a large number of policies and brokers which lessens the impact of variances in individual estimates. Certain quota share reinsurances would further mitigate the effect of any error in this estimate. The premium debtor for insurance and reinsurance business amounted to £28m (2022: £29m).

Investment valuations: Most investments are shown at their market value as described in the accounting policy at Note 1.12 and details of the risks relating to investments are disclosed at Notes 2.3 to 2.5. As the majority of investments are highly rated securities and regularly traded on major stock exchanges the risks in their valuations are reduced for most of them. As shown in Note 9 investments amount to £307m (2022: £299m). The nature of the underlying investments, their short date to maturity and the close monitoring of the Syndicate's investment committee, together with these amounts being spread across a number of investments are considered by the Directors to reduce this risk.

2. RISK MANAGEMENT

2.1 Risk Background

The Syndicate's activities expose it to a variety of financial and non-financial risks. The Managing Agent is responsible for managing the Syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the Managing Agent is required to estimate a Solvency Capital Requirement (SCR) for the Syndicate, its purpose being to agree capital requirements with Lloyd's, based on an agreed assessment of the risks affecting the Syndicate's business and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are all reflected in the SCR; over 95% of the total assessed value of the risks concerned is attributable to Insurance Risk.

The Board of the Managing Agent sets the risk appetites annually as part of the Syndicate's business planning and capital-setting process. A Risk Committee meets regularly to monitor performance against risk appetite using a series of key risk indicators. The Risk Committee is chaired by the non-executive Chairman of the Board and includes the Chief Executive Officer, the Chief Risk Officer, risk staff and all risk owners. It is responsible for the maintenance of a comprehensive risk register, risk ranking, risk control measures and the production of an annual Own Risk and Solvency Assessment (ORSA).

The Syndicate operates a "three lines of defence" model of risk management. The first line of defence is the operational departments of the Syndicate, with identified risk owners, overseen by the Executive Committee. The second line is the risk-management and compliance functions including the oversight of the Risk Committee. The third line of defence is the internal audit function.

The Syndicate recognises the following types of risk:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Group risk

The Syndicate is not part of a larger group; consequently it considers that it is not exposed to group risk. The other types of risk are discussed below.

The Syndicate's core business is to accept significant insurance risk: the appetite for other risks is low.

2.2 Insurance Risk

The nature of the Syndicate's business exposes it to the possibility that claims will arise on business written at a level that is greater than expected. The risk attaching to insurance contracts is based on the fortuity that events will occur which will lead to a claim under the contract. The main insurance risks which affect the Syndicate are:

- Catastrophic events: the risk that catastrophic events occur which will lead to claims at a total level greater than expected by the Syndicate.

- Rating levels: the risk that the expected attritional losses and anticipated catastrophic events, together with the cost of reinsurance, will result in net claims which exceed the premium income of the Syndicate.

- Business volume: the risk that the Syndicate will not be able to write as much business as planned.

- Reserving: the risk that the reserves established by the Syndicate at the previous year end prove to be inadequate.

2. RISK MANAGEMENT (CONTINUED)

(a) Catastrophic Events

The Syndicate writes property insurance, including excess of loss cover as a reinsurer, that exposes it to multiple claims in the event of a catastrophe. Catastrophe losses are therefore a normal part of the Syndicate's claims experience, but it is subject to the risk that particular catastrophes will occur that cause claims that are well in excess of the expected level. The nature of the Syndicate's business is that this will indeed occur from time to time while in most years the level of claims due to catastrophes is lower than expected.

The Managing Agent has developed underwriting guidelines which express limits to the authority of the underwriters and to exposure analysed geographically and by assured entities. The Syndicate has also developed Realistic Disaster Scenarios ("RDS"s) which provide an estimate of the effect on the Syndicate results of an aggregation of claims arising from a number of disasters specified by Lloyd's. The Syndicate uses a number of modelling tools to monitor the aggregation of exposure and to simulate catastrophe losses, in order to measure the effectiveness of the underwriting guidelines in limiting exposure to these scenarios and the effectiveness of the Syndicate's reinsurance programmes and to calculate the appropriate levels of capital required to cover the more-extreme catastrophe events.

(b) Business Volumes and Rating Levels

The Managing Agent produces an annual business plan for the Syndicate. The plan is produced by anticipating rating levels and terms and conditions attaching to risks expected to be underwritten by the Syndicate. In the context of the market in which the Syndicate operates, it might be possible to underwrite the required volume of business if rating levels and terms were to be compromised, although the underlying profitability would worsen.

Performance against the plan is monitored regularly through a system of underwriting committees, as well as regular review by the Board. If market conditions change significantly after the plan is produced, a revised plan will be prepared and authorised by the Board. In this way, rating levels of both business written and reinsurance purchased are subject to constant review. Should risks be assessed as uneconomical, they will be declined.

If the volume of business underwritten is less than that planned by the Managing Agent, the expense ratio is likely to increase, although this risk is mitigated by the operating structure of the Syndicate, in which the material element of the acquisition costs which flows through brokers is accordingly variable. Achieved business volumes may be linked to rating levels, for instance because of easier or tougher market conditions, in which case the effects of changes in both rating levels and business volumes will accumulate.

The effect of rating levels being lower than planned is, all other things being equal, to reduce income levels in respect of the risks underwritten, and hence increase both the claims ratio and the expense ratio. If profitability were maintained but only volume reduced the impact upon results would be fairly modest but if price rating reductions cause the volume of business to reduce there is likely to be a more significant impact upon the results.

However, the most likely cause of business being less profitable than expected is that claims other than catastrophe claims arise at a higher level than expected in the rating basis. Since this risk emerges only after business has been written and its cause may be changes in the underlying risk it is difficult to mitigate before the next year's renewals and the appropriate risk-management approach is to hold sufficient capital to offset any expected level of deviation.

	2023 £'000	2022 £'000
Net premiums earned	116,154	118,348
Technical Account result (excluding investment return)	(959)	15,918
1% reduction in volume pro-rate Technical result (exc. Investment return)	(10)	159
1% rating price reduction in profit per £1 of earned premium	1,161	1,183

2. RISK MANAGEMENT (CONTINUED)

(c) Reserving risk

CURRENT RESERVES	2023 £'000	2022 £'000
Gross Claims Provision	315,080	314,671
Net Claims Provision	305,946	305,500
Net Unearned Premium Provision	52,890	58,037
10% movement in Net Claims Provision	30,595	30,550

The above assumes that the Syndicate's reinsurers share pro-rata in any deterioration in outstanding claims, which may not be the case, as excess of loss reinsurance will mitigate deteriorations in large losses more significantly than for attritional losses. The effect of any such distortion should be minor because the Syndicate does not effect significant amounts of outwards reinsurance. Unearned premiums should not be affected by such movements in outstanding claims; however, larger movements in loss ratios could trigger a need for an Unexpired Risk Provision if future expected claims and expenses rose above the level of the unearned premiums.

To mitigate reserving risk, the Syndicate underwriters use a number of approaches, including actuarial techniques, to project gross and net premiums written and gross and net insurance liabilities. The results of these techniques are then subject to formal peer review to independently check the integrity of the estimates so produced. In addition, the Chief Actuary performs his own assessment of the Syndicate's ultimate gross and net premiums and insurance liabilities; this is used for reporting under Solvency II. The results of the actuary's projections are then compared to the underwriting team's assessment before the levels of reserve to be held are determined.

The provision for claims yet to be paid comprises separately amounts set aside for claims reported and for claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's reserving function. These techniques generally involve projecting from the experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The level of uncertainty with regard to the estimations within these provisions generally decreases with time after the underlying contracts were exposed to risk. By the nature of short-tail claims such as property, where claims are typically notified and settled within a short period of time, there will normally be materially less uncertainty after a few years than with long-tail risks such as some liability business where it is usually at least several years more before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes. These amounts are uncertain, being subject to uncertainty over the facts of reported claims, the number of claims still to be reported and still to occur on business that has been written, the level of inflation until the time of settlement, the outcome of disputes, including court cases, on individual claims and any changes in the law regarding the settlement of particular claims. As time goes by a greater proportion of claims are settled, which reduces the level of uncertainty, although those remaining unsettled after a number of years are generally the most intractable, so the proportionate level of uncertainty increases.

The Syndicate's held technical provisions are set according to the Syndicate's reserving policy, which specifies that they should be set on a conservative basis, which means that they are higher than the technical provisions for Solvency II, which are based on projections of ultimate claims using actuarial methods designed to produce an estimate of the statistically expected best-estimate value of ultimate claims. This best-estimate basis is explained in more detail later in this note.

This margin above the net earned best estimate of technical provisions amounted to £112.0 million as at 31 December 2023, and represents 29.3% of the net technical reserves (including unearned premiums) for these years of account at this year-end (2022: £95.6m representing 26.3%). Of this margin 91% relates to 2021 Account and prior years (2022: 95% for 2020 and prior years). The extent of the margin is also influenced by the information available at a given time and the extent to which the actuary considers it appropriate to recognise such information within his best estimate reserves. If the Syndicate's technical provisions do require strengthening in future then it is unlikely that this will be relieved by reinsurance recoveries to any significant extent.

2. RISK MANAGEMENT (CONTINUED)

Any evaluation of the change in the margin between an actuarial best estimate and the held numbers is much more useful if done using a constant £/US$ exchange rate. Using rates ruling on 31 December 2023, the margin has increased by £4.3 million on 2021 and prior accounts and by £0.7 million on 2022 account. This strengthening of the held reserves on the 2021 and prior years of account is largely a result of our increasing awareness of the damage and injury being caused by a class of chemical not previously thought to be particularly detrimental to human health. This group of chemicals are the per- and poly-fluoroalkyl substances ("PFAS") sometimes dubbed "forever chemicals".

The held technical provisions are shown in these Syndicate Annual Accounts and are designed to be consistent with accounting regulations; the Signing Actuary provides statements of actuarial opinion on the sufficiency of these provisions.

The largest element of this margin above best estimate is to address the risk of the emergence of latent claims for which no significant notifications have yet been received, especially from general third-party liability coverages (which exist within more than one of Lloyd's main classes of business). These are claims that arise from causes giving rise to damage which is not identified until some years after the event that caused it. When the damage and the causes are identified they can lead to claims for substantial amounts on many years of account that had appeared to be fully run off. In the most important historical examples, asbestos and pollution, it can be seen that changing scientific knowledge and legal frameworks can completely transform expected claims outcomes on any book of business. There have been few such categories of significant claims in the last 20 years but exposures remain. Potential sources for such future emergence of latent claims include failings in care and abuse of individuals, large-scale financial manipulation, various chemicals and products in everyday use and risks arising from the increasingly cyber-dependent world.

During 2016 a general model for evaluating latent exposures from occurrence-form liability business was developed by the Syndicate, using post World War II history as a guide, and has been used regularly since then. The calculation takes into account various factors including the comparative scale of the previous losses, the Syndicate's relevant exposure expressed in terms of total policy limits issued post 1992, exposure periods and the expected future frequency of such losses in order to estimate the impact of future losses similar in scale and nature. The most critical assumption is the probability that such a scale of latent loss will recur and affect these exposed years. The Syndicate continues to analyse and refine this calculation and calibrate it in line with all available information, and to refine its evaluation of its exposure to latent losses emerging, particularly from its long tail US business. The next most critical factor is the estimated premium rate (the ratio between the premium and the policy limits). Application at December 2023 of re-assessed exposures has resulted in a largely unchanged ultimate latent loss reserve when expressed in US$ terms.

The modelled output reserve amount for earned latent liability exposures as at 31 December 2023 has been calculated as £82.7m, which represents 74% of the overall margin (2022: £83.3m and 70% of the overall margin). The whole of this reserve falls within the margin as reserves for "the emergence of new claims types" and is not included in best-estimate calculations, in line with Lloyd's Valuation of Liabilities Rules.

There is a fundamental and inherent uncertainty in reserving for latent losses which may or may not develop in future years. Accordingly, the current reserve established by the Syndicate to cater for these losses may prove to be insufficient, or excessive, depending upon the future development of latent losses.

Another set of liabilities, which first came to the attention of the Syndicate in 2016, relates to the developing understanding of brain damage arising from certain sporting activity. Many plaintiffs who have clearly suffered real harm resulting from their participation in certain sports have come forward and many thousands of suits have been filed by players of these sports especially in the United States. The events being complained of allegedly took place in the 1970s and in almost every year since. Many millions of dollars have been spent by insureds and insurers in defending these suits. In cases where the syndicate has a direct involvement, the plaintiffs have yet to win a single case. Nevertheless, the costs to the syndicate could yet prove to be material. To date the syndicate has paid for defence costs of approximately US$3million and has reserved for ultimate costs and losses of US$49.7million. This reserve is in addition to reserves based on the modelled output for latent losses described in preceding paragraphs.

2. RISK MANAGEMENT (CONTINUED)

Thus, the overall level of reserve has a significant margin to absorb a reasonable amount of such losses and to allow for the possibility of claims developments on policies decades after those policies have expired, which has always been a part of the reserving philosophy for Syndicate 727. For any syndicate which has been operating for several decades latent exposures from past years have the potential to have a significant effect on the syndicate's fortunes should losses materialise, and a cautious reserve is therefore a vital part of any long-term survival plan.

The Syndicate also assesses its liabilities on a best-estimate basis, the results of which are not intended to be conservative, and which are designed to be used in certain returns to Lloyd's. These estimates are designed to comply with the technical-provisions requirements of Solvency II, which also require other elements to be added to the technical provisions. The estimated unpaid claims on the best-estimate basis are lower than those used by the Syndicate for accounting purposes; these differences tend to be greatest in long-tailed lines of business, such as liability, and smallest in the short-tail property-related lines, although property coverage also includes incidental liability cover for personal and small-business accounts, and an appropriate proportion of the latent-claim reserve remains in the property classes. The best-estimate provisions are set using a variety of standard and adapted actuarial methods. Both sets of estimates are considered by the Board, which adopts them for their particular uses.

For Solvency II reporting purposes the technical provisions are separately submitted to Lloyd's on an underwriting-year basis rather than an earnings basis, and start with a best-estimate amount. This is then adjusted to include allowance for certain extra expenses and a provision for losses arising from events not in the data and then discounted for the time value of money. These technical provisions also are required to include a risk margin calculated in accordance with Solvency II principles to reflect the uncertainty inherent in the run-off of claims. To a certain extent this risk margin performs the same function as the margin in the held reserves in that it is available to fund a deterioration in reserves. In accordance with Lloyd's valuation of liability rules these reserves include an allowance for claims arising for events not in the data, but do not allow for the possibility of the emergence of new claims types.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The Directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the Syndicate Annual Accounts for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

2.3 Market Risk

Market risk arises where the value of assets and liabilities change as a result of movements in foreign exchange rates, known as currency risk, interest rates, inflation rates and market prices (spread risk). Detailed guidelines for the in-house investment managers are in place and the Board and its Investment Committee regularly monitor investment performance and the associated risks. Financial investments represent a significant proportion of the Syndicate's assets.

(a) Currency Risk

Currency risk is the risk that the Syndicate makes losses in sterling because the value of assets or liabilities denominated in foreign currency falls or rises as exchange rates change. The principal mitigant for currency risk is matching: holding assets by currency in the same proportions as the liabilities, so that a reduction in the sterling value of non-sterling assets is offset by a similar reduction in the sterling value of non-sterling liabilities and similarly that an increase in the value of liabilities is offset by an increase in the value of assets.

2. RISK MANAGEMENT (CONTINUED)

The Syndicate's main exposure to foreign currency risk arises from insurance business originating overseas, particularly in US Dollars. The Syndicate is exposed to changes in the value of assets and liabilities due to movements in foreign exchange rates. The Syndicate deals in three main currencies: UK Sterling, Canadian Dollars and US Dollars. Transactions also take place in other currencies, although these are immediately converted to UK Sterling.

A 10% fall in the value of all non-sterling currencies from their value as at 31 December 2023 would lead to a £2.897m loss (2022: £1.654m) with US Dollar net assets being the largest element of that at £1.586m (2022: US Dollar 0.830m). The Syndicate monitors these currency balances and aims to ensure excessive balances beyond accumulated profits do not accrue beyond those necessary to meet overseas trust fund requirements. The Syndicate has not taken out any transactions to hedge these balances; the holding of assets in similar proportions to liabilities provides an important element of hedging.

Because of the US Dollar Trust Fund requirements a large proportion of the overall net assets are held in US Dollars, and there is a deficit in Sterling due to expenses. The total net assets held by the Syndicate in US Dollars represented 90% compared with 89% at the end of 2022. The setting of the Syndicate Capital Requirement has shown that the Syndicate's capital is held mainly against the risk of unexpectedly high claims occurring in US dollars. The holding of net assets predominantly in US dollars is therefore a good match for the capital requirement and the mismatching of assets to liabilities by currency is more apparent than real.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2023

2. RISK MANAGEMENT (CONTINUED)

Recent key exchange rates to Pounds Sterling have been:

	2023 Year-end Rate	2023 Average Rate	2022 Year-end Rate	2022 Average Rate
US Dollar	1.27	1.24	1.20	1.24
Canadian Dollar	1.68	1.68	1.63	1.61

	£ £'000	US$ £'000	Can $ £'000	Total £'000
As at 31-12-23				
Financial investments	1,087	284,940	21,163	307,190
Reinsurers' share of technical Provisions	5	9,148	–	9,153
Insurance & reinsurance debtors	2,202	24,373	1,865	28,440
Cash at bank & overseas deposits	6,032	4,586	2,227	12,845
Other assets (including Letters of Credit)	2,520	17,510	2,220	22,250
Total assets	11,846	340,557	27,475	379,878
Technical provisions				
Provision for other risks and charges	(32,918)	(319,437)	(15,615)	(367,970)
Insurance & reinsurance creditors	(15)	(3,124)	(586)	(3,725)
Other creditors	(2,071)	(2,133)	–	(4,204)
Total liabilities	(35,004)	(324,694)	(16,201)	(375,899)
Surplus/(deficiency) of assets	(23,158)	15,863	11,274	3,979

	£ £'000	US$ £'000	£ £'000	US$ £'000
As at 31-12-22				
Financial investments	1,040	278,524	18,983	298,547
Reinsurers' share of technical Provisions	5	9,226	–	9,231
Insurance & reinsurance debtors	2,138	25,388	1,635	29,161
Cash at bank & overseas deposits	9,365	6,075	2,133	17,573
Other assets (including Letters of Credit)	2,502	15,485	2,326	20,313
Total assets	15,050	334,698	25,077	374,825
Technical provisions				
Provision for other risks and charges	(32,209)	(324,478)	(16,021)	(372,708)
Insurance & reinsurance creditors	(216)	(1,460)	(756)	(2,432)
Other creditors	(1,243)	(2,628)	–	(3,871)
Total liabilities	(33,668)	(328,566)	(16,777)	(379,011)
Surplus/(deficiency) of assets	(18,618)	6,132	8,300	(4,186)

All other currencies are converted to Sterling and no significant balance is held.

2. RISK MANAGEMENT (CONTINUED)

(b) Interest Rate Risk

Interest-rate risk is the risk of loss due to changes in asset values arising from changes in rates of interest. The Syndicate's main exposure to fluctuation in interest rates arises from its effect on the value of funds invested in bonds. In order to mitigate this risk, the Board monitors the economic situation to seek to anticipate any future interest-rate movements and to take appropriate action to mitigate its effect on the value of investments held. However, the main mitigant to this risk is that the Syndicate's investments are predominantly held in bonds with outstanding terms of two years or less: the sensitivity of the value of bonds of such short duration to changes in interest rates is very low.

Fixed-income securities are a large element of the Syndicate's investments. The fair value of the investment in fixed income securities is inversely correlated to the movement in market interest rates. If market rates fall, the fair value of the Syndicate's fixed-interest investments would tend to rise and vice versa. Fixed-income assets are predominantly high-quality corporate, government and supranational securities. The investments typically have relatively short durations and terms to maturity.

The fair value of the Syndicate's fixed income assets as at 31 December 2023 was £307m (2022: £299m). If interest rates increase bond values will fall, although future yields on these values will be higher and interest earnings on balances with banks and credit institutions should increase. The following analysis shows only the sensitivity of bond values to movements in interest rates.

	2023 £'000	2022 £'000
Impact of a 50 basis point increase in interest rates on result & net assets	(1,216)	(1,474)
Impact of a 50 basis point decrease in interest rates on result & net assets	1,216	1,474

(c) Inflation risk

This is the risk that changes in the rate of inflation may adversely affect the value of investments. The possible effect of higher inflation on claims values is allowed for under insurance risk.

(d) Spread risk

This is the risk that the interest-rate spread between bonds of various credit ratings may increase and therefore drive down the value of investments even in the absence of a general reduction in interest rates. This risk is mitigated in a similar manner to interest-rate risk: since all assets are held in short-term securities the effect of any increase in spread is minimised.

2.4 Credit Risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Syndicate are:

- Reinsurers: reinsurers may fail to pay valid claims against a reinsurance contract held by the Syndicate.

- Brokers and Intermediaries: counterparties fail to pass on premiums collected or claims paid on behalf of the Syndicate.

- Investments: issuer default or credit downgrading results in the Syndicate losing all or part of the value of a financial instrument.

The Syndicate effects very little outwards reinsurance and does not rely on it significantly to mitigate insurance risk: it is the Syndicate's policy to write a book of business that can be fully retained. Therefore the Syndicate's exposure to reinsurance credit risk is low.

2. RISK MANAGEMENT (CONTINUED)

The following ratings are based upon Standard & Poor's classifications or other rating agencies classifications equivalents with AAA being the highest.

	AAA £'000	AA £'000	A £'000	BBB £'000	Unrated £'000	Total £'000
As at 31-12-2023						
Debt securities and other fixed income securities	150,306	1,951	62,591	37,815	–	252,663
Shares and other variable yield securities	2,632	2,259	42,875	–	6,761	54,527
Overseas deposits	5,266	1,121	947	809	507	8,650
Reinsurers' share of claims outstanding	–	–	8,673	–	38	8,711
Cash at bank and in hand	–	–	4,195	–	–	4,195
Reinsurance debtors	–	–	–	–	–	–
Total credit risk	158,204	5,331	119,281	38,624	7,306	328,476

	AAA £'000	AA £'000	A £'000	BBB £'000	Unrated £'000	Total £'000
As at 31-12-2022						
Debt securities and other fixed income securities	83,704	2,006	76,935	93,287	5,249	261,181
Shares and other variable yield securities	429	2,667	32,377	–	1,893	37,366
Overseas deposits	6,619	1,145	1,141	921	493	10,319
Reinsurers' share of claims outstanding	–	–	3,813	5,318	40	9,171
Cash at bank and in hand	–	–	7,254	–	–	7,254
Reinsurance debtors	–	–	–	–	–	–
Total credit risk	90,752	5,818	121,520	99,526	7,675	325,291

Insurance receivables are not shown above but would be categorised as 'not rated' as a majority of the balance relates to insurance broker debt which falls outside credit rating requirements.

No Syndicate assets are classified as past due except for insurance debtors of £NIL (2022: £NIL), and reinsurance debtors of £NIL (2022: £NIL).

Assets are classified as past due when the contractual payment is in arrears. An assessment is performed on all assets, which may result in an impairment charge being recorded in the profit and loss account if the Managing Agent considers this to be appropriate.

2.5 Liquidity Risk

The Syndicate is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligations when due, or to ensure compliance with the Syndicate's obligations under the various trust deeds to which it is party.

The Syndicate's aim is to manage its liquidity position so that it can fund claims arising from significant catastrophic events, as modelled in its Lloyd's realistic disaster scenarios.

The Syndicate's approach is to maintain an adequate level of liquid assets that can be translated into cash at short notice without any significant capital loss. These funds are monitored by management on a daily basis and as a result the Managing Agent does not consider that there is a material risk of loss arising from liquidity risk.

No payments are contractually deferred other than the £1.602m (2022: £0.860m) profit commission due to the Managing Agent in respect of the closing year, which is not due for payment until three months after closure.

The expected cash flow in respect of outstanding claims is set out separately in Note 4.

2. RISK MANAGEMENT (CONTINUED)

2.6 Operational Risk

Much of the effect of the Syndicate's exposure to operational risks is reflected in the various other risk headings above, and is mitigated and managed through the exercise of the management controls and actions described above. The main additional non-financial exposures are in relation to operational resilience and people risk.

Operational resilience is the ability of the Syndicate to prevent, adapt and respond to and recover and learn from operational disruptions. The Managing Agent maintains a Business Continuity Plan (BCP) which sets out the main anticipated risks, including those relating to the robustness and sustainability of IT infrastructure and business applications, and the arrangements to mitigate those risks. Additionally, the Managing Agent is working towards enhancing its approach to operational resilience in line with the Bank of England consultation and discussion papers on the subject, by identifying processes that, if disrupted, could have a significant impact on consumers.

People risk concerns the management of relationships and arrangements with key individuals to ensure that the Managing Agent has the right capabilities and culture. The Managing Agent has established arrangements designed to achieve an appropriate commonality of interest between the Syndicate and the individuals concerned, and these arrangements are reviewed periodically. In addition, the Managing Agent seeks to maintain a sufficient personnel resource with appropriate experience and expertise to reduce the dependence on any one individual so far as is practicably possible.

2.7 Other Risks

(a) Annual Venture Risk

Under the Lloyd's annual-venture regime, the Syndicate has to show annually that it has enough supporting capital to carry on underwriting. To mitigate the risk that the Syndicate will not have sufficient backing to continue to trade, the Managing Agent has adopted a policy of diversifying the Syndicate's capital base, including using funds supplied by related parties to support the Syndicate's underwriting.

(b) Solvency Risk

In the event of extreme adverse claims experience, it is possible that the Syndicate may not be able to settle its claim liabilities out of its own funds. In that event, the capital structure underpinning the Syndicate is such that any deficits can be called from the Syndicate's capital providers (Members) in accordance with Lloyd's rules. In the event of any Member being unable to fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be applied to make good any deficits for the benefit of policyholders.

(c) Regulatory Risk

The Managing Agent is authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority in respect of its management of the Syndicate. Failure to comply with applicable regulations could result in a variety of sanctions, the most extreme being a withdrawal of the right to underwrite business.

The Managing Agent has established a business ethos in which best practice is the required standard for all operations, both in the commercial interests of the business and to ensure regulatory compliance.

Management has also put in place appropriate monitoring structures to mitigate the risk of failing to meet this standard.

(d) Other Risks

Comments on other risks are also included in the Strategic Report.

3. ANALYSIS BY CLASS OF BUSINESS

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

2023	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total technical result £'000
Direct Insurance						
Accident and health	373	1,647	158	(745)	(70)	991
Motor (third party liability)	1,196	1,539	(1,378)	(271)	–	(110)
Motor (other classes)	8,163	10,472	(5,540)	(4,471)	–	460
Marine aviation and transport	3,845	3,936	(1,671)	(1,411)	–	853
Fire and other damage to property	30,605	29,612	(17,675)	(10,729)	(8)	1,200
Third party liability	20,344	21,694	(21,195)	(8,349)	–	(7,850)
Credit and suretyship	1,350	1,098	(2,702)	(487)	–	(2,090)
Total Direct	65,877	69,999	(50,003)	(26,463)	(77)	(6,545)
Reinsurance inwards	49,361	47,682	(30,388)	(11,914)	207	5,586
Total	**115,238**	**117,681**	**(80,391)**	**(38,378)**	**130**	**(959)**

2022	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total technical result £'000
Direct Insurance						
Accident and health	4,137	6,928	(4,198)	(2,282)	(52)	396
Motor (third party liability)	1,103	831	(727)	(300)	–	(196)
Motor (other classes)	15,544	14,375	(6,330)	(5,116)	–	2,929
Marine aviation and transport	5,077	4,665	(2,062)	(1,588)	–	1,015
Fire and other damage to property	30,525	29,401	(13,616)	(10,189)	(196)	5,400
Third party liability	25,669	24,817	(12,674)	(8,788)	3	3,358
Credit and suretyship	1,115	946	(774)	(381)	–	(209)
Total Direct	83,170	81,963	(40,381)	(28,644)	(245)	12,693
Reinsurance inwards	39,600	37,408	(32,288)	(9,750)	7,855	3,225
Total	**122,770**	**119,371**	**(72,669)**	**(38,394)**	**7,610**	**15,918**

Total commissions for direct insurance written in the year amounted to £22.0m (2022: £25.7m).

All premiums written are in respect of contracts concluded in the UK.

3. ANALYSIS BY CLASS OF BUSINESS (CONTINUED)

LLOYD'S PART VII TRANSFER

On 30 December 2020, the Members and former Members of the Syndicate, as comprised for each of the relevant years of account between 1993 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them for those years of account to Lloyd's Insurance Company S.A. ('Lloyd's Brussels'), in accordance with Part VII of the Financial Services and Markets Act 2000. On the same date, the Members of the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd's Brussels reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account.

Following the sanction of the scheme by the High Court on 25 November 2020, the scheme took effect on 30 December 2020 and the Members and former Members of the Syndicate transferred the impacted EEA policies and related liabilities to Lloyd's Brussels. On the same date, under the Reinsurance Agreement, Lloyd's Brussels reinsured the same risks back. The combined effect of the two transactions had no economic impact for the Syndicate, and accordingly there is no impact on the Syndicate's income statement or balance sheet.

All Part VII business processed since 1 January 2021 is included within the 2022 and 2023 tables' above as Reinsurance Inwards business, including if it had originally been classified as Direct Insurance.

To provide some indication of geographic spread of risks, the following is an analysis of gross premiums earned by currency, which has been used as a proxy for risk location.

	2023 £'000	2022 £'000
United Kingdom	4,873	7,643
European Union (excluding UK)	2,998	3,913
United States	95,344	92,015
Canada	10,679	11,557
Australia	2,750	4,108
Other	1,037	135
Total	117,681	119,371

	2023 £'000	2022 £'000
Reinsurers' share of earned premiums	(1,526)	(1,023)
Reinsurers' share of incurred claims	1,656	8,634
(Loss)/profit arising from reinsurance ceded	130	7,611

4. TECHNICAL AND OTHER PROVISIONS

	2023 £'000	2022 £'000
Gross Provisions		
Provision for unearned premiums	(52,890)	(58,037)
Claims outstanding	(315,080)	(314,671)
Gross technical provisions	(367,970)	(372,708)
Provision for other risks and charges	(2,126)	(2,250)
	(370,096)	(374,958)
Reinsurers' Share of Technical Provisions		
Provision for unearned premiums	18	60
Claims outstanding	9,135	9,171
	9,153	9,231
Net Provisions		
Provision for unearned premiums	(52,872)	(57,977)
Claims outstanding	(305,946)	(305,500)
Net technical provisions	(358,818)	(363,477)
Provision for other risks and charges	(2,126)	(2,250)
	(360,944)	(365,727)

Reconciliation of Movements in Year

2023	At 01-01-2023 £'000	Mvt In Tech Ac £'000	Exch Mvt £'000	At 31-12-23 £'000
Gross provision for claims	(314,671)	(16,377)	15,968	(315,080)
Reinsurers' share of provision	9,171	481	(517)	9,135
Unearned premium – gross	(58,037)	2,442	2,705	(52,890)
Reinsurers' share of unearned premium	60	(40)	(2)	18
Deferred acquisition costs (Note 5)	16,881	(662)	(747)	15,472

2022	At 01-01-22 £'000	Mvt In Tech Ac £'000	Exch Mvt £'000	At 31-12-22 £'000
Gross provision for claims	(266,273)	(18,176)	(30,222)	(314,671)
Reinsurers' share of provision	2,622	6,015	534	9,171
Unearned premium – gross	(49,550)	(3,399)	(5,088)	(58,037)
Reinsurers' share of unearned premium	55	(2)	7	60
Deferred acquisition costs (Note 5)	14,608	867	1,406	16,881

4. TECHNICAL AND OTHER PROVISIONS (CONTINUED)

Claims development triangulations

Gross Claims Development as at 31 December 2023

Pure underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
ultimate gross claims	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At the end of the underwriting year	28,053	25,239	20,910	28,619	18,418	20,692	29,367	26,778	42,532	36,374	–
After one year	54,213	50,202	51,099	51,613	52,758	55,997	63,984	66,591	72,890	–	–
After two years	55,267	61,888	55,061	60,194	63,676	59,122	70,160	73,035	–	–	–
After three years	53,414	58,758	55,121	62,055	59,728	55,007	68,027	–	–	–	–
After four years	50,675	60,975	55,812	59,508	57,094	54,644	–	–	–	–	–
After five years	51,023	60,180	54,086	57,862	58,038	–	–	–	–	–	–
After six years	50,384	58,209	53,416	57,454	–	–	–	–	–	–	–
After seven years	48,436	56,880	51,800	–	–	–	–	–	–	–	–
After eight years	47,636	54,716	–	–	–	–	–	–	–	–	–
After nine years	46,501	–	–	–	–	–	–	–	–	–	–
Gross ultimate claims on premium earned to date	46,501	54,716	51,800	57,454	58,038	54,644	68,027	73,035	72,890	36,374	573,479
Gross ultimate claims on premium earned to date for 2013 and prior years	–	–	–	–	–	–	–	–	–	–	1,589,038
Less gross claims paid	(36,435)	(42,385)	(42,776)	(44,359)	(42,950)	(38,613)	(44,572)	(35,177)	(32,075)	(8,155)	(1,847,437)
Gross outstanding claims reserve	10,066	12,331	9,024	13,095	15,088	16,031	23,455	37,858	40,815	28,219	315,080

Net Claims Development as at 31 December 2023

Pure underwriting year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
ultimate gross claims	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At the end of the underwriting year	28,004	25,189	20,861	27,189	18,365	20,692	29,314	26,726	41,407	36,370	–
After one year	54,089	50,139	50,445	50,182	52,683	55,944	63,931	59,151	71,766	–	–
After two years	55,142	61,822	54,408	58,764	62,978	58,701	70,107	65,595	–	–	–
After three years	53,307	58,692	54,475	60,625	57,708	54,632	67,974	–	–	–	–
After four years	50,567	60,913	55,165	57,406	54,976	54,117	–	–	–	–	–
After five years	50,916	60,118	53,439	55,747	55,111	–	–	–	–	–	–
After six years	50,277	58,147	52,769	55,111	–	–	–	–	–	–	–
After seven years	48,329	56,818	51,153	–	–	–	–	–	–	–	–
After eight years	47,530	54,654	–	–	–	–	–	–	–	–	–
After nine years	46,395	–	–	–	–	–	–	–	–	–	–
Net ultimate claims on premium earned to date	46,395	54,654	51,153	55,111	55,111	54,117	67,974	65,595	71,766	36,370	558,246
Net ultimate claims on premium earned to date for 2013 and prior years	–	–	–	–	–	–	–	–	–	–	1,442,489
Less net claims paid	(36,327)	(42,323)	(42,130)	(42,574)	(41,751)	(38,371)	(44,520)	(32,762)	(32,029)	(8,151)	(1,694,790)
Net outstanding claims reserve	10,068	12,331	9,023	12,537	13,360	15,746	23,454	32,883	39,737	28,219	305,946

The table above utilises the transition provisions available on adoption to show only 10 years development history.

The above analysis is shown in Sterling. Paid claims have been accounted for at historical exchange rates for each calendar year with the reserves at each year end retranslated using the latest reporting date exchange rate so as to prevent foreign exchange fluctuations obscuring the view of the claims development.

4. TECHNICAL AND OTHER PROVISIONS (CONTINUED)

The expected cash flows of the gross technical provisions for outstanding claims as at 31 December 2023, is as follows:

	Less than 1 Year £'000	1-3 Years £'000	3-5 Years £'000	Over 5 Years £'000	Total £'000
Gross technical provisions for outstanding claims	80,700	94,093	46,503	93,784	315,080

The expected cash flows of the gross technical provisions for outstanding claims as at 31 December 2022, is as follows:

	Less than 1 Year £'000	1-3 Years £'000	3-5 Years £'000	Over 5 Years £'000	Total £'000
Gross technical provisions for outstanding claims	80,426	93,765	47,452	93,028	314,671

Significant movements in year 2023 for net ultimate claims provisions created at previous year end and relating to accident years up to year 2022 (positive values show increases in provisions):

	2023 £'000	2022 £'000
Accident and health	(1,112)	644
Fire & other damage to property	(1,271)	(6,326)
Third party liability	6,266	(6,314)
Property Reinsurance	(7,753)	(290)
Liability Reinsurance	1,192	(6,357)

The movements are consistent in general with a prudent reserving approach.

The increases in provisions in the third party liability and liability reinsurance classes are a result of increases in our casualty catastrophe and PFAS reserves.

5. NET OPERATING EXPENSES

	2023 £'000	2022 £'000
Brokerage and commissions	28,514	30,734
Other acquisition costs	1,328	997
Acquisition costs	29,842	31,731
Change in deferred acquisition costs (Note 4)	662	(867)
Acquisition costs earned	30,503	30,864
Administrative expenses	7,874	7,530
	38,377	38,394
Members' personal expenses	3,234	2,733
Fees Payable to the Syndicate's Auditors for:		
The audit of the Syndicate's Financial Statements	150	145
Audit related insurance services (e.g. Returns to Lloyd's)	62	59
Other reports to Regulators	6	4
	218	208

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2023

6. EMPLOYEES

All staff are employed by the Managing Agency. The following amounts were recharged to the Syndicate in respect of salary costs (this excludes any benefits where the costs are retained elsewhere in the Managing Agency):

	2023 £'000	2022 £'000
Wages and salaries	3,287	3,024
Social security costs	413	390
Other pension costs	182	176
	3,882	3,590

The average number of employees employed by the Managing Agency but working for the Syndicate during the year was as follows:

	No.	No.
Administration and finance	17	17
Underwriting	7	7
Claims	3	3
	27	27

7. DIRECTORS' AND JOINT ACTIVE UNDERWRITERS' EMOLUMENTS

The Directors of S A Meacock & Company Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2023 £'000	2024 £'000
Emoluments	1,685	1,456
Contributions to defined contribution pension schemes	17	22
	1,702	1,478

The above total also represents Key Management Personnel Compensation as there are no other staff who are considered key management and there is no other compensation receivable by the Directors recharged to this Syndicate.

Joint Active Underwriters' emoluments:

The joint active underwriters received the following aggregate remuneration charged as a Syndicate expense:

Emoluments	453	–

The above amounts exclude any benefits not recharged to the Syndicate.

8. INVESTMENT RETURN

	2023 £'000	2022 £'000
Income from investments	12,287	10,017
Gains on the realisation of investments	999	1,024
Investment income	13,286	11,041
Losses on realisation of investments	(7,089)	(8,395)
Investment expenses and charges	(7,089)	(8,395)
Unrealised gains on investments	6,862	14
Unrealised losses on investments	1,601	(11,227)
Net unrealised gains/(losses) on investments	8,463	(11,213)
Allocated investment return transferred to the Technical Account from the Non-Technical Account	14,660	(8,567)
Total Investment Return	14,660	(8,567)
The above is comprised of:		
Interest and dividend income from financial assets at fair value through profit or loss	12,287	10,017
Net realised and unrealised gains and losses from financial assets at fair value through profit or loss	2,373	(18,584)
Total Investment Return	14,660	(8,567)

9. OTHER FINANCIAL INVESTMENTS

	Valuation		Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets at fair value through profit or loss:				
Shares and other variable yield securities and units in unit trusts	53,440	36,326	54,607	36,326
Debt securities and other fixed income securities	252,663	261,181	281,538	274,683
Loans with credit institutions	1,087	1,040	1,167	1,167
Total	307,190	298,547	337,312	312,176

Fair value hierarchy

The above financial instruments carried at fair value have been classified by valuation method into three fair value hierarchy levels based on the reliability of inputs used in determining fair values, with Level 1 being the most reliable. The three levels are as follows:

Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

9. OTHER FINANCIAL INVESTMENTS (CONTINUED)

2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Shares and other variable yield securities and units in unit trusts	–	53,440	1,087	54,527
Debt securities and other fixed income securities	252,663	–	–	252,663
	252,663	53,440	1,087	307,190
Overseas deposits as other assets				
Deposits with credit institutions	474	8,176	–	8,650
	253,137	61,616	1,087	315,840

2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Shares and other variable yield securities and units in unit trusts	14,522	21,804	1,040	37,366
Debt securities and other fixed income securities	261,181	–	–	261,181
	275,703	21,804	1,040	298,547
Overseas deposits as other assets				
Deposits with credit institutions	441	9,878	–	10,319
	276,144	31,682	1,040	308,866

The investments within the 3 levels mainly comprise the following:

Level 1 includes government and corporate bonds and equities based on listed prices on active markets.

Level 2 includes government and corporate bonds based upon prices supplied by investment managers and custodians and mutual funds invested in money market investments.

Level 3 includes unquoted equities and other investment funds based upon net asset values provided by fund administrators.

10. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2023 £'000	2022 £'000
Due within one year:		
Intermediaries	16,085	16,670

11. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

Due within one year	12,356	12,491

12. OTHER DEBTORS

Other debtors	4,071	713

13. CREDITORS

	2023 £'000	2022 £'000
Creditors arising out of Direct Insurance Operations:		
Due within one year:		
Intermediaries	2,150	1,786
Creditors arising out of Reinsurance Operations:		
Due within one year:		
Intermediaries	1,575	646
Financial liabilities at amortised cost	3,725	2,432

Other creditors amounting to £1.967m (2022: £1.509m) include profit commission payable to the Syndicate's Managing Agent of £1.959m (2022: £1.393m).

14. POST BALANCE SHEET EVENTS

The following amounts are proposed to be transferred to the Members' personal reserve funds during 2024 (2023).

	2023 £'000	2022 £'000
2021 Year of account (2020 Year of account)	8,262	4,268

15. YEAR OF ACCOUNT DEVELOPMENT

The following table shows how the results of the recent Years of Account were earned by calendar year:

	2020 £'000	2021 £'000	2022 £'000	Calendar Years 2023 £'000	Cumulative Result £'000
Year of Account					
2020	(9,457)	3,501	10,586	–	4,630
2021	–	(5,522)	8,032	6,108	8,618
2022	–	–	(10,242)	11,924	1,682
2023	–	–	–	(5,170)	(5,170)
Calendar Year Result			8,376	12,862	

16. REGULATORY CAPITAL REQUIREMENTS

Funds at Lloyd's

Every Member of Lloyd's is required to hold additional capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are required primarily in case syndicate assets prove insufficient to meet Members' underwriting liabilities.

The level of FAL that Lloyd's requires a Member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the Member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific syndicate participation by a Member, therefore there are no specific funds available to a syndicate which can be precisely identified as its capital.

In addition to the FAL and any additional funds a Member may introduce to meet losses, there is a New Central Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a Member.

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulation Authority (PRA) under the Financial Services and Markets Act 2000 and in accordance with Solvency II legislation from 1 January 2016.

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

16. REGULATORY CAPITAL REQUIREMENTS (CONTINUED)

Capital framework at Lloyd's (continued)

Although, as described below, Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and Member level only respectively, not at Syndicate level. Accordingly the capital requirement in respect of Syndicate 727 is not disclosed in these Syndicate Annual 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 comprise one or more underwriting Members of Lloyd's. Each Member is liable for its own share of underwriting liabilities on the Syndicate(s) on which it participates but not other Members' shares. Accordingly, the capital requirement that Lloyd's sets for each Member operates on a similar basis. Each Member's SCR shall thus be determined by the sum of the Member's share of the Syndicate SCR 'to ultimate'. Where a Member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that Member. Over and above this, Lloyd's applies a capital uplift to the Member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a requirement of Lloyd's, not Solvency II, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2023 was 35% of the Member's SCR 'to ultimate'.

In addition, Lloyd's may impose further capital requirements above this level to allow for perceived limitations in a Syndicate's capital-setting process or to maintain capital cover for extreme catastrophe events. Syndicate 727's capital requirement for year of account 2023 has been increased to allow for increased property underwriting, in classes of business that may be affected by catastrophes.

Provision of capital by Members

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

There are no funds in the Syndicate held for this Syndicate, accordingly all of the assets less liabilities of the Syndicate, as represented by the Members' balances reported on the balance sheet represent resources available to meet Members' and Lloyd's capital requirements.

17. RELATED PARTIES

(a) Lloyd's market regulations require that a Managing Agent is responsible for employing the underwriting staff and managing the affairs of each Syndicate at Lloyd's on behalf of the Syndicate Members. The Managing Agent of Syndicate 727 is S A Meacock & Company Limited.

The underwriting participations of the Directors of S A Meacock & Company Limited, both as individual Names (unlimited and Nameco) and through their share in Meacock LLP, a corporate vehicle, are shown below:

Underwriting Participations in years of account (£000s):

	2024 Account		2023 Account		2022 Account		2021 Account	
	£'000's	%OPL	£'000's	%OPL	£'000's	%OPL	£'000's	%OPL
M P Bartlett	200	100	200	100	156	100	150	100
N N S Ford (Retired 30 June 2023)	500	100	500	100	456	100	429	100
K W Jarvis	801	100	801	100	572	100	551	100
D J Jones	310	100	310	100	254	100	245	100
J M Meacock	784	48	747	47	551	42	300	27
M J Meacock (Deceased)[#]	–	–	–	–	6,403	63	5,178	51
A Taylor	1,607	100	1,607	100	1,147	100	902	100
D G Taylor Rea	–	–	–	–	–	–	–	–
G J Thompson (Appointed 1 July 2023)	126	100	126	100	104	100	100	100
D A Thorp	587	100	587	100	481	100	464	100
D K L White	–	–	–	–	–	–	–	–
Meacock LLP (other than those shown above, both current and former staff)	1,069	100	1,069	100	727	100	555	100

[#] M J Meacock's underwriting participation for 2023 would have been £8.768m (72% OPL) prior to his death.

(b) Corporate Member related to the Managing Agent:
Meacock Capital plc (MC) which has a total issued share capital of 5,295,146 ordinary 25 pence shares owns 100% of Meacock Underwriting Limited (MU) which participates on Syndicate 727 on standard terms and with the following capacity:

	£
2021	14,715,400
2022	15,156,862
2023	19,208,990
2024	19,208,990

The following Directors, related parties or connected persons, hold shares in MC:

	2021-2022		2023		2024	
	ORD. 25P	% SHARE CAP	ORD. 25P	% SHARE CAP	ORD. 25P	% SHARE CAP
C N Jarvis (wife of K W Jarvis)	100,500	1.90	100,500	1.90	100,500	1.90
C E Meacock	529,000	9.99	529,000	9.99	529,000	9.99
J M Meacock	529,000	9.99	529,000	9.99	529,000	9.99
J W S Meacock	529,000	9.99	529,000	9.99	529,000	9.99
M J Meacock (Deceased)	1,411,509	26.66	–	–	–	–
Mrs R J R Meacock	–	–	1,411,509	26.66	1,411,509	26.66
W T R Meacock	529,000	9.99	529,000	9.99	529,000	9.99
Sir David Thomson Bt	156,600	2.96	156,600	2.96	156,600	2.96
D A Thorp	56,000	1.06	56,000	1.06	56,000	1.06
A Taylor	50,000	0.94	50,000	0.94	50,000	0.94

17. RELATED PARTIES (CONTINUED)

(c) Amounts due to/(from) Members for each underwriting year for the above Members are calculated and distributed in the same way as for all other Members, and are included in the total of £3,979m (2022: £(4,186m)) shown as Members' Balances in the balance sheet as at 31 December 2023.

Directors of S A Meacock & Company Limited and related companies of S A Meacock & Company Limited entered into transactions with the Syndicate as follows:-

(d) Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and Central Fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2023 underwriting year of account S A Meacock & Company Limited has charged an agent's fee of 0.75% of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% or 20% of the relevant profit dependant on the seven year rolling average results (2022: 0.75% and profit commission 17.5% or 20%). Within the Syndicate Annual Accounts for the 2023 calendar year, fees of £0.827m and profit commission of £1.602m have been reflected within net operating expenses (2022: fees £0.668m and profit commission £0.860m). At 31 December 2023 there are no unpaid fees but profit commission of £1.602m (2022: £0.860m) was unpaid.

(e) The Managing Agent incurs a large proportion of the expenses incurred in operating the Syndicate and recharges them to the Syndicate on a basis that reflects the Syndicate's use of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs, claims incurred and investment expenses and charges. Included within the recharges are amounts relating to the remuneration of Directors of S A Meacock & Company Ltd. The total amount recharged by the Managing Agent to the Syndicate during 2023 was £4.492m (2022: £4.101m) excluding agent fees and profit commission. As at 31 December 2023 an amount of £Nil was due to the Managing Agent in relation to expenses (2022: £Nil).

(f) Mr M J Meacock, who died on 19 February 2023, was a Non-Executive Director of Alpha Insurance Analysts Limited (Alpha), a Lloyd's Members' agency, until 7 December 2021. Neither Mr M J Meacock nor the company have a financial interest in Alpha.

(g) Mr W T R Meacock was appointed a Director of Meacock Capital plc and Meacock Underwriting Limited on 1 October 2010. He is also a Director of Guy Carpenter & Company LLC, a Marsh McLennan company, which does place business with Syndicate 727. Mr W T R Meacock is not personally involved in the placing of any business with Syndicate 727 and does not receive any form of direct remuneration or commission for this business.

(h) The following other 'close family' members of Mr M J Meacock also participated on Syndicate 727, on standard terms:

	2024 ACCOUNT £000'S	2023 ACCOUNT £000'S	2022 ACCOUNT £000'S	2021 ACCOUNT £000'S
C E Meacock (son)	249	249	193	188
J W S Meacock (son)	263	263	205	199
Mrs R J R Meacock (widow)	7,930	1,010	664	645
W T R Meacock (son) via Elnry Ltd	207	207	170	165

(i) There were no unpaid balances due to the Syndicate at 31 December 2023 from any of the Members detailed in Notes 17(a) and 17(h) above.

18. PENSION OBLIGATIONS

The Managing Agent operates a defined contribution scheme for its employees including Syndicate staff. The cost of the contributions made for the year recharged to the Syndicate was £0.18m (2022: £0.15m) and there were no outstanding or prepaid contributions at the end of this year or the previous year.

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