

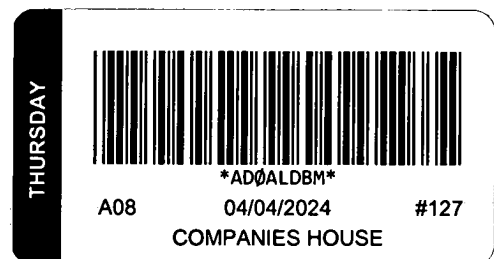
MS Amlin Underwriting Limited

Annual Report and Financial Statements

31 December 2023

Registered Number: 2323018

Registered Office:
The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AG



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Directors and administration

Directors

P J Calnan
A J Carrier
M T Burke
V Desai
P J Green
J Hopes
S J L Jeffreys
M Kawase
H Morimoto
M Tomihari
H S Trilovszky

Company secretary

J Simek

Registered office

The Leadenhall Building
122 Leadenhall Street
London EC3V 4AG

Statutory auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Strategic report for the year ended 31 December 2023

The directors present their Strategic report for the year ended 31 December 2023.

Business review and principal activities

During the year, MS Amlin Underwriting Limited (the 'Company' or 'MS Amlin') has acted as managing agent of Lloyd's Syndicate 2001 (the 'Syndicate') and is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited ('MSI'). MSI and its subsidiaries are hereby referred to as the Group. The ultimate parent is MS&AD Insurance Group Holdings, Inc. further details of which can be found in note 21.

The Company has responsibility for the management, conduct of the underwriting function and all aspects of administration of the Syndicate it manages. The underwriting capacity of Syndicate 2001 was £1,600.0 million in 2023 and will be increased to £2,000.0 million for 2024.

During 2023 there have been no significant changes in the Company's principal activities and there are not expected to be any changes to principal business activities in the foreseeable future.

The annual income of the Company comprises an agency fee based on the underwriting capacity of Syndicate 2001. For all open years of account this is set at 1.0%. In accordance with International Financial Reporting Standard ('IFRS'), this income is recognised over the three year period the underwriting year of account remains open. Fees that have been received but not recognised as revenue at the balance sheet date are deferred. The Syndicate is, through MS Amlin Corporate Member Limited (the 'Corporate Member'), a wholly aligned Syndicate of MSI. From 1 January 2024 the agency fee has been reduced to 0.8% of the Syndicates capacity to maintain a fee of £16 million.

The Company's loss after tax for 2023 is £2.0 million compared to prior year loss after tax of £7.9 million. The level of expenditure in 2022 was significantly impacted by the penalty imposed by the PRA in that year. In 2023, there has been increased expenditure on employee performance rewards due to increased profits in the managed Syndicate, offset by the benefit of £1.9 million recovered from insurers for legal costs suffered in relation to the PRA penalty. Investment gain is £5.3 million (2022: gain of £1.6 million) driven by the significant gains made on the MS&AD shareholding held by the Employee Benefit Trust.

The net assets of the Company have decreased from £16.1 million to £13.8 million.

The financial performance and position of the Company is outlined in the Directors' report on page 10.

Significant developments

During 2023 and to the date this report was authorised, there have been a number of significant events impacting the Company and the Syndicate.

The managed Syndicate reported a profit for the year of £256.8 million (2022: loss £46.7 million) and, particularly, an underwriting profit¹ of £221.1 million (2022: £0.6 million) which reflects the transformation of the business over recent years. There are a number of themes that have driven this fundamental change of fortune and are expected to enable it to be sustained in the future.

- The continued refinement of our core underwriting portfolio. The actions carried out over the last few years have resulted in Syndicate 2001 having a predominantly short tail underwriting book. Although the majority of growth in 2023 has been either rate or organic, we have also taken advantage of opportunities that have presented themselves to diversify our portfolio, including the introduction of an International Casualty Insurance team to complement our US offering.
- The completion of the largest reinsurance to close (RITC) transaction that the Lloyd's Market has ever witnessed.
- The headline combined ratio ('CoR') of 31.8% (2022: 99.9%) is distorted by the Reinsurance to close (RITC) and Quota share transactions. However, the improved underlying underwriting performance is evidenced in the adjusted² CoR of 86.6% (2022: 96.2%). This is analysed further in the underwriting performance section below.

¹ This is the balance on the technical account for general business less the allocated investment return transferred from the non-technical account

² The adjusted combined ratio is defined as the combined ratio excluding the impact of discontinued business, including the distorting impact of the RITC transactions in both 2023 and 2022.

- Natural catastrophes contributed 3.0% of adjusted combined ratio (2022: 8.4%). This reflects some changes in the underlying catastrophe exposure, but also reflects the types of losses in 2023. However, it is notable that insured market losses for catastrophe events in 2023 are estimated at \$95 billion, still high compared to longer term averages, and at 76% of the 2022 estimate (\$125 billion)³.
- Under a new Chief Claims Officer, Clare Constable, we have refreshed our claims offering from both an engagement and process standpoint. We partnered with Genpact to implement a model where high complexity/value claims could be handled by our expert claims handlers in London, whilst low complexity/value claims could be processed through a more automated route outsourced to Genpact teams. This activity complimented a renewed engagement with the broking community which has seen the team awarded an Outstanding Claims Service Marque by Gracechurch (an independent Insurance research and advisory company).
- In 2024, we are looking at opportunities in other business areas to further evolve our Genpact partnership.

Senior Appointments

Throughout 2023, the managing agent continued to leverage a strong leadership bench and talent pool through a number of key changes.

In August, Martin Hudson stepped down as Non-Executive Chair of the Board, and was replaced by Simon Jeffreys later in 2023. Simon brings a wealth of knowledge and experience across the financial services sector including more than 13 years in the London insurance market as Non-Executive Chairman of Aon UK. We thank Martin for his commitment and leadership, and wish him well for the future.

Philip Green, Chief Financial Officer, announced his plans to retire later in 2024 and Jessie Burrows has joined in January 2024 to become his successor. A structured handover is planned with Jessie working alongside Philip, before taking up the role fully. Jessie brings more than 25 years of experience in financial services, most recently as Managing Director, Customer Sales, Service and Claims, at Direct Line Group.

Grant Baxter, previously Chief Underwriting Officer, took the decision to move on from MS Amlin in October, at which time Martin Burke was appointed Interim Chief Underwriting Officer in line with planned succession. This position became permanent following receipt of regulatory approvals in January 2024.

With effect from 1 February 2024, Alberto Verga stepped down as Chief Operating Officer to assume the role of Managing Director for MS Amlin Corporate Services Limited. Natalia Wright, currently Head of Operations, will assume the role of Operations Director, subject to regulatory approvals.

Louise Musgrove stepped down from the Chief People Officer position in April, and after a short period as interim, her Deputy and identified successor, Gemma Lines was appointed as Chief People Officer on a permanent basis.

Following Martin Burke's appointment as Interim Chief Underwriting Officer, Martyn Rodden was appointed Interim Director of Underwriting Performance in October 2023 alongside his existing role as Director of Strategy & Transformation. With effect from 1 February and subject to regulatory approval, Martyn became Interim Chief Executive Officer of Mitsui Sumitomo Insurance Company (Europe), Limited.

In December 2023, Clare Constable, Head of Claims, was appointed to the position of Chief Claims Officer.

Key performance indicators

The directors and management monitor the performance of the Company in respect of income (as discussed within Business review and principal activities), expenses (predominantly employee incentive payments shown in note 11) and capital adequacy. The capital adequacy position is disclosed in Principal risks and uncertainties and financial risk management paragraph below.

People and Culture

In 2023 we set ourselves a number of Culture, Engagement, and Inclusion priorities against which we have continued to see strong progress. We also took the decision to set formal targets for the number of women in leadership roles, and a strategy to align our leadership culture and behavioural development to the Lloyd's Culture Up-Skilling programme.

³ Source: Munich Re

Inclusion

By the end of 2023, some 30% of our leadership cohort were women. This is the second consecutive annual increase and whilst this level of progress is encouraging, we are determined to keep moving forward. The appointment of Jessie Burrows to the CFO position will see our Women on Board and Executive Committee targets comfortably achieved. Importantly however, we don't see this as limit.

We ask, but do not mandate, that our people let us know about their ethnicity and sexual orientation, to help us develop a culture and deliver an employee experience that is representative and thoughtfully inclusive. From an Ethnic Background, staff disclosure rates rose from 35% to 63%. Our hiring rate for those from an ethnic background increased from 13% to 15% globally. To support the drive for talent from ethnic backgrounds, we became one of a small group of founding members of Lloyd's Inclusive Futures Coalition, a programme designed to widen accessibility and increase opportunities in the Lloyd's Market, for black and minority ethnic candidates. Our insight into our people shows that our LGBTQ+ population broadly matches that reported for the market, and our disclosure rates for sexual orientation rose from around 15% to almost 50%.

We have continued to shape our Employee Value Proposition to suit the changing needs, experiences, and expectations of our people. For example, we launched our Growing Family Policy, a truly market leading benefit that supports families of all shapes.

Early Careers

September saw our largest intake of young people join our Early Careers programmes, with 6 graduates and 11 apprentices now working across the business, alongside our 2021 graduates who are now embedded in permanent positions, and our 2022 cohort of both graduates and apprentices. We are committed to building a strong internal pipeline of early talent. In 2023 we introduced a new Summer Internship programme with our first cohort of 6 students joining the business during their summer break. Three of that cohort will return to us as Graduates in 2024.

Leadership Development

Continuing the theme of high performance, we delivered a wide range of focussed development to our senior leadership cohort. With training programmes delivered both directly as well as through Lloyd's, where we ensured representation on modules including inclusive recruitment, talent & succession, effective Employee Resource Groups, inclusive behaviours and inclusive leadership.

Employee Engagement

We gather feedback quarterly from our people and have seen a pleasingly high aggregated response rate of 89%, along with valuable commentary from thousands of comments, giving us rich insight into the changing trends in our peoples' priorities. Our leaders are responsible for both taking ownership of the responses, and delivering subsequent actions, to continue to shape our people strategy and culture. This has driven changes in ways of working and improvements to our working environment, as well as reducing internal bureaucracy and decision blockages.

Sustainability

The Board has overall responsibility for setting and overseeing the implementation of the Sustainability Strategy. The aim of the sustainability strategy is to ensure MS Amlin complies with relevant legislation and regulatory requirements and, where it is not obligated to, seeks to align with these requirements as best practice.

The Board has a number of committees, to which it delegates oversight and decision making powers in accordance with documented terms of references. The Governance structure for sustainability and climate change is included within the sustainability strategy and set out on the company's website msamlin.com, and will continue to evolve as we embed sustainability into MS Amlin's business model.

Our sustainability strategy is centred around the desire to do the right thing, which we believe will create long term enterprise value, and designed to support:

- Profitable growth through commercial and responsible opportunity optimisation;
- Balance sheet and reputational risk management i.e. protect franchise value;
- Fair and inclusive transition that reflects the needs of our clients, shareholder, employees and communities.

Given we are an insurance and reinsurance business, and insurance being a major enabler of growth and trade, one of the areas our sustainability strategy focuses on is our underwriting. In 2023, we provided Environmental, Social, and Governance ('ESG') training to all Insurance Class Heads of Division and launched the ESG Underwriting Guidelines to help Underwriters integrate sustainability within their respective books of business, weighed against the nature of exposures being underwritten.

We understand our clients value support as they navigate their transition, respond to changing weather risks and evolve their business models. Recognising that transition involves transforming multiple systems (e.g. energy, built environment and infrastructure, mobility, healthcare, agriculture, labour and finance) in a coordinated way, our approach is focused on ensuring the transition through responsible underwriting, across all classes of business, using metrics (where available) to support decision making.

The sustainability strategy also recognises that our commercial activities are not divorced from our moral and societal responsibilities. This is why our sustainability strategy also focuses on people and communities. The latter is borne out in the work it is doing around employee wellbeing, equality diversity and inclusion, and corporate and social responsibility.

We believe strongly in considering the various aspect of sustainability, and their intrinsic links, which is why our approach is wider than climate change and measuring greenhouse gas emissions. We have developed a set of priorities based on the United Nations Sustainable Development Goals framework (the UNSDGs). These are Goal 5 - Gender Equality, Goal 9 – Industry, Innovation and Infrastructure and Goal 12 - Climate Action; which are used to anchor specific initiatives.

The sustainability strategy acts as a statement of positive intent, aligned with the expectations of our various stakeholders, all of whom had input during development. It sets out the specific steps we will take to embed ESG across our business and minimise the environmental impact of our operations, and details how we will support our clients, colleagues, partners and communities as we move towards a low carbon economy that is aligned with the UNSDGs.

Governance

The Sustainability Committee convenes quarterly and includes senior individuals from across the business who have authority, influence and motivation to prioritise sustainability on MS Amlin's strategic agenda. The roles and responsibilities of the Sustainability Committee have been mapped to the Board and Board sub-Committees where appropriate and have been designed to help MS Amlin to be a responsible, resilient and sustainable business. The agendas of the meetings are aligned with the Task Force for Climate-related Disclosures (TCFD) principles and external third parties are invited to the meetings to share relevant perspectives.

Each quarter the Board (and other Board Committees, where appropriate) receive a specific report from the Head of Sustainability to review and approve recommendations. In doing so, the Sustainability Committee:

- Supports the embedding of sustainability within MS Amlin's strategy
- Encourages a more coordinated approach to decision making by aligning the various components of ESG
- Ensures MS Amlin is well placed to fulfil its regulatory and other committed, sustainability related obligations; and
- Measures and monitors MS Amlin's performance in implementing its sustainability strategy

ESG considerations and risks are considered within the company-wide Risk Management Framework ('RMF'). They are also considered within MS Amlin's Own Risk and Solvency Assessment ("ORSA"). Given the potentially significant financial risk impacts climate change might have on our balance sheet, we have mapped the key climate risks we face across the risk register and have identified this is a key focus area for improving quantification of the risk, through stress and scenario testing and, increasing our ability to monitor it by evolving existing and introducing new metrics. We have also reviewed the Risk Register to further consider Climate Risk, as this is a cross cutting risk, we have therefore considered the Climate Risk Drivers within the Risk Register.

Climate Change

The Board recognises that the impact of climate change on natural hazard events, amplified by significant property stock and population growth in vulnerable regions, is a major threat to the global economy and to the MS Amlin business model. The Board also recognises that existing societal issues will be exacerbated, and the vulnerable will be affected the most as the cascading impact of climate change has the potential to lead to health and food crises, forced migration, unemployment and poverty, social unrest, global conflict and security concerns, state failure, business interruption and market destabilisation. Given the pervasive nature of climate change in society and in our business, which affects not only catastrophe and physical damage classes but also has the potential to impact Casualty, War and Terrorism, Political Risks and Product Recall classes, the Board has identified climate change (and sustainability, more broadly) as a key priority area. In doing so, the Board has taken note of existing and future requirements for climate related financial disclosures as set by the Bank of England (through the Prudential Regulation Authority) in various announcements and consultation processes.

The Board has overall responsibility for strategy, performance and risk management and only through careful management in each of these areas of our business can we achieve our strategic objectives and manage the risks and opportunities arising from climate change. The Board is committed to making transparent, sustainable financial decisions and to actively managing the long-term financial risks of climate change, in partnership with customers as a transition towards to a low carbon future.

The Board had appointed a dedicated executive sponsor responsible for climate change. The Strategy & Transformation Director was the named executive with regulatory responsibility for climate change, acted as Chairman of the Sustainability Committee and represented MS Amlin on the ClimateWise Insurance Advisory Council. Whilst this person has changed roles, as per the Senior Appointments section above, the Board is committed to securing a replacement as soon as possible.

MS Amlin has been a signatory to the ClimateWise initiative since its inception in 2007. Our membership offers us a platform to collaborate and actively contribute towards the insurance industry's response, identifying new ways and approaches to confront climate change challenges.

Reporting

MS Amlin publishes a copy of its ClimateWise report on msamlin.com to demonstrate ongoing commitment to the ClimateWise Principles. MS Amlin is pleased to note an improvement in our ClimateWise score from prior years to 93% (2022: 85%; 2021: 60%).

Climate Risk Governance

Climate change, and the global response to it, presents financial risks which are relevant to MS Amlin. While the financial risks from climate change may crystallise in full over longer time horizons, they are also becoming apparent now. In response to this, MS Amlin considers climate risk through the Climate Risk Working Group ('CRWG'), a sub-group of the Sustainability Committee.

The CRWG:

- Is responsible for the definition and implementation of short- and long-term climate change scenarios that will be used across the business (e.g. regulatory submissions, business strategy, reporting);
- Provides technical climate change expertise to the business. This will include the review of 3rd party models, tools and data, as well as setting the scientific standards of MS Amlin climate risk activities;
- Works with the business as required where technical or scientific expertise is required
- Undertakes horizon scanning to systematically examine and alert the business to new and future regulatory, scientific, and business developments related to physical, transition and liability risk; and
- Helps the business to determine how resilient MS Amlin is to disruption (i.e. the extent to which we can adapt)

MS Amlin use Climate Scenario Analysis ('CSA') to assess the financial risk impacts of climate change on our balance sheet, providing an indication of our position under severe, yet plausible scenarios and stressors. These scenarios are guided by science and inform our forward looking strategy and decision making. MS Amlin continues to build upon the lessons learnt from the 2021 PRA Climate Biennial Exploratory Scenario (CBES) exercise.

In addition to exposure management scenarios, MS Amlin is exploring alternative approaches to climate-risk scenarios. The first is to focus on potential time horizons (i.e. 2030, 2050). These would provide the basis for medium-term business planning and stress-testing. However, another approach is to build scenarios around mean global temperature changes. These scenarios have the advantage that they could provide climate change information which can be used to enable MS Amlin to make tailored business decisions when run on an annual/bi-annual basis.

Given the MS Amlin business model, physical risk scenarios to understand potential climate change impacts are more developed within MS Amlin due to the everyday use of natural catastrophe models whose results can be adjusted to reflect climate change. MS Amlin has also progressed scenario analysis for transition and liability risk, to understand the potential impacts of climate change on these areas of climate risk. Where relevant, MS Amlin scenarios are generated in consultation with senior underwriters, in-house and external legal experts and 3rd parties. Analysis of transition and liability risk has been considered from a capital perspective, to ensure MS Amlin is sufficiently capturing the risks associated with climate change.

Going concern

The Company is solely dependent on the existence of Syndicate 2001 to continue operating; as such a 2024 year of account has been opened by the Syndicate and there is no intention to cease underwriting or the Syndicate's operations and therefore the Syndicate will remain open until at least 31 December 2026.

The Syndicate has the necessary resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The directors believe that the Syndicate is well positioned to manage its business risks successfully in the current economic environment. The directors have continued to review the business plans, liquidity and operational resilience of the Syndicate, including the continuing impacts of the Russia - Ukraine war and inflation. There is also surplus capital available in the Corporate Member.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given the Company's net asset position and surplus in excess of Lloyd's solvency requirements at year end.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties and financial risk management

The principal risk to the Company is that the underwriting capacity of Syndicate 2001 is reduced to a level where the agency fees received do not enable the Company to meet its liabilities and comply with Lloyd's solvency requirements.

Lloyd's solvency requirements require the Company to maintain surplus net assets over a minimum of £2.0 million (2022: £2.0 million), and surplus net current assets over a minimum is £6.5 million (2022: £4.1 million). These requirements are tested as part of the going concern assessment, and the Company has (subject to certain restrictions) a surplus in excess of the minimum requirements.

The Company is also subject to financial risk and its earnings are directly impacted by changes in the valuation of investments held. These valuations vary according to movements in underlying markets. Factors affecting markets include changes in the economic and political environment, equity values, risk appetite, liquidity and interest rates. Investments are held predominantly in pooled bond funds, equities and money market funds.

Investors' expectations of interest rates will impact bond yields. The value of the Company's bond holdings is therefore subject to fluctuations as bond yields rise and fall. Typically if yields fall the capital value will rise, and vice versa.

The Company's exposure to risk is detailed in note 16 of these financial statements.

Section 172(1) Statement

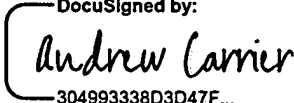
Under section 172 of the Companies Act 2006, the directors of a Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to: (a) the likely consequences of any decision in the long term; (b) the interests of the Company's employees; (c) the need to foster the Company's business relationships with suppliers, customers and others; (d) the impact of the Company's operations on the community and the environment; (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and (f) the need to act fairly as between members of the Company.

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. Management ensure that the Board are assisted in considering key stakeholders as part of the process for setting strategy and making decisions by considering relevant stakeholder considerations as appropriate, for inclusion in board papers and in the information provided to the Board before Board meetings.

The Directors acknowledge that effective and meaningful engagement with stakeholders, and the positive performance against the Company's KPIs were key to promoting the success of the Company. Given the activities of the Company, our key stakeholders are identified as Mitsui Sumitomo Insurance Company, Limited (the Sole Shareholder); the people working for the benefit of the Syndicate; the Company's regulators; our suppliers; the community; and the environment. The following paragraphs explain how they were considered in principle financial decisions during 2023:

- **People and Culture** – the directors of the company have pursued many Culture, Engagement and Inclusion priorities during the year. Most notably by the end of the year, 30% of our leadership team were women, which is the second consecutive annual increase. Additionally, September 2023 saw the largest intake of young people through our Early Careers programmes with 6 graduates and 11 apprentices now working in various functions across the organisation. The directors have continued to shape Employee Value Proposition to suit the changing needs, experiences, and expectations of our people. For example, we launched our Growing Family Policy, a truly market leading benefit that supports families of all shapes.
- **Long Term Incentive Plan** – the Company has entered into the fourth year of the Long Term Incentive Plan which is eligible on a discretionary basis to all staff working for the benefit of the Syndicate and the Company. Subject to performance and service conditions, participants are entitled to receive an award in MS&AD shares or an equivalent in cash. This will ensure that the Company will continue to retain leading talent throughout its teams to be able to lead and drive future sustainable growth of the Company and the Syndicate. An independent Employee Benefit Trust exists as a vehicle to hold shares in MS&AD to facilitate employee share incentive arrangements.
- **Sustainability** – the Board has overall responsibility for setting and overseeing the implementation of the Sustainability Strategy. Our sustainability strategy is centred around the desire to do the right thing, which we believe will create long term enterprise value, and designed to support: profitable growth through commercial and responsible opportunity optimisation; balance sheet and reputational risk management i.e. protect franchise value and fair and inclusive transition that reflects the needs of our clients, shareholder, employees and communities.
- **Climate change** – the Board recognises the impact of climate change and the threat it has on the global economy and ultimately the company's operations. As such, the company has been a signatory to the ClimateWise initiative since its inception in 2007. Our membership offers us a platform to collaborate and actively contribute towards the insurance industry's response, identifying new ways and approaches to confront climate change challenges. The board are pleased to note an improvement in our ClimateWise score from prior years to 93% (2022: 85%; 2021: 60%).
- **Investment strategy** – the Board has outlined the risk tolerance of the Company's and the Syndicate's investment strategy to ensure responsible investment decisions are made. They understand the importance of investing responsibly to ensure both risk and reward are optimal to meet the Company's financial requirements, which is formalised within the Company's Responsible Investment Principles as part of the Investment Policy.

Approved by the Board and signed by order of the Board

DocuSigned by:

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A J Carrier
Chief Executive Officer
28 March 2024

Directors' report for the year ended 31 December 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023. Principal risk management objectives and the Company's policy on financial risk management are outlined in the Strategic report on pages 3 - 9 under Principal risks and uncertainties and financial risk management.

Results and dividends

The result after tax of the Company for the year ended 31 December 2023 amounted to a loss of £2.2 million (2022: loss of £7.9 million), full details are set out in the Statement of profit or loss on page 17 and the related notes.

The Statement of financial position on page 18 of the financial statements shows that the net assets of the Company at 31 December 2023 were £13.6 million (2022: £16.1 million).

No dividends (2022: no dividends) were declared or settled during the year.

Directors and officers

The directors and officers of the Company at the date of approval of these financial statements are shown on page 2. During the year and up to the date of signing, the following changes occurred:

Name	Date of appointment	Date of resignation
G C Baxter	2 August 2023	4 October 2023
M T Burke	14 March 2024	
S J L Jeffreys	9 October 2023	
M Kawase	26 January 2023	
M P Hudson		31 August 2023
M Tomihari	29 August 2023	
S Watabe		31 March 2023
A Verga		14 March 2024

The following changes in the company secretary occurred in the period:

Name	Date of appointment	Date of resignation
F Moule		7 August 2023
J Simek	7 August 2023	

Directors' indemnity

The directors have the benefit of the indemnity provision contained in the Company's articles of association, subject to the provisions set out in applicable legislation including the Companies Act 2006. This is a "qualifying third party indemnity provision" as defined by section 234 of the Companies Act 2006.

Events after the reporting date

There were no events between the reporting date and the date these financial statements were approved that would have changed the results presented.

Political contributions

No political contributions were made during the year.

Disclosure of information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

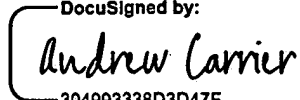
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

Approved by the Board and signed by order of the Board.

DocuSigned by:



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A J Carrier

Chief Executive Officer

28 March 2024

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MS AMLIN UNDERWRITING LIMITED

Opinion

We have audited the financial statements of MS Amlin Underwriting Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, legal, compliance and risk and inspection of policy documentation as to the Managing Agent's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Managing Agent's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, unauthorised users, post-closing entries, unbalanced journals, journals posted without a user identity, those posted manually with blank descriptions and those posted to cash account; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, other PRA regulatory requirements and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Garin McFarlane (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
Canary Wharf,
E14 5GL

28 March 2024

**Statement of profit or loss
for the year ended 31 December 2023**

	Notes	2023 £'000	2022 £'000
Revenue	6	16,000	16,000
Administrative expenses		(24,710)	(15,924)
Operating (loss)/profit		(8,710)	76
Interest receivable and similar income	7	5,307	1,319
Dividends received from subsidiaries	8	-	392
Other expenses	21	-	(9,695)
Loss before taxation		(3,403)	(7,908)
Taxation	12	1,368	(9)
Loss after taxation		(2,035)	(7,917)

All activities relate to continuing operations.

**Statement of comprehensive income
for the year ended 31 December 2023**

	2023 £'000	2022 £'000
Loss for the financial year	(2,035)	(7,917)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange (losses)/gains on translation of foreign operations	(229)	44
Total comprehensive loss for the year	(2,264)	(7,873)

The total comprehensive loss for the year is fully attributable to the Company's parent company, being Mitsui Sumitomo Insurance Company, Limited.


The notes on pages 20 to 31 form part of these financial statements. All activities relate to continuing operations.

**Statement of financial position
as at 31 December 2023**

	Notes	2023 £'000	2022 £'000
Current assets			
Debtors: amount due within one year	15	3,949	13,518
Financial investments	16	56,001	40,304
Cash at bank and in hand		625	354
Deferred tax asset		2,494	1,048
		<u>63,069</u>	<u>55,224</u>
Creditors: amounts falling due within one year	17	<u>(34,467)</u>	<u>(28,057)</u>
Net current assets		<u>28,602</u>	<u>27,167</u>
Creditors: amounts falling due after more than one year	17	<u>(14,815)</u>	<u>(11,116)</u>
Net assets		<u>13,787</u>	<u>16,051</u>
Capital and reserves			
Called up share capital	18	400	400
Other reserves		(176)	53
Profit and loss account		13,563	15,598
Total equity		<u>13,787</u>	<u>16,051</u>

The accompanying notes on pages 20 to 31 form part of these financial statements.

The financial statements on pages 17 to 19 were approved and authorised for issue by the Board of Directors on 27 March 2024. They were signed on its behalf by:

DocuSigned by:

 78C4DDDE9B524C1...
 P J Green
 Chief Financial Officer
 MS Amlin Underwriting Limited

Registered office:
 The Leadenhall Building
 122 Leadenhall Street
 London
 EC3V 4AG
 Registered Number: 02323018

**Statement of changes in equity
For the year ended 31 December 2023**

	Called-up share capital £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
As at 1 January 2023	400	53	15,598	16,051
Loss for the year	-	-	(2,035)	(2,035)
Other comprehensive income for the year	-	(229)	-	(229)
Balance as at 31 December 2023	400	(176)	13,563	13,787

For the year ended 31 December 2022

	Called-up share capital £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
As at 1 January 2022	400	9	23,515	23,924
Loss for the year	-	-	(7,917)	(7,917)
Other comprehensive income for the year	-	44	-	44
Balance as at 31 December 2022	400	53	15,598	16,051

The notes on pages 20 to 31 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023**1 General Information**

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is shown on page 2.

2 Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention modified by the revaluation of financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with FRS 101 Reduced Disclosure Framework and with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The following FRS 101 exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Disclosures in respect of capital management.
- The requirements of IAS 7 to disclose a Statement of Cash Flows and related notes.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to the effects of new accounting standards which have been issued but which have not been applied in the period.
- The requirements of IAS 24 Related Party Disclosures in respect of the compensation of key management personnel.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of a group.
- The disclosures required by IFRS 7, Financial instruments: Disclosure.
- Certain disclosures required by IFRS 13 Fair Value Measurement.
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers.
- The disclosures required by paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment.

Except where otherwise stated, all figures in these financial statements are presented in thousands of British Pounds Sterling (Sterling) shown as £k and rounded to the nearest £1,000.

Consolidation

The Company is a wholly owned subsidiary whose immediate parent company is MSI. The Company is exempt from producing consolidated financial statements by virtue of section 401 of the Companies Act 2006 as the ultimate parent company, MS & AD Insurance Group Holdings, Inc. produces publicly available consolidated financial statements that include the consolidated results of the Company and its subsidiaries.

These financial statements are separate financial statements.

Going concern

In evaluating the appropriateness of the use of the going concern assumption in preparing these financial statements, the Board has reviewed the Company's cash flow and regulatory capital projections for a period of at least 12 months from the date of approval of these financial statements.

The company is solely dependent on the existence of Syndicate 2001 to continue operating, as such a 2024 year of account has been opened by the Syndicate and there is no intention to close the Syndicate or cease its operations, therefore the Syndicate will remain open until at least 31 December 2026.

Notes to the financial statements for the year ended 31 December 2023 (continued)**2 Basis of preparation (continued)****Going concern (continued)**

The Syndicate has the necessary resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The directors believe that the Syndicate is well positioned to manage its business risks successfully in the current economic environment. There is also surplus capital available in MS Amlin Corporate Member Limited (the 'Corporate Member').

The Company's forecasts show that the Company should be able to meet Lloyd's capital requirements as a managing agent. The Company is also expected to have sufficient cash on hand to pay expenses as they become due. After performing this assessment, the directors have a reasonable expectation that the Company has access to adequate resources to continue in operation.

The Company therefore continues to adopt the going concern basis in preparing these financial statements.

3 Adoption of new and revised standards

A number of new amendments of published standards and interpretations are effective from 1 January 2023, but they do not have a material effect on the Company's financial statements.

4 Critical accounting judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to consider judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The area involving significant estimates or judgements is the impairment of financial assets. Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on historical and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key source of estimation uncertainty for the Company is the investment portfolio held in the Toro Prism Trust. These investments are made up of numerous financial instruments which are subject to external factors. The primary source of estimation uncertainty is the volatility of this investment portfolio as the value will fluctuate according to the open markets.

5 Summary of significant accounting policies

The principal accounting policies are summarised below and have been applied consistently throughout the current and prior years, other than where new policies have been adopted.

Revenue

Revenue represents the managing agent's fee charged to Syndicate 2001. The Company recognises revenue related to the managing agent's fee as the services are provided evenly over the three open years of the year of account to which the fee relates. The managing agent's fee charged to Syndicate 2001 is measured based on the consideration specified in a contract with the customer. The managing agent's fee is received by the Company in the first year of account to which it relates.

Administrative expenses

Administrative expenses are recognised in the Statement of profit or loss on an accruals basis.

Notes to the financial statements for the year ended 31 December 2023 (continued)**5 Summary of significant accounting policies (continued)*****Staff incentive awards***

The Company and MS ACS operate a number of incentive arrangements for employees. These are treated as cash based schemes, even where there is an option for employees to receive shares on vesting.

The costs associated with these schemes are recognised as part of administrative expenses and accrued for over the performance period or the service period where vested awards are deferred.

Investment income

Dividends and any related tax credits are recognised as income on the date that the related listed investments are marked ex-dividend. Other investment income and interest receivable are recognised on an accruals basis.

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also charged or credited directly to other comprehensive income or equity respectively.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted balances held with banks and other highly liquid financial assets with original maturities of less than three months, which are subject to insignificant credit risk, and are used by the Company for the management of its short-term commitments.

Amounts owed to credit institutions, comprising bank overdrafts, are measured at amortised cost using the effective interest rate method and repayable on demand.

Dividends

Dividends are recognised in the period in which they are paid.

Investments in subsidiaries

Investments in group undertakings are stated at cost less provision for any impairment. The carrying value of investments in group undertakings is reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. If the recoverable amount is lower than the carrying value, the difference is charged to the statement of profit or loss. Gains and losses on disposal are determined by reference to the carrying amount and are recorded in the statement of profit or loss.

Notes to the financial statements for the year ended 31 December 2023 (continued)**5 Summary of significant accounting policies (continued)*****Financial instruments*****Recognition**

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Classification and measurement

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability (that is not an item at fair value through profit or loss (FVTPL)) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer services to Syndicate 2001 for which the Company has received consideration. The managing agent's fee is all received in the first year but is earned over three years. Contract liabilities represent the amount of the managing agent's fee that has been received by the Company, but which is still to be earned in future years.

Foreign exchange

The functional and presentational currency of the Company is Sterling. Transactions in foreign currencies are translated into sterling at the foreign exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate prevailing on the date the asset or liability first arose or, where such items are revalued, at the latest valuation date. Exchange differences are recognised within the 'Statement of profit or loss'. Any exchange gains or losses are included in interest receivable and similar income on a net basis.

The Employee Benefit Trust ('EBT') for accounting purposes is treated as a branch of the Company. The EBT has a functional currency of Japanese Yen. The results and financial position of the EBT are translated into Sterling in the Company's financial statements, as follows:

- assets and liabilities for the balance sheet presented are translated at the closing exchange rate at the date of the balance sheet;
- income and expenses for the profit and loss account are translated at the exchange rates prevailing at the date of each transaction, or a practical approximation to these rates; and
- on consolidation all resulting exchange differences are recognised through the Statement of other comprehensive income.

The closing rates of exchange used by the Company are shown below

	2023	2022
JPY	179.5570	158.4660

Notes to the financial statements for the year ended 31 December 2023 (continued)**6 Revenue**

	2023 £'000	2022 £'000
Revenue from contracts with customers – managing agent's fee	<u>16,000</u>	<u>16,000</u>

All revenue arises from business conducted in the United Kingdom.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2023 £'000	2022 £'000
Contract liabilities	<u>16,000</u>	<u>16,000</u>

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was £10.67 million (2022: £10.67 million).

7 Interest receivable and similar income/(expense)

	Note	2023 £'000	2022 £'000
Dividend income and interest		667	401
Interest income on cash and cash equivalents		1	-
Realised investment gains/(losses)		103	(241)
Unrealised investment gains		<u>4,536</u>	<u>1,159</u>
		<u>5,307</u>	<u>1,319</u>

8 Dividend income

During the year, the Company received an interim dividend of £nil from Amlin UK Limited (2022: £392k).

9 Loss before taxation

Loss on ordinary activities before taxation is stated after charging:

	2023 £'000	2022 £'000
Fees paid to the Company's auditor		
for the audit of the financial statements during the year	37	34
for audit related services	7	6
for the audit of subsidiaries	-	17

Administrative expenses are stated after recharging relevant expenditure to managed syndicates and other group companies. The administrative expenses of the Company include a management charge from MS Amlin Corporate Services Limited of £nil (2022: £0.3 million).

During October 2023, the company recovered £1.9m from insurers for legal costs suffered in relation to the PRA penalty incurred in the prior year.

Notes to the financial statements for the year ended 31 December 2023 (continued)**10 Directors' emoluments**

Executive directors and certain non-executive directors are also directors or employees of other companies within the Group. However, this is not necessarily a reflection of the amount, if any, charged to the Company by the company employing the director. Only amounts in respect of qualifying services are disclosed in the table below.

The directors of the managing agent received the following proportionate total emoluments during their time in office:

	2023 £'000	2022 £'000
Remuneration in respect of qualifying service	2,491	3,042
Amounts received under cash based long-term incentive schemes	289	112
Employer's contribution to pension schemes	9	13
Termination benefits	45	-
	2,834	3,167

Payments were made to two directors (2022: three) in respect of defined contribution pension schemes. No payments were made in respect of defined benefit pension schemes in the current or prior year. During the year, five directors were members of long-term incentive schemes (2022: five).

Highest paid director

The highest paid director received the following proportionate total emoluments during their time in office:

	2023 £'000	2022 £'000
Remuneration in respect of qualifying service	742	1,005
Amounts received under cash based long-term incentive schemes	289	-
	1,031	1,005

The highest paid director is (2022: is) a member of a long-term incentive scheme and did not (2022: did not) receive payment in respect of either a defined benefit or defined contribution pension scheme.

11 Employee information

At the start of 2023, it was agreed that all Syndicate expenses incurred by MS ACS, including employee expenses, would no longer be recharged to the Syndicate via the Company. The Syndicate is now recharged directly.

All MS Amlin employees within the UK are employed by MS Amlin Corporate Services Limited (MS ACS), therefore there are no employees of the Company (2022: nil). All staff costs are incurred by MS ACS and in the prior year were recharged to the Company by way of direct allocation. The employee costs associated with the operation of the Syndicate are recovered accordingly.

The employee costs shown in the table below are in relation to the incentive plans for MS AUL employees. These are accrued for directly in the company and not recharged to any other group company.

	2023 £'000	2022 £'000
Wages and salaries	22,818	43,077
Other pension costs	-	4,659
Social security costs	2,723	5,878
	25,541	53,614
Amounts recharged to Syndicate 2001	-	(51,638)
Amounts retained by MS Amlin Underwriting Limited	25,541	1,976

Pension costs in the prior year reflect contributions paid to the MS Amlin defined contribution schemes.

Notes to the financial statements for the year ended 31 December 2023 (continued)**11 Employee information (continued)****Long term incentive program**

The Company operates a long term incentive program, which is eligible on a discretionary basis to all staff working for the benefit of the Syndicate and the Company. This provides for awards to be made subject to performance conditions over a given period – currently 3 years, and each award vests at the end of that period. This was first implemented in 2021.

Each selected employee is advised of a target number of Restricted Stock Units ('RSUs') that they will receive should a combined financial target of the Company and the Corporate Member be met – the financial target is based on Average Return on Capital ('AROC'). The value of each RSU is linked to the price of a MS&AD share. There is a minimum award that is only subject to a service condition of still being employed at the time of the award vesting. The employee has the choice of converting their RSUs into cash or MS&AD shares on the vesting date. This will be distributed to them from the EBT after adjustment for PAYE and national insurance.

As at 31 December 2023, the amount of incentive accrued for as an administration expense was the equivalent of £10.2 million (2022: £4.1 million).

12 Tax on loss**(a) Analysis of the tax charge in the year**

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on losses for the year	-	(482)
Adjustment in respect of prior periods	26	(189)
Overseas tax	(102)	(61)
Total current tax charge	(76)	(732)
Deferred tax		
Origination of temporary differences	1,444	723
Total deferred tax credit	1,444	723
Tax credit/(charge)	1,368	(9)

(b) Factors affecting tax charge for the year

The tax credit for the year is higher (2022: tax credit lower) than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Loss excluding taxation	(3,403)	(7,908)
Tax credit by applying the standard rate of corporation tax (23.5%) (2022: 19%)	800	1,503
Effects of:		
Expenses not deductible for tax purpose	(6)	(1,842)
Other permanent differences	407	254
Deferred tax rate change recognised at 25%	86	174
Adjustment in respect of prior periods for current and deferred tax	26	(189)
Non-taxable dividends received and gains on investments	157	152
Overseas tax	(102)	(61)
Tax credit/(charge)	1,368	(9)

Notes to the financial statements for the year ended 31 December 2023 (continued)**12 Tax on loss (continued)****(c) Factors that may affect future tax charge**

In the 3 March 2021 budget it was announced that the UK main rate of corporation tax would increase to 25% from April 2023. This new rate has been applied in the calculation of deferred tax as it was substantially enacted on 24 February 2022.

(d) Tax recognised in the Statement of changes in equity

The tax charge in 12(a) and 12(b) above relates to the amount that has been recognised in the statement of profit or loss. There are no tax amounts recognised in the Statement of changes in equity.

13 Deferred tax

	2023 £'000	2022 £'000
At 1 January	1,048	325
Deferred tax charge for the year	1,446	723
At 31 December	2,494	1,048

The company has no other temporary differences (2022: £291k) which have not been recognised. The deferred tax amounts below refer to the EBT provision that are deductible when the incentives vest.

	2023 £'000	2022 £'000
Tax losses	972	-
Provisions deductible when paid	1,522	1,048
	2,494	1,048

14 Investments in subsidiaries

Whilst both subsidiaries below had net assets in excess of the carrying value, the directors impaired the carrying value of both subsidiaries to nil on 31 December 2021 to reflect that they have ceased trading.

The registered office of each subsidiary held by the Company at the reporting date is:

Entity	Address
Amlin UK Limited	The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG, United Kingdom
MS Amlin (India) Private Limited	#1302, Tower 3 One International Center, Senapati Bapat Marg Elphinstone Road West, Mumbai, Maharashtra - 400013, India

All subsidiary shareholdings are in the ordinary shares of the respective companies.

MS Amlin (India) Private Limited ceased trading in 2019 and is currently running down operations prior to liquidation, subject to regulatory and statutory approvals.

Amlin UK Limited ceased trading in 2022 and is currently running down operations.

15 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts owed by Syndicate 2001	-	12,597
Amounts owed by other group undertakings	3,949	921
	3,949	13,518

Amounts owed by other group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2023 (continued)**16 Financial investments**

	2023 £'000	2022 £'000
Collective investment schemes	36,004	28,565
Equities	19,997	11,739
Total financial assets	56,001	40,304
At 1 January	40,304	48,140
Additions	25,450	22,333
Disposals	(13,195)	(31,519)
Realised investment losses	-	(241)
Unrealised investment gains	5,091	1,402
Dividend income and interest	-	401
Foreign exchange losses on translation	(1,649)	(212)
At 31 December	56,001	40,304

The Company's investments in collective investment schemes relate to investments in the Toro Prism Trust which in turn are made up of money market funds and pooled bond funds.

The Company's investment in equities represent the shareholding of MS&AD shares held by the Employee Benefit Trust. MS&AD shares are listed on the Tokyo Stock Exchange.

Fair Value Hierarchy

For financial instruments carried at fair value the Company has categorised the measurement basis into a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide readily and regularly available quoted prices.
- Level 2: Inputs to a valuation model other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs to a valuation model for the asset or liability that are not based on observable market data (unobservable inputs) and are significant to the overall fair value measurement. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions it is considered that market participants would use in pricing the asset.

Holdings in collective investment schemes

These represent investments in open-ended investment unit trusts. The fair value of the investment in unlisted open-ended investments is determined using an unadjusted net asset value, which results in a Level 2 valuation. The unadjusted net asset value is used as the units are redeemable at the reportable net asset value at the measurement date.

Equities

Listed equities traded on a primary exchange in an active market are classified as Level 1.

Notes to the financial statements for the year ended 31 December 2023 (continued)**16 Financial investments (continued)****Market risk**

Market risk concerns the risks associated with valuation, interest rates, liquidity and counterparty credit.

Valuation risk

The Company's investments are in a money market account, bond funds and listed equities. The Company's earnings are directly impacted by changes in the valuations of the investments held. These valuations vary according to the movements in the underlying markets. The Company's financial assets are marked to market at bid price. Prices are supplied by the custodians, whose pricing processes are covered by their published annual audits. In accordance with their pricing policies, prices are sourced from market recognised pricing vendor sources. These pricing sources use closing trades, or where more appropriate in illiquid markets, pricing models.

The valuation of investments is sensitive to equity risk. The impact on profit before tax of a 10.0% improvement/deterioration in the total market value of shares would be a £2,000k gain/loss (2022: £1,174k gain/loss) when applying a consistent methodology to the previous year. Any impact of a change in equity values is proportionality offset by the level of long term incentive awards accrued, as their value is linked to the share price.

Interest rate risk

Investors' expectations for interest rates will impact bond yields. The value of the Company's bond funds is therefore subject to fluctuation as bond yields rise and fall. If the yield falls the capital value will rise, and vice versa. The sensitivity of the price of a bond is indicated by its duration. The greater the duration of a security the greater its price volatility. Typically the longer the maturity of a bond the greater its duration.

Liquidity risk

The majority of the Company's liabilities are due within one year, as illustrated in note 17. The Company has a highly liquid investment portfolio which is more than adequate to settle its liabilities. Consequently the Company does not consider that it is exposed to any significant liquidity risk.

Credit risk

Credit risk is the risk that the Company becomes exposed to loss if a specific counterparty fails to perform its contractual obligations in a timely manner. Credit risk can also arise from underlying causes that have an impact upon the creditworthiness of counterparties of a particular description or geographical location. The Company is exposed to credit risk in its investment portfolio. However, this risk is managed through the credit research carried out by the investment managers. The investment guidelines are designed to mitigate credit risk by ensuring diversification of the holdings. For each portfolio there are limits to the exposure to single issuers and to the total amount that can be held in each credit quality rating category, as determined by reference to credit rating agencies.

Currency risk

The Company is exposed to currency risk as some of its assets and liabilities are denominated in non-functional currencies.

The foreign exchange losses on translation of the EBT recognised in other comprehensive income for the year ended 31 December 2023 were £229k (2022: gain of £44k). The EBT has a functional currency of Japanese Yen. The loss in the year reflects the Yen rate of exchange, from 158.47 at the start of the year to 179.56 as at the balance sheet date.

As at 31 December 2023, if the sterling value had strengthened/deteriorated by 10.0% against the Japanese Yen, with all other variables held constant, the currency translation gains recognised through other comprehensive income would have increased/reduced by £666k/£545k (2022: £173k/£141k) respectively.

For the other currencies the Company trades in, the net assets are for notional amounts and thus there is no significant risk associated.

There were no hedges in place to mitigate currency risk in the current and prior reporting periods, as it is expected the above impacts to other comprehensive income will be matched to impacts to the profit and loss (per note 17) over time.

Notes to the financial statements for the year ended 31 December 2023 (continued)**17 Creditors**

		2023 £'000	2022 £'000
Amounts falling due within one year	Note		
Amounts owed to other group undertakings		492	6,309
Accruals		23,306	10,264
UK corporation tax	12	1	482
Contract liabilities		10,667	10,667
Other creditors		1	335
		34,467	28,057
Amounts falling due after more than one year			
Amounts owed to other group undertakings		3,403	1,636
Accruals		6,079	4,147
Contract liabilities		5,333	5,333
		14,815	11,116

Included in the amounts owed to other group undertakings greater than one year, is amounts owing to MS Amlin Corporate Services Limited ('MS ACS') of £3.4m (2022: £1.6m) in relation to its participation in the EBT. The Company and MS ACS entered into a collaboration arrangement on 3 December 2021, where MS ACS would provide funds to the EBT via the Company, to invest in shares on its behalf. The funds provided are recognised as a creditor and are valued based on the value of the shares held.

The accruals greater than one year reflect liabilities payable on long term incentive arrangements. Both these and the MS ACS creditor are denominated in Japanese Yen. As at 31 December 2023, if the value of sterling had strengthened/deteriorated by 10.0% against the Japanese Yen, with all other variables held constant, the profit for the year would have increased/reduced by £924k/£1,129k (2022: £526k/£643k) respectively. It is expected the above impacts to the profit and loss will be matched to impacts to other comprehensive income (per note 16) over time.

There are no amounts falling due for payment after more than five years.

18 Called up share capital

	Amount	Value	2023 £	2022 £
Allotted and fully paid				
Ordinary shares	399,900	£1	399,900	399,900
'A' Ordinary shares	100	£1	100	100
			400,000	400,000

Ordinary shareholders are entitled to participate in the profits of the Company and will receive the proceeds of any winding up, but have restricted voting rights. The 'A' shareholders have full voting rights but are not entitled to participate in the profits of the Company and will not receive any proceeds in excess of the nominal share value on winding up. Both classes of shares are held by MSI.

19 Related party transactions***Syndicate 2001***

The Company acts as managing agent to Syndicate 2001. Managing agency fees of £16.0 million (2022: £16.0 million) were earned from Syndicate 2001 during the year. The Company has not (2022: has not) entered into any transactions during the year on behalf of Syndicate 2001 in which it or any of its directors had a direct or indirect material interest, except for transactions with other Group entities entered into through the ordinary course of business.

20 Guarantees***Guarantee of leases held by an associated company***

On 15 May 2020 the Company, alongside its parent MSI (on a joint and several basis), became a guarantor to various lease contracts in relation to its registered office on behalf of MS Amlin Corporate Services Limited. This guarantee was not called upon in the current or prior year.

Notes to the financial statements for the year ended 31 December 2023 (continued)**21 Regulatory penalty**

On 20th October 2022 the PRA published a Final Notice against the Company and imposed a penalty of £9,695,000. The Final Notice related to a number of historical issues that contributed to the underwriting losses experienced by the Syndicate in 2017. The PRA's Enforcement Notice is only in respect of the Company and the costs of the penalty have been met solely by the Company. There is no criticism of any individual.

22 Ultimate parent company

The Company's immediate parent company is Mitsui Sumitomo Insurance Company, Limited ('MSI'), a company incorporated and registered in Japan. The Company's ultimate parent company and controlling party is MS&AD Insurance Group Holdings, Inc, a company incorporated in Japan and is the largest group in which the results of the Company are consolidated.

The smallest group in which the results of the Company will be included in is that of MSI. The consolidated financial statements of MS&AD Insurance Group Holdings, Inc are available to the public and may be obtained from the Company Secretary at The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG. The ultimate parent company address is Tokyo Sumitomo Twin Building (West Tower), 27-2, Shinkawa 2 Chome, Chuo-ku, Tokyo, Japan. The address of Mitsui Insurance Company, Limited is 9, Kanda-Surugadai 3 Chome, Chiyoda-ku, Tokyo, Japan.

23 Events after the reporting period

There were no events between the reporting date and the date these financial statements were approved that would have changed the results presented.