A Canopius Group Company

Company Number: 02733994

CANOPIUS SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Directors and Professional Advisors

Directors	Matthew Bishop (resigned 30 June 2022) Laurie Davison (resigned 20 May 2021) Barbara Turner Michael Watson
Registered Office	Floor 29 22 Bishopsgate London EC2N 4BQ
Company Number	02733994
Independent Auditor	Ernst & Young LLP ("EY") 25 Churchill Place Canary Wharf London E14 5EY

Contents

Strategic Report

The directors present their Strategic Report on Canopius Services Limited ("the Company") for the year ended 31 December 2021.

Review of the business

The principal activity of the Company is to act as a group service company to subsidiary undertakings of the Canopius Group and Canopius's managed syndicates 4444 and 1861.

In 2021 the Company had turnover of £133,016k (2020: £141,814k), which represents recharges of expenses to other group companies and managed syndicates. The Company's total income, including rental income amounted to £133,215k (2020: £142,182k) and the Company's profit before tax was £754k (2020: £4,829k).

Principal risks and uncertainties

The directors consider that the Company is exposed to credit risk on its financial assets as detailed in note 22. There are no other significant risks or uncertainties.

Key performance indicators

The Board monitors the progress of the Company by reference to the following KPIs:

	2021 **£'000**	**2020** **£'000**
Revenue	**133,016**	141,814
Profit for the year before tax	**754**	4,829
Net assets	**23,664**	21,933

Strategic Report (continued)

Energy Consumption and Greenhouse Gas Emissions

In line with the Streamlined Energy and Carbon Reporting legislation, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 & 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions.

Continuing from last year we have embraced remote working and video conferencing technology which has allowed us to reduce both our business mileage and our office space. During the financial period we have relocated to a smaller site that is more energy efficient and has renewable energy supplies. This site also has submetering for tenants which allows us to collect more accurate consumption data. In comparison with the previous financial period our overall energy consumption has decreased 32.8% or 1,071 MWh, and our total greenhouse gas emissions have decreased by 64.9% or 456 tCO2e. Our turnover has decreased slightly but our energy intensity and emissions intensity have decreased by 28.3% and 62.7% respectively. During the transition to the new site some consumption remained at the previous site, meaning that the full effect of switching to renewable supplies will not be seen until the coming financial period when we expect our scope 1 & 2 emissions to decrease further.

	Energy Consumption (MWh)		GHG Emissions (tCO2e)	
Source of Energy & Emissions	**2021**	**2020**	**2021**	**2020**
Combustion of Natural Gas	428.0	1,201.1	78.4	220.8
Combustion of Biogas	558.3	-	0.1	-
Scope 1 Total	**986.3**	**1,201.1**	**78.5**	**220.8**
Generation of Purchased Electricity	1,210.2	2,059.8	257.0	480.2
(of which from renewable sources)	419.3	-	89.0	-
Scope 2 Total	**1,210.2**	**2,059.8**	**167.9**	**480.2**
Combustion of Fuel in Staff Vehicles	0.61	7.51	0.15	1.86
Scope 3 Total	**0.61**	**7.51**	**0.15**	**1.86**
Grand Total	**2,197.1**	**3,268.4**	**246.6**	**702.9**
Intensity per £m Turnover	**16.52**	**23.05**	**1.85**	**4.96**

Source: LG Energy Group

Methodology

Conversion Factors

All conversion factors and fuel properties used in this disclosure have been taken from the 2021 "UK Government Greenhouse Gas Convention Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence.

Description	Conversion	Factor
Electricity: UK	kg CO2e/kWh	0.21233
Natural gas (Standard UK grid)	kg CO2e/kWh (Gross CV)	0.18316
Biogas	kg CO2e/kWh	0.00022
Average Car: Unknown Fuel	kWh/mile (Net CV)	1.12170
	kg CO2e/mile	0.27596

Source: LG Energy Group

Strategic Report (continued)

Energy Consumption and Greenhouse Gas Emissions (continued)

Methodology (continued)

Utilities

Energy consumption from electricity and gas has been provided by our landlords expressed in kilowatt-hours. Consumption at the Lloyds Building is not sub-metered therefore the total consumption for the building has been apportioned by floor area. KgC02 e/kWh conversion factors for the average UK grid supply of electricity and natural gas have been used to calculate the location-based greenhouse gas emissions from the Lloyd's Building. We vacated this site during the financial period and have moved to a new site at Bishopsgate which is sub-metered and has REGO backed renewable energy supplies. The kgC02 e/kWh conversion for Biogas has been used to calculate the emissions from gas. KgC02 e/kWh conversion factors for the average UK grid supply of electricity have been used to calculate the location-based greenhouse gas emissions, then deducted to give the net market-based emissions.

Transport

Staff drive personal or leased vehicles and are reimbursed through mileage claims. The kWh/mile and $kgCO_2e$/mile conversion factors from the category "Cars (by size): Average Car & Unknown Fuel" have been used to calculate greenhouse gas emissions and underlying energy use. Given the nature of business undertaken by the Company, the usage of cars for business purposes is rare.

Other Fuels & Emissions

No other fuels are used by the Company. No sources of fugitive emissions have been identified for which the Company is responsible.

Stakeholder Engagement

In 2021, the Company board undertook a variety of activities to engage with stakeholders and bring their voices into the boardroom. Key stakeholders and how we engage are detailed below.

Shareholders
The shareholders of our parent, the Canopius Group, contribute to the long-term strategy of the Canopius Group by providing financial security and support. Their support enables our business to grow, to continue its focus on underwriting excellence and to continue to enhance our capabilities in support of brokers and clients.

Canopius Group meets with our shareholders on a quarterly basis, engaging openly and collaboratively.

Colleagues
We firmly believe that having an open dialogue with all colleagues is core to who we are and to our future success as a company. By engaging employees, we believe that it will make people more likely to be motivated and it will increase trust between management and employees. In addition, regular employee engagement at Canopius helps managers and supervisors arrive at sound decisions that employees will more readily accept.

Canopius management regularly engages employees through our Information and Consultation Forum. This provides every colleague with a means to share thoughts and ideas on how Canopius can be a more profitable, efficient, effective operation and an even better place to work. Made up of people elected from different parts of the business, members seek out colleagues' views and lobby for their interests.

In 2021, we continued to develop the Canopius Inclusion & Diversity (I&D) Network. The Network is an employee-led group, supported by the Board and the Executive Committee, and is empowered to identify any facets of our business that might impede Canopius' commitment to create a working experience which gives everyone the freedom to perform and to bring their whole selves to work. It was also created to ensure that we are doing all we can to engage a diverse population of recruits, employees and business partners.

Strategic Report (continued)

Colleagues (continued)
In 2021, the business created a UK apprenticeship programme, hiring four full-time apprentices across several disciplines who are gaining industry-accredited qualifications while also gaining on-the-job experience. In 2022, Canopius plans to continue the programme in the UK by hiring a further eight apprentices.

Community
Colleagues take part in charitable activities and community engagement to reflect who we are as a business. Canopius strives to be a place where employees can be as good as they can be - as people, colleagues and community members. As such, we want to offer a wide range of activities and opportunities to donate, participate and engage with people who need and deserve our support.

A major goal of the aforementioned I&D Network is to engage with community. In 2021, the special interest groups began planning to increase Canopius' engagement, particularly with young people from diverse backgrounds through partnerships with a number of community organisations.

Canopius management has set aside a portion of its budget each year to not only donate to worthy causes, but also to facilitate employees' ability to donate, participate and engage with their local communities and local charities. In 2021, we donated over £35k to around 30 local community causes championed by our employees globally. Furthermore, in 2021 we supported employees in raising more than £10k for our "charities of the year", Sistah Space and Switchboard LGBT+, through various fundraising activities.

Principal Decisions 2021

Introduction

The Company defines a principal decision as any decision of the Board that is material to the Company and or is significant to any of its stakeholders. Thus, a key decision may include, but is not limited to:

- New business strategy or significant changes to existing strategy.
- Capital allocation decisions, including payments of dividends.
- Material corporate activity including acquisitions and disposals.
- Large-scale restructuring.
- Appointments to the Board.
- Decisions relating to major regulatory and or legal matters.

For details of how the Company defines key stakeholders please refer to pages 5 to 6.

The Company's governance framework, policies and procedures are designed to ensure that the Board takes into account the views of all the Company's stakeholders and the impact of its activities on the community, environment and the Company's reputation, to ensure that decision-making is collaborative and well informed. Discussed below are how the Directors considered the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 when discharging their duties and the effect of that on principal decisions taken by the Board.

Principal Decisions

Discussed below are the principal decisions made by the Board during 2021.

Canopius Managing Agents Ltd ("CMA"), whose principal activity is the management of Canopius' Lloyd's syndicates 4444 and 1861, created an insurance distribution business under the Vave business name and within a separate Canopius Group company, Vave Digital Service Ltd ("Vave"). The Group previously commenced underwriting under the Vave business name in 2019 through Syndicate 4444, with an algorithmic approach to underwriting US Surplus lines. Canopius Services Ltd ("CSL") previously supplied services to the Vave insurance distribution business via CMA.

As part of the development of the insurance distribution business, the Vave legal entity will operate as an Appointed Representative of CMA. In order for CSL to continue to provide services to Vave as a separate legal entity from CMA, several agreements between all the relevant parties were required. Thus by written resolution dated 30 June 2021, the Board approved a business transfer agreement between the Company, CMA, and Vave. As part of the agreement, all Intellectual Property Rights owned by the Company in the Assigned IP (as defined in the IPR Assignment Agreement), together with all statutory and common law rights attached to such assignment was transferred to Vave. The book value of these intellectual property rights was nil within the Company at the time of transfer, and has been transferred to Vave for nil consideration.

The Strategic Report was approved by the board on 26 September 2022 and signed on its behalf by:

Michael Watson
Director
27 September 2022

Directors' Report

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2021.

Dividends

No dividend was paid during the year (2020: £nil). The directors do not recommend the payment of a dividend.

Political donations

No political donations were made by the Company during the year (2020: £nil).

Directors and their interests

The directors set out on page 1 have held office during the whole of the period from 1 January 2021 to the date of this report, unless otherwise indicated.

None of the directors held a direct interest in the shares of the Company.

Qualifying third party indemnity provision

The Company has put in place Directors and Officers ("D&O") Insurance and an indemnity in the Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of the duties of office. The indemnity is a qualifying third party indemnity provision under s.232 and s.234 of the Companies Act 2006.

Employees

The average number of employees including the directors of the Company at 31 December 2021 was 515 (2020: 502).

As detailed in Stakeholder Engagement, the Company is committed to a pro-active programme for involving employees.

The Company recognises its responsibilities towards disabled people, who receive full and fair consideration for job vacancies for which they are suitable applicants. The Company will take reasonable steps to help employees who become disabled during their working life to continue in employment.

Going concern

The directors have considered the going concern basis of preparation of the Company's financial statements as at 31 December 2021. This included the factors likely to affect its future performance as well as the Company's principal risks and uncertainties.

Having assessed the principal risks on liquidity, credit and operational risk for the Company, the directors have concluded that there are no material uncertainties that may cast significant doubt on the Company's financial ability to continue as a going concern and they have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 30 September 2023 and accordingly these financial statements have been prepared on a going concern basis.

Future developments

There were no events after the end of the reporting period which require disclosure.

Independent Auditor

Ernst & Young LLP were the statutory auditors for the year ended 31 December 2021.

Ernst & Young LLP have expressed their willingness to continue in office as auditor.

Directors' Report (continued)

Disclosure of information to auditors

In the case of each of the persons who are directors of the Company at the time the report is approved:

- So far as the directors are aware, there is no relevant audit information, being information needed by the Company's auditor in connection with the auditor's report, of which the auditor is unaware; and
- Having made enquiries of fellow directors of the Company and the Company's auditor, each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Some information is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414c (ii). This information is business review and principal activities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website.

The Directors' Report was approved by the Board on 26 September 2022 and signed on its behalf by;

Michael Watson
Director
27 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANOPIUS SERVICES LIMITED

Opinion

We have audited the financial statements of Canopius Services Limited (the "Company") for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 September 2023 which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 financial statements 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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANOPIUS SERVICES LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANOPIUS SERVICES LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations, related the financial reporting framework (UK GAAP and the Companies Act 2006), and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company, and other UK regulatory bodies; reviewed minutes of the Board Committee and gained an understanding of the company's approach to governance.
- The company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. We tested manual journals, including segregation of duties, and tested specific transactions backing to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. These procedures were designed to provide reasonable assurance that the financial statements were materially free from fraud or error.
- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations impacting the company. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees at a company level; inquiring about the company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with regulatory bodies.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANOPIUS SERVICES LIMITED (continued)

Use of our report
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:
Ernst & Young LLP
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Neil Treadgold (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 September 2022

Income statement

	Note	Year ended 31 December 2021 £'000	2020 £'000
Revenue	4	**133,016**	141,814
Administrative expenses	5	**(132,462)**	(136,863)
Other income	6	**185**	346
Exchange gains/(losses)		**87**	(323)
Finance income	8	**14**	22
Finance costs	9	**(86)**	(167)
Finance costs - net		**(72)**	(145)
Profit on ordinary activities before income tax		**754**	4,829
Income tax credit on ordinary activities	10	**988**	750
Profit for the financial year		**1,742**	5,579

The income statement relates entirely to continuing activities.

Statement of comprehensive income

	Note	Year ended 31 December 2021 £'000	2020 £'000
Profit for the financial year		**1,742**	5,579
Other comprehensive income (OCI):			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on pension scheme	19	**(13)**	(17)
Current tax allocated to actuarial losses		**2**	3
Total comprehensive income for the year		**1,731**	5,565

Statement of financial position

	Note	2021 £'000	2020 £'000
		As at 31 December	
Fixed assets			
Intangible assets	11	**6,273**	7,361
Property, plant and equipment	12	**10,954**	3,413
Right-of-use assets	18	**1,739**	2,318
		18,966	13,092
Current assets			
Debtors: amounts falling due within one year	13	**36,747**	23,849
Financial investments	14	**301**	9,404
Deferred tax asset	15	**1,928**	938
Cash and cash equivalents		**521**	711
		39,497	34,902
Creditors: amounts falling due within one year	16	**(33,571)**	(26,061)
Net current assets		**5,926**	8,841
Creditors: amounts falling due after one year	17	**(1,228)**	-
Net assets		**23,664**	21,933
Equity			
Called up share capital	20	**2,063**	2,063
Share premium	20	**8,055**	8,055
Retained earnings		**13,546**	11,815
Total shareholders' funds		**23,664**	21,933

The notes on pages 18 to 36 form part of these financial statements.

These financial statements on pages 14 to 36 were authorised for issue by the board of directors on 26 September 2022 and were signed on its behalf by;

M Watson

Michael Watson
Director
27 September 2022
Canopius Services Limited
Registered no. 02733994

Statement of changes in equity

	Called up share capital (note 20)	Share premium (note 20)	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 1 January 2020	**2,053**	**-**	**6,250**	**8,303**
Profit for the financial year	-	-	5,579	5,579
Other comprehensive income for the year:				
Actuarial loss on pension scheme	-	-	(17)	(17)
Current tax allocated to actuarial loss	-	-	3	3
Total comprehensive income for the year	**-**	**-**	**5,565**	**5,565**
Issue of shares	10	8,055	-	8,065
Balance as at 31 December 2020	**2,063**	**8,055**	**11,815**	**21,933**
Profit for the financial year	-	-	1,742	1,742
Other comprehensive income for the year:				
Actuarial loss on pension scheme	-	-	(13)	(13)
Current tax allocated to actuarial loss	-	-	2	2
Total comprehensive income for the year	**-**	**-**	**1,731**	**1,731**
Balance as at 31 December 2021	**2,063**	**8,055**	**13,546**	**23,664**

Notes to the financial statements

1. General information

The principal activity of the Company is to act as a group service company to subsidiary undertakings of the Canopius Group and the Canopius's managed syndicates.

The Company is an indirect subsidiary of Canopius Group Limited ("CGL") and is incorporated and domiciled in the UK. The address of its registered office is Floor 29, 22 Bishopsgate, London EC2N 4BQ. The Company is limited by shares.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Authorisation of the financial statements and basis of preparation

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue by the board of directors on 26 September 2022 and the statement of financial position was signed on the board's behalf by Michael Watson.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historic cost convention, as modified by financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company meets the definition of a qualifying entity under FRS 100 issued by the FRC.
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 79(a)(iv) (outstanding shares at the beginning and end of the current period);
  - 111 (cash flow statement information);and
  - 134-136 (capital management disclosures).

- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (impact of IFRSs that have yet to be issued);
- Paragraph 17 and 18a of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure);
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'; and

2. Summary of significant accounting policies (continued)

2.1 Authorisation of the financial statements and basis of preparation (continued)

- The Company adopted the relevant presentation requirements of IAS 1 formats for the statement of financial position, the income statement and other comprehensive income in accordance with Schedule 1 to the Regulations, as amended by Statutory Instrument 2015/980, which permits a Company a choice of adapted or statutory formats. The Company chose IAS 1 presentation format to be aligned with the Group financial statements.

2.2 Going concern

The directors have considered the going concern basis of preparation of the Company's financial statements as at 31 December 2021. This included the factors likely to affect its future performance as well as the Company's principal risks and uncertainties.

Having assessed the principal risks on liquidity, credit and operational risk for the Company, the directors have concluded that there are no material uncertainties that may cast significant doubt on the Company's financial ability to continue as a going concern and they have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 30 September 2023 and accordingly these financial statements have been prepared on a going concern basis.

2.3 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pound Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Monetary assets and liabilities are translated into Pound Sterling at the exchange rates prevailing at the statement of financial position date. Income and expense transactions are translated using the rates prevailing at the date of transaction or appropriate average rates. All foreign exchange gains and losses are presented in the income statement.

Non-monetary assets and liabilities carried at historical cost are translated in the balance sheet at the exchange rate prevailing on the original transaction date except where there has been a change in the functional currency.

2.4 Revenue recognition

(a) Recharge of expenses

Revenue represents amounts receivable from other group companies, and managed syndicate, for services provided and is recognised at the point at which the service is provided in line with the associated expenses. The consideration is fixed with no variable element in line with the services provided.

(b) Other revenue

Other revenue in 2020 mainly represented the final unwind of deferred income received to cover the costs of managing the non-life syndicates transferred from AmTrust Syndicates Limited. A separate annual income payment from the company was received in 2020 and 2021 to cover the run off costs for the transferred Life Syndicate 44. The income is recognised at the point at which the service obligations have been performed.

2.5 Finance income

Finance income consists of bank interest accruals.

2. Summary of significant accounting policies (continued)

2.6 Operating expenses

Operating expenses are charged to the income statement during the period in which they are incurred. Gross expenses have been presented to show the effect of recharges to the syndicate and other group undertakings.

2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. The right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of any purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the unwind of discounting and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies IFRS 16 recognition exemptions in relation to the following types of leases:

- Short-term leases: Leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.
- Leases of low-value assets: Leases where the underlying asset has a low value.

No right-of-use assets or lease liabilities are recognised in relation to these leases. Lease payments are recognised as an expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate. Depreciation is calculated on a straight line method to write down the cost of assets in equal instalments over their estimated useful lives, at the following annual rates:

Fixtures and fittings	15% to 33.3% per annum
Computer equipment	10% to 33.3% per annum
Motor vehicles	20% to 33.3% per annum
Leasehold improvements	10% to 33.3% per annum

The residual values and useful lives of the assets are reviewed at each reporting period date and adjusted if appropriate. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired in which event the cost of writing down the asset to a lower valuation is charged to the statement of profit or loss.

Gains and losses on disposals of property and equipment are determined by reference to their carrying value and are taken to the statement of profit or loss. Repairs and renewals are charged to the statement of profit or loss when the expenditure is incurred.

2.9 Intangible assets

IT software and licences acquired are capitalised at cost and amortised on a straight line basis over the shorter of the estimated useful economic life or the duration of the licence agreement. The rate used is 10% to 33 1/3% per annum.

Assets with a finite useful life were assessed for indicators of impairment as at 31 December 2021 and no indicators of impairment have been identified. As such, no impairment has been performed.

2.10 Financial instruments

2.10.1 Classification

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification depends on two criteria:

I. the business model within which financial assets are managed; and

II. their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, are not intended to be sold in the short term and do not fall into the other categories of financial assets as described above. On initial recognition loans and receivables are measured at fair value. Subsequently they are measured at amortised cost.

2.10.2 Impairment

The impairment model assesses financial assets not held at FVTPL. As a result, the Company must determine forward looking expected credit losses (ECL) for all its financial assets held at amortised cost.

The Company has applied the simplified approach to establishing an ECL in relation to debtors. Debtors represent amounts due from managed syndicates and associated group companies.

2. Summary of significant accounting policies (continued)

2.11 Debtors

Debtors are amounts due from associated group companies. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Debtors are measured at amortised cost using the effective interest method.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company is a wholly owned subsidiary of Canopius Holdings UK Limited ("CHUKL") which is incorporated and domiciled in the UK. The Company's taxable balances are ceded to CHUKL by way of group relief.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefits

Pension obligations

The Company operates defined contribution pension plans and a closed defined benefit pension scheme for its employees.

The costs of providing pensions under the defined contributions schemes for all staff are charged in the profit and loss account of the year to which they relate. Pension costs arising from staff remuneration, which is ultimately borne by group undertakings or the group's managed syndicates, are charged to those companies or syndicates as incurred.

The defined benefit pension scheme was acquired in 2010 with the acquisition of a business. The scheme is closed to new entrants and has ceased accruing new benefits for current members. Any liability recognised in the balance sheet in respect of the scheme ("scheme liability") is the present value of the defined benefit obligation less the fair value of the scheme's assets as at the balance sheet date. Scheme assets exclude any insurance contracts issued by the Group.

2. Summary of significant accounting policies (continued)

2.14 Employee benefits (continued)

The defined benefit obligation is calculated annually by independent actuaries using the projected unit-credit method. To the extent that a surplus emerges on the scheme liability, it is only recognised as an asset in the balance sheet when it is probable that future economic benefits will be recovered by the scheme sponsor in the form of refunds or reduced contributions.

Gains and losses arising from experience adjustments, changes in actuarial assumptions and a change in restriction on recognisable surplus are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

2.15 Called up share capital

Ordinary shares are classified as equity.

2.16 New and amended standards and interpretations

In the current year, the Company has applied amendments to IFRSs (that are not exempt from FRS 101) issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The new effective requirements are:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

- Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021:

  The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical accounting estimates include taxation (note 10), intangible fixed assets (note 11) and defined benefit pension (note 19).

4. Revenue

Revenue is derived wholly within the United Kingdom.

Analysis of revenue by category:

	2021 £'000	2020 £'000
Recharge of expenses	**132,108**	135,494
Other revenue	**908**	6,320
	133,016	141,814

Other revenue includes £700k (2020: £6,050k) of income received to cover certain operating costs of the syndicates now managed by Canopius Managing Agents Limited ("CMA") following the acquisition by Fortuna Holdings Limited ("FHL") of Flectat 2 Ltd in 2019.

5. Operating profit

Operating profit is stated after (crediting)/charging:

	2021 £'000	2020 £'000
Audit fees	**25**	13
Depreciation and amortisation	**3,148**	5,269
Less: recharged to syndicates and other group undertakings	**(3,148)**	(5,269)
	-	-
Staff costs	**74,448**	73,376
Less: recharged to syndicates and other group undertakings	**(74,311)**	(72,989)
	137	387
Operating expenses in the year	**132,462**	136,863
Less: recharged to syndicates and other group undertakings	**(132,108)**	(135,494)
Operating expenses of the Company	**354**	1,369

6. Other income

Other income is made up of:

	2021 £'000	2020 £'000
Rental income	**185**	346

7. Employees and directors

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2021 Number	2020 Number
Underwriting	**208**	207
Insurance services	**136**	**135**
Other (including agency, accounting and administration)	**171**	160
Total staff employed	**515**	502

Directors' remuneration and staff costs for the Canopius group are paid by the Company and are recharged to other group companies and managed syndicates. Disclosures relating to directors emoluments are made in the annual report and financial statements of the entities in the Canopius group to which these costs are recharged, including Canopius Managing Agents Limited, Canopius Holdings UK Limited, Syndicate 4444, Syndicate 1861, Syndicate 44.

7. Employees and directors (continued)

The employment costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	**61,244**	60,290
Social security costs	**7,594**	7,461
Other pension costs	**4,137**	3,851
Other costs	**1,473**	1,774
	74,448	73,376
Less: recharged to syndicates and other group undertakings	**(74,311)**	(72,989)
	137	387

Directors	**2021 £'000**	**2020 £'000**
Directors remuneration	**2,200**	2,292
Less: recharged to syndicates and other group undertakings	**(2,200)**	(2,292)
	-	-

The directors did not receive any emoluments from the Company for their qualifying services during the year ended 31 December 2021 (2020: $nil).

8. Finance income

	2021 £'000	2020 £'000
Bank interest income	**1**	5
Other finance income	**13**	17
Total finance income	**14**	22

9. Finance costs

	2021 £'000	2020 £'000
Interest on lease liabilities	**86**	167
Total finance costs	**86**	167

10. Income tax

Tax expense included in profit and loss

	2021 £'000	2020 £'000
Current tax credit:		
- UK Corporation tax on profits for the year	**2**	3
- Prior year adjustment	**-**	(83)
Total current tax charge/(credit)	**2**	(80)
Origination and reversal of temporary differences	**(330)**	91
Prior year adjustment	**(197)**	(653)
Effects of changes in tax rates	**(463)**	(108)
Total deferred tax credit	**(990)**	(670)
Tax credit on profit on ordinary activities	**(988)**	(750)

10. Income tax (continued)

Total tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	**754**	4,829
Profit multiplied by the effective rate of tax in the UK of 19% (2020: 19%)	**143**	918
Effects of:		
Group relief at no charge	**(616)**	(819)
Permanent differences	**145**	-
Prior year adjustment	**(197)**	(736)
Effect of deferred tax rate change	**(463)**	(108)
Other	**-**	(5)
Total tax credit	**(988)**	(750)

Tax expense included in other comprehensive income

	2021 £'000	2020 £'000
Current tax:		
- UK Corporation tax on actuarial loss on pension scheme	**(2)**	(3)
Total current tax	**(2)**	(3)
Total tax expense included in other comprehensive income	**2**	**3**

In the current period, the enacted UK Corporation tax rate applicable to the Company is 19%. The 2021 Finance Act, enacted on 10 June 2022, raises the main rate of corporation tax to 25% effective from 1 April 2023.

11. Intangible assets

	IT Software and Licenses £'000
Cost	
At 1 January 2021	12,298
Disposals	(285)
As at 31 December 2021	**12,013**
Accumulated amortisation	
At 1 January 2021	4,937
Amortisation	1,088
Disposals	(285)
As at 31 December 2021	**5,740**
Net book amount	
At 31 December 2020	7,361
As at 31 December 2021	**6,273**

IT software and licences are amortised over their finite economic lives and the charge is included in administrative expenses in the income statement. Assets with a finite useful life were assessed for indicators of impairment as at 31 December 2021 and no indicators of impairment have been identified. As such, no impairment has been performed.

12. Property, plant and equipment

	Computer Equipment & Systems £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 January 2021	**4,727**	**2,150**	**6,877**
Additions	2,704	6,318	9,022
Disposals	(901)	(1,110)	(2,011)
As at 31 December 2021	**6,530**	**7,358**	**13,888**
Accumulated depreciation			
At 1 January 2021	**2,717**	**747**	**3,464**
Depreciation	1,071	410	1,481
Disposals	(901)	(1,110)	(2,011)
As at 31 December 2021	**2,887**	**47**	**2,934**
Net book amount			
At 31 December 2020	2,010	1,403	3,413
As at 31 December 2021	**3,643**	**7,311**	**10,954**

13. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed by group undertakings	**6,985**	2,928
Amounts due from managed syndicates	**20,098**	12,935
Other receivables	**5,818**	4,817
Prepayments and accrued income	**3,846**	3,169
	36,747	23,849

Amounts owed by managed syndicates and group undertakings have increased by £7,163k and £4,057k respectively in 2021, mainly reflecting expense recharges for bonus accruals which were settled in 2022.

14. Financial investments

	2021 £'000	2020 £'000
Holdings in collective investment schemes	**301**	9,404
Fair value as at 31 December	**301**	9,404
Cost as at 31 December	**301**	9,404

The amounts held include £301k (2020: £9,404k) of listed money market funds.

15. Deferred tax asset

	Deferred tax asset £'000
At 1 January 2020	**268**
Credited to the income statement	670
At 31 December 2020	**938**
Credited to the income statement	990
At 31 December 2021	**1,928**

The deferred tax balance at the end of 2021 relates to accelerated accounting depreciation in excess of capital allowances on fixed assets of £1,222k (2020: £649k) and other temporary differences of £706k (2020: £289k) being mainly deferred tax on bonus provisions.

16. Creditors – amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to managed syndicates	**-**	2,241
Amounts due to group undertakings	**998**	416
Other creditors	**1,730**	253
Taxation and social security	**2,246**	2,024
Accruals and deferred income	**28,018**	18,764
Lease liabilities	**579**	2,363
	33,571	26,061

Accruals and deferred income have increased by £9,254k in 2021, mainly due to an increase in bonus accruals.

17. Creditors – amounts falling due after one year

	2021 £'000	2020 £'000
Lease liabilities	**1,228**	-
	1,228	-

18. Leases

The Company's lease accounting policy is included in note 2.7. This note provides additional information about the Company's lease arrangements in the reporting period.

Company as a lessee

The Company is a lessee in relation to office space (land and buildings) and various pieces of equipment used in its operations. Some of the Company's lease contracts include:

- Extension and termination options, which are considered further below; and/or
- Obligations to make variable lease payments, such as where the Company reimburses the lessor for related insurance costs that it incurs. These amounts are not material.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

	Land and buildings £'000	Equipment £'000	**Total £'000**
At 1 January 2020	**2,484**	**242**	**2,726**
Additions	-	2,897	2,897
Depreciation expense	(2,484)	(821)	(3,305)
At 31 December 2020	-	**2,318**	**2,318**
Depreciation expense	-	(579)	(579)
At 31 December 2021	-	**1,739**	**1,739**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021 £'000	2020 £'000
At 1 January	**2,363**	**2,778**
Additions	-	2,897
Unwind of discounting (interest on lease liabilities)	86	167
Lease payments	(642)	(3,479)
At 31 December	**1,807**	**2,363**

The following are the amounts recognised in the statement of profit or loss in the period in relation to the Company's leases:

	2021 £'000	2020 £'000
Depreciation expense of right-of-use assets*	579	3,305
Interest expense on lease liabilities	86	167
Expense relating to short term leases*	2,390	1,570
Expense relating to leases of low-value assets*	189	156
Variable lease payments*	810	86
Total amount recognised in profit or loss	**4,054**	**5,284**

*These items are included in administrative expenses.

18. Leases (continued)

The Company had total cash outflows for leases of £4,030k in 2021 (2020: £5,291k).

Some of the Company's leases include extension and termination options which provide the Company with flexibility to manage leased assets in line with changing business needs. In measuring lease liabilities and right-of-use assets management exercises judgment to determine whether these options are reasonably certain to be exercised.

As at 31 December 2021, there were no undiscounted potential future lease payments (2020: £nil).

The Company has no lease contracts that have not yet commenced but to which the Company is committed as at 31 December 2021.

The maturity analysis of lease liabilities is disclosed in Note 23.

19. Pension schemes

The Company operates defined contribution pension schemes on behalf of the group and is also the principal employing company of a defined benefit pension scheme.

The cost of contributions to the Company in 2021 in respect of the defined contribution pension schemes was £4,137k (2020: £3,851k) all of which was recharged to other Canopius Group companies and managed syndicates. The assets of the schemes are held separately from those of the Company in independently administered funds. Outstanding contributions at 31 December 2021 on schemes operated by the Company on behalf of the group amounted to £439k (2020: £406k). These were settled in the month following year end.

The defined benefit scheme is closed to new entrants and ceased to accrue new benefits from 1 July 2010.

A full valuation was undertaken as at 1 January 2019 and updated to 31 December 2021 by a qualified independent Actuary. The principal actuarial assumptions at the statement of financial position date (expressed as weighted averages) were as follows:

	2021 **% p.a**	2020 % p.a
Discount rate	**1.9**	1.3
Expected long-term rate of return on scheme assets	**2.8**	2.4
Inflation assumption	**3.3**	2.9
Limited Price Indexation ("LPI") Pension increases	**3.2**	2.9

The underlying mortality assumption is based upon the standard table known as S2LPA CMI_2020 long term 1% per annum (2020: S2LPA CMI_2019 long term 1% per annum).

The approximate percentage increase in the Scheme's overall liabilities as at 31 December 2021 that would occur if the main financial and demographic assumptions changed are as follows:

	2021 **% change** **to Scheme** **liabilities**	2020 % change to Scheme liabilities
0.5% p.a. reduction in discount rate	**8**	8
0.5% p.a. reduction in pension increase rate (in payment and in deferment)	**(5)**	(5)
0.5% p.a. reduction in minimum improvement rate of mortality	**(2)**	(2)

19. Pension schemes (continued)

The amounts recognised in the statement of financial position are as follows:

	2021 £'000	2020 £'000
Present value of scheme liabilities	**(10,388)**	(11,584)
Market value of scheme assets	**11,701**	12,420
	1,313	836
Restriction on recognisable surplus	**(1,313)**	(836)
Net pension assets	**-**	-

The amounts to be recognised in the Income Statement are as follows:

	2021 £'000	2020 £'000
Interest on scheme liabilities	**(146)**	(218)
Expected return on scheme assets	**159**	235
Total	**13**	17
Actual return less expected return on scheme assets	**262**	(1,308)

Changes in the present value of the scheme liabilities are as follows:

	2021 £'000	2020 £'000
Present value of scheme liabilities at beginning of year	**11,584**	10,580
Interest cost	**146**	218
Actuarial (gain)/loss	**(685)**	1,170
Benefits paid	**(657)**	(384)
Present value of scheme liabilities at end of year	**10,388**	11,584

Changes in the fair value of the scheme assets were as follows:

	2021 £'000	2020 £'000
Market value of scheme assets at beginning of year	**12,420**	11,296
Expected return	**159**	235
Contributions	**200**	200
Actuarial (loss)/gain	**(421)**	1,073
Benefits paid	**(657)**	(384)
Market value of scheme assets at end of year	**11,701**	12,420

19. Pension schemes (continued)

A full actuarial valuation of the defined benefit pension scheme as at 1 January 2019 was completed and approved on 31 March 2020. Following the valuation the trustees of the scheme approved a funding contribution of £200k in both 2020 and 2021. The next actuarial valuation will be as at 1 January 2022.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021 **%**	2020 %
Government bonds	**49**	**25**
Corporate bonds	**6**	**27**
Annuities	**45**	**48**
Cash	**0**	**0**
	100	**100**

The expected long-term rate of return on the scheme assets must equal the discount rate adopted for valuing the liabilities.

An analysis of the amount recognisable in the statement of comprehensive income (SOCI) is as follows:

	2021 **£'000**	2020 £'000
Actuarial (loss)/gain on plan assets	**(421)**	1,073
Changes in assumptions underlying the present value of scheme liabilities	**685**	(1,170)
Change in restriction on recognisable surplus	**(477)**	(120)
Contributions paid by the Company	**200**	200
Actuarial loss	**(13)**	(17)

The cumulative amount of actuarial gains and losses recognised in the SOCI is as follows:

	2021 **£'000**	2020 £'000
Cumulative actuarial loss at beginning of year	**(877)**	(860)
Recognised during the year	**(13)**	(17)
Cumulative actuarial loss at end of year	**(890)**	(877)

Movement in the surplus during the year is as follows:

	2021 **£'000**	2020 £'000
Surplus in scheme at beginning of year	**-**	-
Pensions gain recognised in income statement	**13**	17
Actuarial loss	**(13)**	(17)
Surplus in scheme at end of year	**-**	-

19. Pension schemes (continued)

Amounts for the current and previous five accounting years of the scheme are as follows:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of scheme liabilities	(10,388)	(11,584)	(10,580)	(10,116)	(11,008)
Market value of scheme assets[1]	11,701	12,420	11,296	10,712	11,386
Surplus in the scheme	1,313	836	716	596	378
Restriction on recognisable surplus	(1,313)	(836)	(716)	(596)	(378)
Recognisable surplus	-	-	-	-	-
Actual return less expected return on scheme assets	(262)	1,308	1,039	(290)	(86)
Experience (loss/)gain arising on scheme liabilities	-	-	-	-	-
Change in assumptions underlying present value of scheme liabilities	685	(1,170)	(576)	768	(165)

[1] Valued at mid-market prices

The above disclosure and valuation includes £55k in relation to the GMP equalisation provision, which was disclosed but not recognised in 2018. The inclusion of the £55k as a past service cost in 2019 increased the scheme liabilities by £55k in that year, and reduced the surplus in the scheme assets by £55k.

20. Called up share capital

Authorised, issued and fully paid:	**At 1 January 2020**	**Changes in Issued capital**	**At 31 December 2020**	**Changes in issued capital**	**At 31 December 2021**
	Number	number	number	number	number
Ordinary shares					
Ordinary shares of £1 each	2,052,708	10,000	2,062,708	-	2,062,708
Ordinary shares total	**2,052,708**	**10,000**	**2,062,708**	**-**	**2,062,708**
Share capital	**£2,052,708**	**£10,000**	**£2,062,708**	**-**	**£2,062,708**
Share premium	**-**	**£8,054,500**	**£8,054,500**	**-**	**£8,054,500**

On 15 June 2020, 10,000 shares, with a nominal value of £1, were issued for £806.45 each to CHUKL, as consideration for the settlement of an inter-company balance.

21. Fair Value Hierarchy

The Company has classified its financial instruments in accordance with the requirements of IFRS 7. The fair value hierarchy classifies financial instruments into Level 1 to 3 based on the significance of the inputs used in measuring their fair value.

The levels within the fair value hierarchy are defined as follows:

Level 1 - Based on unadjusted, quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Based on quoted prices in active markets for similar assets or liabilities or quoted prices for identical assets or liabilities in markets which are not active. This price may be adjusted if the last transaction price is not a good estimate of fair value.

Level 3 - Where the above two approaches are not possible because there is little or no market activity for the asset or liability at the measurement date, a valuation technique may be applied using the best information available to estimate what the transaction price would have been in an arm's length exchange motivated by normal business considerations.

At 31 December 2021

	Level 1 £'000	**Total** £'000
Holdings in collective investment schemes	301	301
Total	**301**	**301**

At 31 December 2020

	Level 1 £'000	**Total** £'000
Holdings in collective investment schemes	9,404	9,404
Total	**9,404**	**9,404**

The level within the hierarchy that a financial instrument is placed is based on the lowest level of any input that is significant to its fair value measurement.

22. Credit risk

An analysis of the Company's major exposures to counterparty credit risk, which is based on Standard & Poor's or equivalent rating, is presented below:

At 31 December 2021	**AAA**	**A**	**Total**
£'000			
Holdings in collective Investments	301	-	301
Cash and cash equivalents	-	521	521
Total	**301**	**521**	**822**

At 31 December 2020	**AAA**	**A**	**Total**
£'000			
Holdings in collective Investments	6,252	3,152	9,404
Cash and cash equivalents	-	711	711
Total	**6,252**	**3,863**	**10,115**

22. Credit risk (continued)

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

The Company uses quantitative and qualitative information in order to reach a conclusion whether there has been any significant increase in credit risk from recognition.

Amounts owed by group companies – The amount includes various inter-company balances with other group companies. The Company assesses the risk by reviewing the going concern assessment, the long-term forecasts of the Group and whether there have been any historic defaults.

Amounts owed by managed syndicates - The amount includes balances with syndicates 4444, 1861 and 44. The Company assesses the risk by reviewing the going concern assessment, the long-term forecasts of the syndicates and whether there have been any historic defaults.

Other receivables – The amounts include balances with various counterparties. The Company assesses each counterparty including historic loss experiences and current market conditions. The Company reviews external ratings, if they are available and financial statements.

Prepayments and accrued income - The amounts include balances with various counterparties. The Company assesses each counterparty including historic loss experiences and current market conditions. The Company reviews external ratings, if they are available and financial statements.

Cash and cash equivalents – the Company's cash and cash equivalents are held with bank and financial institution counterparties. The Company has assessed the risk and does not consider there to be any significant risk of default given the credit rating and no history of default.

The table below details the gross carrying amount and the net carrying amount post loss allowance.

	Note	Gross carrying amount £'000	Loss Allowance £'000	Net carrying amount £'000
Amounts owed by Group undertakings	13	6,985	-	6,985
Amounts due from managed syndicates	13	20,098	-	20,098
Other receivables	13	5,818	-	5,818
Prepayments and accrued income	13	3,846	-	3,846
Cash and cash equivalents		521	-	521

In 2020 the Company made a loss allowance of £nil.

23. Liquidity risk

The expected payment profile of lease liabilities, based on undiscounted cash flows, as at 31 December 2021 was as follows:

	2021	**2020**
	£'000	**£'000**
Less than one year	642	642
Between one and two years	642	642
Between two and five years	642	1,285
	1,926	**2,569**

24. Controlling parties

The Company's immediate UK parent is Canopius Holdings UK Limited ("CHUKL"), which is registered in England and Wales. CHUKL's registered office is Floor 29, 22 Bishopsgate, London EC2N 4BQ.

CHUKL is part of CGL. CGL is registered in Jersey.

CGL is the largest and smallest group of undertakings for which group accounts are drawn up and that are publicly available and of which the Company is a member. The group accounts can be obtained from the Canopius website.

The ultimate controlling parties of CGL are CCP GP Investors Holdings (Cayman) LP, CCP III Cayman GP Limited and CCP III SBS Cayman Limited.

25. Future developments

There were no events after the end of the reporting period which require disclosure.