

Company Registration Number: 3442377

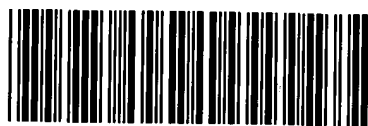
Sands Underwriting Limited

**Annual Report
31 December 2022**

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Sands Underwriting Limited

Company Information

Directors	D J Marshall J Chivers
Members' Agent	Argenta Private Capital Limited (Regulated by the Financial Conduct Authority)
Company Secretary	Argenta Secretariat Limited
Registered Office	5th Floor, 70 Gracechurch Street London EC3V 0XL
Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD

Sands Underwriting Limited

Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2022.

Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's Corporate Capital Member.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Company participates for the 2020, 2021 and 2022 years of account, as well as any 2019 and prior run-off years. The 2020 year closed at 31 December 2022 with a result of £77,188 (2019 - £31,198). The 2021 and 2022 open underwriting accounts will normally close at 31 December 2023 and 2024 respectively.

Results and Dividends

The results for the year are set out on pages 9 to 10 of the Financial Statements. Dividends totalling £110,095 were paid in the year (2021 - £434,100).

Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.

Key Performance Indicators

	2022	2021
Capacity (youngest underwriting year)	£1,917,040	£1,725,000
Gross premium written as a % of capacity	111.8%	108.0%
Underwriting result of latest run-off/closed year:		
as a % of capacity	3.8%	1.6%
Run-off years of account movement	£403	£(10,953)
Combined ratio	92.6%	90.2%

The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned.

Section 172(1) Statement

The Directors have considered the matters set out in Section 172(1) of the Companies Act 2006 when performing their duties and comments as follows:

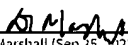
- The Company continues to operate in the Lloyd's insurance market. The majority of its activities are carried out by the syndicates on which it participates. The Company is not involved directly in the management of the syndicates' activities, as these are the responsibility of the Managing Agents.
- Other than the Directors the Company has no employees. The Directors do not receive any remuneration from the Company.
- The Company's only suppliers are those who provide services for the administration of the Company. The Directors ensure supplier invoices are paid on time in line with any agreed terms.
- The Company's operations do not by their very nature produce significant environmental emissions.
- The Company and the syndicates are required to operate within the guidelines and code of conduct of the Lloyd's market. Behind the Lloyd's market is the Lloyd's Corporation, an independent organisation and regulator that acts to protect and maintain the market's reputation and provides services and original research, reports and analysis to the industry's knowledge base. The Directors ensure compliance with relevant requirements and promote high standards of business conduct.

Sands Underwriting Limited Strategic Report (continued)

Section 172(1) Statement (continued)

- f) The Directors work very closely with the Members of the Company to discuss all significant decisions including the level of participation on the syndicates.

More information on this can be found at www.argentagroup.com/Section172.


D J Marshall (Sep 25, 2023 07:29 GMT+1)
Approved by the Board on
and signed on its behalf by:

25/09/2023
D J MARSHALL
Director

Sands Underwriting Limited

Report of the Directors

The Directors submit their Report together with the audited Financial Statements of the Company for the year ended 31 December 2022.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's Corporate Capital Member. The Company continues to underwrite for the 2022 year of account.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Report of the Directors' 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 elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 UK Accounting Standards 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.

Directors

The Directors who served at any time during the year and to the date of this report were as follows:

D J Marshall
J Chivers

Sands Underwriting Limited

Report of the Directors (continued)

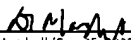
Auditor

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

- a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 25/09/2023
and signed on its behalf by:


D J Marshall (Sep 25, 2023 07:29 GMT+1)

D J MARSHALL

Director

Sands Underwriting Limited

Independent Auditor's Report

Independent Auditor's report to the Members of Sands Underwriting Limited

Opinion

We have audited the Financial Statements of Sands Underwriting Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 director's 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 a period of at least twelve 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.

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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the 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 Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Sands Underwriting Limited

Independent Auditor's Report (continued)

Matters on which we are required to report by exception

In 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 the Report of the Directors.

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 specific 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 Statement of Directors' responsibilities set out on page 4, 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 they 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we have undertaken to detect irregularities, including fraud, are detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussion with management and the application of our knowledge and experience of the sector in which the company operates in. We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Lloyd's byelaws as they relate to the company and UK taxation legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - discussion with management of any known, or suspected instances, of non-compliance by the company with those laws and regulations;
 - discussion with management of any, or suspected, incidence of fraud;
 - review of the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
 - review of the minutes of the board of directors and other correspondence as we deemed appropriate; and
 - review and testing of the system of controls established by management to ensure the accuracy of the financial statements.
- We identified the risks of material misstatement of the Financial Statements due to fraud as being those arising from management override of controls. We have addressed this risk by performing audit procedures which included, but were not limited to, the testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business that came to our attention.

Sands Underwriting Limited

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the Financial Statements (continued)

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

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

Use of the audit report

This report is made solely to the 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.

TUE Seaman

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

15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 25/09/2023

Sands Underwriting Limited
Statement of Comprehensive Income
Technical Account – general business
For the year ended 31 December 2022

	Note	2022 £	2021 £
Premiums			
Gross premiums written	1	2,143,401	1,863,208
Outward reinsurance premiums	1	(472,307)	(554,554)
Net premiums written		<u>1,671,094</u>	<u>1,308,654</u>
Change in the provision for unearned premiums			
Gross provision	1	(57,025)	97,514
Reinsurers' share	1	(49,701)	(27,365)
Earned premiums, net of reinsurance		<u>1,564,368</u>	<u>1,378,803</u>
Allocated investment return transferred from the non-technical account		(52,841)	(3,371)
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(979,146)	(1,179,708)
Reinsurers' share	1	297,170	392,564
Net claims paid		<u>(681,976)</u>	<u>(787,144)</u>
Change in provision for claims			
Gross amount	1	(342,038)	110,394
Reinsurers' share	1	95,057	(55,151)
Change in net provision for claims		<u>(246,981)</u>	<u>55,243</u>
Claims incurred, net of reinsurance		(928,957)	(731,901)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1,2	(519,547)	(511,214)
Other technical charges, net of reinsurance	1	(78)	-
Balance on the technical account for general business		<u>62,945</u>	<u>132,317</u>

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Comprehensive Income
Non Technical Account
For the year ended 31 December 2022

	Note	2022 £	2021 £
Balance on technical account for general business		62,945	132,317
Investment income	3	(10,597)	114,544
Allocated investment return transferred to the general business technical account		52,841	3,371
Other income		171,847	48,769
Other charges, including value adjustments		(28,848)	(35,769)
Profit on ordinary activities before taxation	4	<u>248,188</u>	<u>263,232</u>
Tax on profit on ordinary activities	5	(50,212)	(43,882)
Profit for the financial year		<u>197,976</u>	<u>219,350</u>
Other comprehensive income:			
Currency translation differences		(4,749)	2,129
Tax on other comprehensive (expenditure)/income		477	(798)
Total comprehensive income	10	<u>193,704</u>	<u>220,681</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Financial Position
As at 31 December 2022

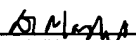
		31 December 2022			31 December 2021		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	74,880	74,880	-	5,499	5,499
Investments							
Other financial investments	7	1,852,598	1,011,269	2,863,867	1,758,041	1,024,029	2,782,070
Deposits with ceding undertakings		6,689	-	6,689	13,355	-	13,355
		1,859,287	1,011,269	2,870,556	1,771,396	1,024,029	2,795,425
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	148,157	-	148,157	178,021	-	178,021
Claims outstanding	8	1,103,723	-	1,103,723	1,062,829	-	1,062,829
Other technical provisions		-	-	-	-	-	-
		1,251,880	-	1,251,880	1,240,850	-	1,240,850
Debtors							
Amounts falling due within one year	7,11	1,091,644	10,167	1,101,811	997,318	10,517	1,007,835
Amounts falling due after one year	7	273,643	-	273,643	175,411	-	175,411
		1,365,287	10,167	1,375,454	1,172,729	10,517	1,183,246
Other assets							
Cash at bank and in hand		163,825	52,125	215,950	167,488	50,335	217,823
Other		173,674	-	173,674	188,095	-	188,095
		337,499	52,125	389,624	355,583	50,335	405,918
Prepayments and accrued income							
Accrued interest		3,585	-	3,585	2,975	-	2,975
Deferred acquisitions costs	8	203,830	-	203,830	180,787	-	180,787
Other prepayments and accrued income		5,348	-	5,348	4,948	-	4,948
		212,763	-	212,763	188,710	-	188,710
Total assets		5,026,716	1,148,441	6,175,157	4,729,268	1,090,380	5,819,648

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Financial Position
As at 31 December 2022

		31 December 2022			31 December 2021		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and Shareholder funds							
Capital and reserves							
Called up share capital	9	-	3,750	3,750	-	3,750	3,750
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	8,293	8,293	-	8,293	8,293
Profit and loss account	10	(1,381)	1,071,667	1,070,286	(27,116)	1,013,793	986,677
Shareholder funds – attributable to equity interests		(1,381)	1,083,710	1,082,329	(27,116)	1,025,836	998,720
Technical provisions							
Provision for unearned premiums	8	877,336	-	877,336	743,015	-	743,015
Claims outstanding	8	3,279,655	-	3,279,655	3,152,883	-	3,152,883
Other technical provisions		-	-	-	-	-	-
Provisions for other risks							
Deferred taxation	11	-	-	-	-	-	-
Other		80	-	80	-	-	-
Deposit received from reinsurers		19,314	-	19,314	30,375	-	30,375
Creditors							
Amounts falling due within one year	7	588,344	49,250	637,594	563,268	49,360	612,628
Amounts falling due after one year	7	226,558	-	226,558	221,010	-	221,010
		814,902	49,250	864,152	784,278	49,360	833,638
Accruals and deferred income		36,810	15,481	52,291	45,833	15,184	61,017
Total liabilities		5,026,716	1,148,441	6,175,157	4,729,268	1,090,380	5,819,648

Approved and authorised for issue by the Board of Directors on 25/09/2023
and signed on its behalf by:


D J Marshall (Sep 25, 2023 07:29 GMT+1)
D J MARSHALL
Director

Company registration number: 3442377

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
1 January 2021	3,750	-	8,293	1,200,096	-	1,212,139
Profit for the year	-	-	-	219,350	-	219,350
Other comprehensive income	-	-	-	1,331	-	1,331
Total comprehensive income	-	-	-	220,681	-	220,681
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	(434,100)	-	(434,100)
As at 31 December 2021	3,750	-	8,293	986,677	-	998,720
Profit for the year	-	-	-	197,976	-	197,976
Other comprehensive expenditure	-	-	-	(4,272)	-	(4,272)
Total comprehensive income	-	-	-	193,704	-	193,704
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	(110,095)	-	(110,095)
As at 31 December 2022	3,750	-	8,293	1,070,286	-	1,082,329

Called up share capital represents the nominal value of shares that have been issued.

The capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

The capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Cash Flows
For the year ended 31 December 2022

	2022 £	2021 £
Operating activities		
Profit on ordinary activities before tax	248,188	263,232
Profit attributable to Syndicate transactions	(30,484)	(144,141)
Profit - excluding Syndicate transactions	<u>217,704</u>	<u>119,091</u>
Adjusted for:		
Increase in debtors	(42,355)	(1,178)
(Decrease)/increase in creditors	(6,368)	11,040
(Profit) on disposal of intangible assets	(171,847)	(48,769)
Amortisation of Syndicate capacity	(12,245)	1,625
Realised/unrealised losses on investments	(42,239)	(117,824)
Investment income	(5)	(91)
Corporation and overseas taxes paid	<u>(476)</u>	<u>(95,129)</u>
Net cash outflow from operating activities	<u>(57,831)</u>	<u>(131,235)</u>
Investing activities		
Investment income	5	91
Purchase of Syndicate capacity	(57,136)	(50)
Proceeds from sale of Syndicate capacity	171,847	48,769
Purchase of financial investments	-	(403)
Proceeds from sale of financial investments	<u>55,000</u>	<u>441,442</u>
Net cash inflow from investing activities	<u>169,716</u>	<u>489,849</u>
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution	-	-
Equity dividends paid	<u>(110,095)</u>	<u>(434,100)</u>
Net cash outflow from financing activities	<u>(110,095)</u>	<u>(434,100)</u>
Net cash increase/(decrease) in cash and cash equivalents	1,790	(75,486)
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>50,335</u>	<u>125,821</u>
Cash and cash equivalents at the end of the year	<u>52,125</u>	<u>50,335</u>
Consisting of:		
Cash at bank and in hand	52,125	50,335
Cash equivalents	<u>-</u>	<u>-</u>
	<u>52,125</u>	<u>50,335</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Cash Flows (continued)
For the year ended 31 December 2022

Analysis of Net Debt	At 1 January 2022	Cash flows	At 31 December
	£	£	2022
			£
Cash at bank and in hand	50,335	1,790	52,125
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	<u>50,335</u>	<u>1,790</u>	<u>52,125</u>

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Basis of preparation of Financial Statements

General information

The Company is a private company limited by shares and incorporated in England, United Kingdom.

The Financial Statements have been presented in pounds sterling ("sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

Basis of preparation

These Financial Statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These Financial Statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

Recognition of insurance transactions

The Company recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate Participation"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

Sources of data

The information used to compile the technical account and the "Syndicate Participation" Statement of Financial Position is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the Syndicates in which the Company participates.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Accounting policies

i Going concern

These Financial Statements have been prepared on a going concern basis.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made.

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

vi Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
 - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

viii Financial instruments

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other debtors, trade and other creditors and investments in a variety of basic and non-basic financial instruments, through both the Corporate activity and through the Syndicates' activities.

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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Accounting policies (continued)

viii Financial instruments (continued)

Basic financial instruments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled. Financial instruments subsequently measured at amortised cost include cash, debtors and creditors.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical Statement of Comprehensive Income. All investment income arising on Syndicate participations is allocated to the technical Statement of Comprehensive Income.

Interest income is recognised as it accrues using the effective interest method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

ix Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in Statement of Comprehensive Income immediately.

x Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Overdrafts are reported separately in creditors.

xi Derecognition of financial assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Accounting policies (continued)

xii Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xii Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xiv Foreign currencies

Transactions in United States dollars, Canadian dollars and euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into sterling at the rate of exchange at the Statement of Financial Position date. Non-monetary assets and liabilities at the Statement of Financial Position date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the Statement of Comprehensive Income.

xv Intangible assets

Intangible assets may include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

xvi Insurance contracts – product classification

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS 102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

xvii Taxation

The Company is taxed on its share of the underwriting results declared by the Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicates' results included in these Financial Statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of the Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these Financial Statements, the Syndicates' taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of the Syndicates' taxable results will be reflected in the Financial Statements of subsequent periods.

xviii Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the Financial Statements.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Accounting policies (continued)

xviii Deferred taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

xix Critical accounting judgements and key sources of estimated uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate activity only, and do not include estimates and judgements made in respect of the Syndicates' activities.

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory Financial Statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment review

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Directors perform an impairment review when indications of impairment arise.

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of counterparties.

Determining the useful life of purchased Syndicate capacity

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

1. Class of Business

2022	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	47,807	43,065	(17,512)	(18,099)	(3,237)	4,217
Motor – third party liability	4,162	22,302	(14,419)	(3,919)	(3,166)	798
Motor – other classes	35,960	38,921	(14,830)	(14,287)	(2,795)	7,009
Marine, aviation and transport	220,371	195,251	(110,242)	(61,441)	14,725	38,293
Fire and other damage to property	654,898	628,678	(296,156)	(169,159)	(74,023)	89,340
Third party liability	322,406	317,581	(184,580)	(99,473)	(11,752)	21,776
Credit and suretyship	63,171	57,866	(13,145)	(16,418)	(14,069)	14,234
Legal expenses	2,996	2,065	(1,037)	(872)	184	340
Assistance	-	-	-	-	-	-
Miscellaneous	72	26	(20)	(372)	-	(366)
	1,351,843	1,305,755	(651,941)	(384,040)	(94,133)	175,641
Reinsurance	791,558	780,621	(669,243)	(135,507)	(35,648)	(59,777)
Total	2,143,401	2,086,376	(1,321,184)	(519,547)	(129,781)	115,864

2021	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	51,810	57,318	(14,997)	(23,514)	(3,895)	14,912
Motor – third party liability	32,421	15,740	(9,352)	(3,962)	(1,419)	1,007
Motor – other classes	33,569	38,368	(9,102)	(15,487)	(7,675)	6,104
Marine, aviation and transport	164,168	176,277	(62,240)	(62,940)	(17,591)	33,506
Fire and other damage to property	571,054	650,648	(306,099)	(180,076)	(93,749)	70,724
Third party liability	310,310	354,153	(192,544)	(105,446)	(35,209)	20,954
Credit and suretyship	51,588	53,636	(26,715)	(15,506)	(11,223)	192
Legal expenses	882	1,124	(507)	(491)	(2)	124
Assistance	-	-	-	-	-	-
Miscellaneous	88	50	(34)	(238)	2	(220)
	1,215,890	1,347,314	(621,590)	(407,660)	(170,761)	147,303
Reinsurance	647,318	613,408	(447,724)	(103,554)	(73,745)	(11,615)
Total	1,863,208	1,960,722	(1,069,314)	(511,214)	(244,506)	135,688

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

2. Net Operating Expenses

	2022	2021
	£	£
Acquisition costs	466,439	439,060
Change in deferred acquisition costs	(7,870)	42,140
Administrative expenses	91,282	86,387
Reinsurance commissions and profit participations	(62,164)	(99,541)
Personal expenses	31,860	43,168
	<u>519,547</u>	<u>511,214</u>

3. Investment Income

	2022	2021
	£	£
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	29,242	28,154
Realised gains and losses	(7,994)	28,197
Unrealised gains and losses	(30,364)	59,615
Other	-	-
	<u>(9,116)</u>	<u>115,966</u>
Financial instruments held at amortised cost:		
Interest	5	91
Other	-	-
	<u>5</u>	<u>91</u>
Investment management expenses, including interest	(1,486)	(1,513)
	<u>(1,486)</u>	<u>(1,513)</u>
	<u>(10,597)</u>	<u>114,544</u>

4. Profit on Ordinary Activities before Taxation

	2022	2021
	£	£
Operating profit is stated after charging:		
Directors' remuneration	-	-
Amortisation of Syndicate capacity	(12,245)	1,625
Profit on disposal of intangible fixed assets	(171,847)	(48,769)
(Profit)/loss on exchange	(180)	5,557

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

The auditor charged a fixed fee to Argenta Private Capital Limited of £300 for the provision of the statutory audit.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

5. Taxation	2022 £	2021 £
a. Analysis of Charge in Year included in the statement of comprehensive income		
Current tax:		
UK corporation tax on profit of the year	45,260	39,056
Adjustment in respect of previous period	339	(3,863)
	<u>45,599</u>	<u>35,193</u>
Double taxation relief	-	-
Foreign tax	<u>475</u>	<u>544</u>
	<u>475</u>	<u>544</u>
Total current tax	<u>46,074</u>	<u>35,737</u>
Deferred tax		
Origination and reversal of timing differences	3,497	11,875
Change in tax rate	1,931	(3,730)
Prior period adjustments	(1,290)	-
Total deferred tax	<u>4,138</u>	<u>8,145</u>
Tax on profit on ordinary activities	<u>50,212</u>	<u>43,882</u>
b. Analysis of Charge in Year included in other comprehensive income		
Deferred tax		
Origination and reversal of timing differences	(1,761)	783
Effect of change in tax rate on opening liability or asset	(5)	15
Prior period adjustments	1,289	-
Total deferred tax	<u>(477)</u>	<u>798</u>
c. Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK (19%). The differences are explained below:		
Profit on ordinary activities before tax	<u>248,188</u>	<u>263,232</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	47,156	50,014
Effects of:		
Change in deferred tax rate	1,932	(3,730)
Deferred tax asset unrecognised on result for the year	-	-
Foreign tax	475	544
Expenses and income not deductible for tax purposes	-	-
Other corporation computation adjustments for Lloyd's corporate members	1,600	916
Prior period adjustments	(951)	(3,862)
Other adjustments	-	-
Total tax charge for the period on ordinary activities	<u>50,212</u>	<u>43,882</u>

The results of the Company's participation on the 2020, 2021 and 2022 years of account and any calendar year movement on 2019 and prior run-offs, will not be assessed to tax until the year ended 31 December 2023, 2024 and 2025 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. An increase in the UK corporation tax rate from 19% to 25% was enacted within the Finance Act 2021 and will be effective from 1 April 2023. As a result, the relevant deferred tax balances have been remeasured. Deferred tax expected to reverse in the year to 31 December 2022 has been measured using the effective rate that will apply in UK for the period (19%). Deferred tax expected to reverse in the year to 31 December 2023 has been measured using a rate of 23.5%. For years ending after 31 December 2023, the company has used the new tax rate of 25%.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

6.	Intangible Assets	Total £
	Purchased Syndicate Capacity	
	Cost	
	At 1 January 2022	62,717
	Additions	57,136
	Disposals	-
	At 31 December 2022	119,853
	Amortisation	
	At 1 January 2022	57,218
	Charge	(12,245)
	Disposals	-
	At 31 December 2022	44,973
	Net Book Value	
	At 31 December 2022	74,880
	At 31 December 2021	5,499

7. Financial Instruments and Financial Risk Management

7.1 Financial Investments

Other financial investments – Syndicate participation

	2022 Market Value £	2022 Cost price £	2021 Market Value £	2021 Cost price £
Shares and other variable yield securities and units in unit trusts	214,928	215,980	220,808	220,808
Debt securities and other fixed income securities	1,601,355	1,668,812	1,495,793	1,495,793
Participation in investment pools	6,586	6,363	12,101	12,101
Loans guaranteed by mortgage	-	-	-	-
Other investments	99	-	48	48
Other loans	13,537	13,537	14,190	14,190
Deposits with credit institutions	1,343	1,343	1,259	1,259
Overseas deposits as investments	14,750	14,708	13,842	13,842
	1,852,598	1,920,743	1,758,041	1,758,041

Other financial investments – Corporate

Shares and other variable yield securities and units in unit trusts	1,011,269	1,024,029
Debt securities and other fixed income securities	-	-
Other investments	-	-
	1,011,269	1,024,029

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors

	2022			2021		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	566,631	-	566,631	485,016	-	485,016
Arising out of reinsurance operations	429,589	-	429,589	377,647	-	377,647
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	95,424	10,167	105,591	134,655	10,517	145,172
Total Amounts falling due within one year	1,091,644	10,167	1,101,811	997,318	10,517	1,007,835
Amounts falling due after one year:						
Arising out of direct insurance operations	13,772	-	13,772	22,363	-	22,363
Arising out of reinsurance operations	252,652	-	252,652	146,160	-	146,160
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	7,219	-	7,219	6,888	-	6,888
Total Amounts falling due after one year	273,643	-	273,643	175,411	-	175,411
	1,365,287	10,167	1,375,454	1,172,729	10,517	1,183,246

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the statement of financial position as:

	2022			2021		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	442	442	-	442	442
Investments	-	1,011,269	1,011,269	-	1,024,029	1,024,029
	-	1,011,711	1,011,711	-	1,024,471	1,024,471

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2022			2021		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	44,204	-	44,204	69,444	-	69,444
Arising out of reinsurance operations	436,419	-	436,419	353,457	-	353,457
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	45,260	45,260	-	38,705	38,705
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	107,721	3,990	111,711	140,367	10,655	151,022
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	588,344	49,250	637,594	563,268	49,360	612,628
Amounts falling due after one year:						
Arising out of direct insurance operations	1,372	-	1,372	822	-	822
Arising out of reinsurance operations	189,515	-	189,515	176,763	-	176,763
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	35,671	-	35,671	43,425	-	43,425
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	226,558	-	226,558	221,010	-	221,010
	814,902	49,250	864,152	784,278	49,360	833,638

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Company's financial instruments by classification.

Financial instruments – Syndicate participation

	2022			2021		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	1,852,598	-	1,852,598	1,758,041	-	1,758,041
Deposits with ceding undertakings	-	6,689	6,689	-	13,355	13,355
Insurance debtors	-	580,403	580,403	-	507,379	507,379
Reinsurance debtors	-	682,241	682,241	-	523,807	523,807
Other debtors	-	102,643	102,643	-	141,543	141,543
Cash at bank and in hand	-	163,825	163,825	-	167,488	167,488
Other assets	173,674	-	173,674	188,095	-	188,095
	2,026,272	1,535,801	3,562,073	1,946,136	1,353,572	3,299,708
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	64	-	64	434	-	434
Insurance creditors	-	45,576	45,576	-	70,266	70,266
Reinsurance creditors	-	625,934	625,934	-	530,220	530,220
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	143,392	143,392	-	183,792	183,792
	64	814,902	814,966	434	784,278	784,712

Financial instruments – Corporate

	2022			2021		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	1,011,269	-	1,011,269	1,024,029	-	1,024,029
Other debtors	-	10,167	10,167	-	10,517	10,517
Cash at bank and in hand	-	52,125	52,125	-	50,335	50,335
Other assets	-	-	-	-	-	-
	1,011,269	62,292	1,073,561	1,024,029	60,852	1,084,881
Financial liabilities						
Other creditors	-	49,250	49,250	-	49,360	49,360
	-	49,250	49,250	-	49,360	49,360

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

The table below sets out details of the Company's derivative financial instruments.

	2022		2021	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	5,612	23	29,956	70
Interest rate future contracts	7,358	76	7,923	(22)
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	-
	12,970	99	37,879	48

7.6 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

Financial instruments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2022						
Financial assets						
Shares and other variable yield securities and units in unit trusts	22,106	173,416	19,406	214,928	-	214,928
Debt securities and other fixed income securities	241,953	1,359,402	-	1,601,355	-	1,601,355
Participation in investment pools	-	6,092	494	6,586	-	6,586
Loans and deposits with credit institutions	7,216	-	7,664	14,880	-	14,880
Overseas deposits	46,808	127,022	14,594	188,424	-	188,424
Derivatives	57	42	-	99	-	99
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	318,140	1,665,974	42,158	2,026,272	-	2,026,272
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	64	-	-	64	-	64
Financial liabilities classified as held for sale	-	-	-	-	-	-
	64	-	-	64	-	64

Sands Underwriting Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Financial instruments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2021						
Financial assets						
Shares and other variable yield securities and units in unit trusts	32,071	166,385	22,352	220,808	-	220,808
Debt securities and other fixed income securities	171,039	1,324,522	232	1,495,793	-	1,495,793
Participation in investment pools	2	11,588	511	12,101	-	12,101
Loans and deposits with credit institutions	7,482	-	7,967	15,449	-	15,449
Overseas deposits	52,683	135,840	13,414	201,937	-	201,937
Derivatives	23	25	-	48	-	48
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	263,300	1,638,360	44,476	1,946,136	-	1,946,136
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	434	-	-	434	-	434
Financial liabilities classified as held for sale	-	-	-	-	-	-
	434	-	-	434	-	434

Financial instruments – Corporate

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2022						
Financial assets						
Shares and other variable yield securities and units in unit trusts	1,011,269	-	-	1,011,269	-	1,011,269
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	1,011,269	-	-	1,011,269	-	1,011,269

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Financial instruments – Corporate (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2021						
Financial assets						
Shares and other variable yield securities and units in unit trusts	1,024,029	-	-	1,024,029	-	1,024,029
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	<u>1,024,029</u>	<u>-</u>	<u>-</u>	<u>1,024,029</u>	<u>-</u>	<u>1,024,029</u>

7.7 Financial Risk Management

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate activity only. The quantitative disclosures are made in respect of both the Corporate activity and the Syndicates' activities.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

i. Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired. The Syndicates have excluded insurance and other debtors from the table as these are generally not rated.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2022						
Shares and other variable yield securities and units in unit trusts	74,084	17,500	92,266	-	31,078	214,928
Debt securities and other fixed income securities	323,651	616,521	463,655	178,952	18,576	1,601,355
Participation in investment pools	2,574	2,512	601	405	494	6,586
Loans secured with credit institutions	5,873	-	7,664	-	-	13,537
Deposits with credit institutions	-	-	1,343	-	-	1,343
Overseas deposits	89,326	35,475	15,735	30,402	17,486	188,424
Derivative investments	34	-	42	23	-	99
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	(1)	-	6,665	-	25	6,689
Reinsurers share of claims outstanding	67,886	298,794	683,220	395	53,428	1,103,723
Cash at bank and in hand	10,495	1,575	151,755	-	-	163,825
	573,922	972,377	1,422,946	210,177	121,087	3,300,509

Sands Underwriting Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2021						
Shares and other variable yield securities and units in unit trusts	27,054	14,830	137,427	1,811	39,686	220,808
Debt securities and other fixed income securities	256,991	604,131	423,747	189,313	21,611	1,495,793
Participation in investment pools	4,306	5,221	1,086	919	569	12,101
Loans secured with credit institutions	6,223	-	7,967	-	-	14,190
Deposits with credit institutions	-	-	1,259	-	-	1,259
Overseas deposits	80,612	48,662	20,681	35,813	16,169	201,937
Derivative investments	-	-	25	23	-	48
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	13,281	-	74	13,355
Reinsurers share of claims outstanding	32,880	274,760	674,456	24,212	56,521	1,062,829
Cash at bank and in hand	31,154	2,433	133,764	-	137	167,488
	439,220	950,037	1,413,693	252,091	134,767	3,189,808

The tables below show the financial assets that are neither due nor impaired, past their due date or impaired:

Syndicate participation	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
2022						
Other financial investments	100	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	37	61	1	1	-	-
Cash at bank and in hand	100	-	-	-	-	-
Insurance debtors	83	8	4	4	1	-
Other	100	-	-	-	-	-

Sands Underwriting Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
2021						
Other financial investments	100	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	100	-	-	-	-	-
Cash at bank and in hand	54	-	43	2	1	-
Insurance debtors	100	-	-	-	-	-
Other debtors	88	-	5	2	3	2

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate activity.

ii. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2022						
Derivative financial instruments	-	64	-	-	-	64
Deposits received from reinsurers	-	11,835	5,644	1,118	717	19,314
Provisions for other risks and charges	80	-	-	-	-	80
Claims outstanding	1	1,258,124	1,198,280	425,181	398,069	3,279,655
Creditors	-	530,872	184,963	11,079	4,320	731,234
Other	(80)	-	-	-	-	(80)
	1	1,800,895	1,388,887	437,378	403,106	4,030,267

Sands Underwriting Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2021						
Derivative financial instruments	-	434	-	-	-	434
Deposits received from reinsurers	-	19,649	8,043	1,667	1,016	30,375
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	1,211,174	1,137,550	420,864	383,295	3,152,883
Creditors	-	500,992	219,654	5,175	-	725,821
Other	-	-	-	-	-	-
	-	1,732,249	1,365,247	427,706	384,311	3,909,513

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate activity.

iii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2022 £	2021 £
Impact of 50 basis point increase on profit or loss	(16,358)	(15,994)
Impact of 50 basis point decrease on profit or loss	16,532	15,200
Impact of 50 basis point increase on equity	(16,358)	(15,994)
Impact of 50 basis point decrease on equity	16,532	15,200

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate activity.

iv. Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

Sands Underwriting Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

Syndicate participation

	2022	2021
	£	£
Impact on profit or loss of 5% increase in Stock Market Prices	-	-
Impact on profit or loss of 5% decrease in Stock Market Prices	-	-
Impact on equity of 5% increase in Stock Market Prices	-	-
Impact on equity of 5% decrease in Stock Market Prices	-	-

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate activity.

v. Currency risk

The Company holds both assets and liabilities denominated in currencies other than sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

Net assets and liabilities

		2022		2021
	Syndicate	Corporate	Syndicate	Corporate
	Participation	£	Participation	£
	£		£	
Sterling	(108,697)	1,008,829	(130,874)	1,020,336
United States dollar	46,081	1	14,177	1
Euro	5,688	-	10,355	-
Canadian dollar	95,800	-	83,265	-
Australian dollar	17,122	-	13,777	-
Japanese yen	(1,128)	-	(2,071)	-
Other	6,230	-	9,185	-

Sands Underwriting Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented at the Corporate level in these Financial Statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the Statement of Comprehensive Income.

	Corporate Profit and loss			
	31 December 2022		31 December 2021	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of sterling exchange movement by 10%				
United States dollar	-	-	-	-
Euro	-	-	-	-
Canadian dollar	-	-	-	-
Australian dollar	-	-	-	-
Japanese yen	-	-	-	-
Other	-	-	-	-

7.8 Capital Management

Lloyd's capital setting process

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

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's requirement and not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 7.3 for further information.

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8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2022			2021		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	3,152,883	1,062,829	2,090,054	3,640,206	1,239,114	2,401,092
Movements in the year	342,038	95,057	246,981	(110,394)	(55,151)	(55,243)
Other movements	(215,266)	(54,163)	(161,103)	(376,929)	(121,134)	(255,795)
At 31 December	<u>3,279,655</u>	<u>1,103,723</u>	<u>2,175,932</u>	<u>3,152,883</u>	<u>1,062,829</u>	<u>2,090,054</u>

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2022			2021		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	743,015	178,021	564,994	851,546	205,470	646,076
Movements in the year	57,025	(49,701)	106,726	(97,514)	(27,365)	(70,149)
Other movements	77,296	19,837	57,459	(11,017)	(84)	(10,933)
At 31 December	<u>877,336</u>	<u>148,157</u>	<u>729,179</u>	<u>743,015</u>	<u>178,021</u>	<u>564,994</u>

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2022 £	2021 £
At 1 January	180,787	225,447
Movements in the year	7,870	(42,140)
Other movements	15,173	(2,520)
At 31 December	<u>203,830</u>	<u>180,787</u>

The other movements category includes exchange differences and the movements attributable to RITC.

8.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these Financial Statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

Sands Underwriting Limited
Notes to the Financial Statements
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8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development - gross

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	301,760	559,226	576,237	567,457	580,999	570,237	561,986	554,550
2014	292,541	519,458	547,564	577,107	595,232	581,026	572,957	567,555
2015	277,217	548,566	652,313	641,684	621,097	612,944	612,474	612,371
2016	318,861	803,607	800,145	795,716	787,798	788,296	784,301	
2017	915,991	1,266,000	1,321,002	1,299,622	1,283,035	1,281,558		
2018	730,906	1,226,670	1,277,374	1,228,384	1,218,000			
2019	655,089	1,276,044	1,261,550	1,201,918				
2020	807,325	1,388,241	1,401,282					
2021	756,320	1,265,298						
2022	893,305							
	Eight years later	Nine years later	Cumulative payments to date	Estimated balance to pay	Reserve strengthening/ (reduction) in subsequent 12 months			
2012 & prior				138,693				
2013	550,571	548,144	529,880	18,264	(79,492)			
2014	562,746		529,863	32,883	(113,157)			
2015			551,908	60,463	(72,312)			
2016			683,128	101,173	(63,051)			
2017			1,092,283	189,275	(75,623)			
2018			961,409	256,591	(85,696)			
2019			806,675	395,243	(73,504)			
2020			857,707	543,575				
2021			476,750	788,548				
2022			138,358	754,947				
				<u>3,279,655</u>				

Claims development - net

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	257,901	484,249	501,266	493,516	507,030	498,308	490,541	483,683
2014	240,710	444,456	471,646	495,808	493,614	484,638	478,490	474,917
2015	229,439	465,943	561,142	554,116	535,148	526,822	528,239	519,870
2016	243,443	632,341	635,313	627,058	616,663	624,512	610,370	
2017	554,543	846,987	876,791	868,617	846,621	831,666		
2018	498,305	835,903	865,192	853,874	826,149			
2019	418,989	879,634	886,799	850,468				
2020	534,470	945,924	956,122					
2021	486,699	820,014						
2022	646,521							

Sands Underwriting Limited
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8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development – net (continued)

	Eight years later	Nine years later	Cumulative payments to date	Estimated balance to pay	Reserve strengthening/ (reduction) in subsequent 12 months
2012 & prior				107,926	
2013	483,346	481,265	464,769	16,496	(79,116)
2014	464,360		439,141	25,219	(104,494)
2015			473,221	46,649	(62,234)
2016			540,638	69,732	(65,437)
2017			725,565	106,101	(49,482)
2018			660,260	165,889	(53,590)
2019			576,208	274,260	(109,886)
2020			591,264	364,858	
2021			351,363	468,651	
2022			116,370	530,151	
				<u>2,175,932</u>	

Sensitivity analysis

The amounts carried by the Company arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Company's pre-tax profit/loss by £163,983 (2021: £157,644);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Company's pre-tax profit/loss by £108,797 (2021: £104,503).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

9. Called-up Share Capital

Issued and fully paid	Number of shares			At 31 December
	At 1 January	Issued during the year	Redeemed during the year	
Par value per share				
15,000 Ordinary 25p shares	15,000	-	-	15,000
Total	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>

The Ordinary 25p shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

Sands Underwriting Limited
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For the year ended 31 December 2022

10. Profit and Loss Account

	2022			2021		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit brought forward	(27,116)	1,013,793	986,677	(173,386)	1,373,482	1,200,096
Reallocate distribution	(31,198)	31,198	-	17,034	(17,034)	-
Profit for the financial year	56,933	136,771	193,704	129,236	91,445	220,681
Equity dividends	-	(110,095)	(110,095)	-	(434,100)	(434,100)
Retained profit carried forward	(1,381)	1,071,667	1,070,286	(27,116)	1,013,793	986,677

11. Deferred Tax

	2022			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	(8,867)	-	-	(8,867)
Movement in year	7,775	-	-	4,137
Movement in the year - OCI	(476)	-	-	(476)
At 31 December	(1,568)	-	-	(5,206)

	2021			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	(32,944)	-	18,402	(17,810)
Movement in the year	23,279	-	(18,402)	8,145
Movement in the year - OCI	798	-	-	798
At 31 December	(8,867)	-	-	(8,867)

The unused tax losses carried forward at the Statement of Financial Position date are £Nil. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

The deferred tax expected to unwind within one year is -£14,501. The deferred tax expected to unwind over one year is £19,707.

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12. Related Party Disclosure

During the year the Directors made loans to and from the Company. At the Balance Sheet date the amount due (to)/from the Company was £(1,648) (2021: £(1,648)).

Any related party loans and balances do not attract interest and are repayable on demand.

13. Ultimate Controlling Party

The Company is controlled by Mr D J Marshall who holds 100% of the issued £3,750 ordinary share capital.

14. Post Balance Sheet Event Note

There are no post balance sheet events to be disclosed.