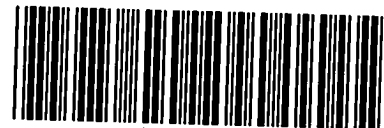


Registered Number: 5989679

**R&Q CAPITAL NO. 8 Limited**

Annual Report and Financial Statements for the  
year ended 31 December 2022

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**R&Q CAPITAL NO. 8 Limited**

**Directors**

J B King  
A K Quilter

**Company Secretary**

R&Q Central Services Limited

**Registered Office**

71 Fenchurch Street  
London  
EC3M 4BS

**Auditors**

PKF Littlejohn LLP  
Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London E14 4HD

## **REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 December 2022.

### **Results**

The results for the year are set out on pages 11 and 12 of the Financial Statements.

### **Directors and Secretary**

The current Directors of the Company and the Company Secretary are shown on page 2.

### **2022 underwriting developments**

R&Q Capital No. 8 Limited participated 100% on the 2018 and 2019 years of account ('VOA') of Vibe Syndicate 5678. A reinsurance to close ('RITC') Syndicate 5678 remaining open years of account was agreed with Syndicate 1110 in February 2022, with the settlement of the Company's remaining Lloyd's liabilities in June 2022, thereby concluding the Company's participation in all Lloyd's Syndicate underwriting.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Strategic Report and the Report of the Directors and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

**Disclosure of Information to the Auditors**


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 auditors are unaware, and
- (b) They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

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

By Order of the Board

A handwritten signature in black ink, appearing to be 'D. C. [unclear]', is written over a horizontal line.

**For and on behalf of R&Q Central Services Limited**  
Company Secretary

28 September 2023

## **STRATEGIC REPORT**

### **Introduction**

The Company acted as a corporate underwriting member at Lloyd's. During the year, the Company concluded its participation in Syndicate 5678 and no longer participates in any Lloyd's syndicate underwriting.

The Company's final participations by year of account which were subject to the RITC were as follows

		Years of account	
		2019	2018
Syndicate 5678	Capacity provided	£122.8m	£114.1m
Syndicate 5678	% of Syndicate capacity	100%	100%

### **Business Review**

#### **Results**

The Financial Statements reflect the withdrawal from Lloyd's business and the settlement of the RITC of Syndicate 5678.

The loss for the year was £4.4m (2021: £9.3m loss), which reflects the investment income, expenses and exchange gains and losses incurred by the Corporate Member following the RITC of Syndicate 5678.

#### **Key Performance Indicators**

Following the RITC of Syndicate 5678, the Directors consider the key performance indicators are those relevant to the orderly and efficient run-off of the Company without insurance liabilities.

The Directors consider the following to be the key performance indicators of the Company:

	2022 £m	2021 £m	% Change in the year
Shareholders' funds.	£4.0m	£8.4m	-53%
Monetary assets to cover liabilities. *	£15.8m	£289.4m	-95%

\* Monetary assets are defined as total assets less prepayments, accrued income and deferred acquisition cost.

**STRATEGIC REPORT (CONTINUED)**

**Risk Management**

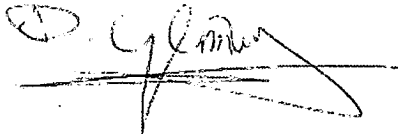
As a corporate member of Lloyd's, many risks to this Company's future cash flows arose from its participation in the results of Lloyd's syndicate. As detailed in Note 3 to the Financial Statements, these risks have been removed by the RITC and are limited to the Company's post Lloyd's underwriting activities.

**Responsibilities**

The Board, having considered section 172(1) Companies Act 2006, noted that the Company being a corporate member, the majority of the activities are carried out by the Syndicate in which it participates. Hence it has no employees, has one parent member and does not manage the business by reference to any environmental performance indicators, as they considered that a Lloyd's corporate member does not have a large adverse impact upon the environment. The Board has established a business ethos in which best practice was the required standard for all operations, both in the commercial interests of the business and to ensure regulatory compliance.

The Board are satisfied that any decisions taken are adequately challenged at the regular Board Meetings and throughout 2022 the Board will continue to review and challenge how they can foster business relationships with suppliers, customers and stakeholders.

This report was approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'D. C. [unclear]', with a long horizontal line extending to the right.

**For and on behalf of R&Q Central Services Limited**  
Company Secretary

28 September 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R&Q CAPITAL NO. 8 LIMITED**

**Opinion**

We have audited the financial statements of R&Q Capital No. 8 Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

**Emphasis of matter – closure of the 2019 and 2017 Years of account**

We draw attention to the basis of preparation set out in note 1.2 which explains that the 2019 and 2018 Years of account of Syndicate 5678 have closed. The Company has no further syndicate participations following the closure of these years. Accordingly, the financial statements have been prepared under a basis other than going concern.

Our opinion is not modified in respect of this matter.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R&Q CAPITAL NO. 8 LIMITED (continued)**

**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. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R&Q CAPITAL NO. 8 LIMITED (continued)**

**Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

- We obtained an understanding of the 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 the directors 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 of London byelaws as they relate to limited liability vehicles, UK GAAP and UK taxation regulations.
- 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;
  - A review of the minutes of the board meetings and other correspondence as we deemed appropriate; and
  - A review and testing of the system of controls established by management to ensure the accuracy of the Financial Statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R&Q CAPITAL NO. 8 LIMITED (continued)**

- 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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.

*Thomas 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: 20 November 2023**

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2022**  
**TECHNICAL ACCOUNT**

	Note	2022 £000	2021 £000
<b>Gross premiums written</b>	4	-	(1,407)
Outwards reinsurance premiums		-	171
<b>Net premiums written</b>		-	(1,236)
<b>Change in the Provision for unearned premiums</b>			
Gross provision	5	-	5,936
Reinsurers' share	5	-	(2,718)
<b>Earned premiums, net of reinsurance</b>		-	1,982
<b>Allocated investment return transferred from the Non-technical Account</b>		-	(405)
<b>Total Technical Income</b>		-	1,577
<b>Expenses</b>			
Gross claims paid	5	-	(45,039)
Reinsurers' share of gross claims paid	5	42,111	7,176
Claims paid, net of reinsurance		42,111	(37,863)
Movement in gross technical provisions	5	-	4,282
Movement in reinsurers' share of technical provisions	5	(42,111)	23,046
Net change in provisions for claims		(42,111)	27,328
Claims Incurred, net of reinsurance		-	(10,535)
Operating expenses	6	-	2,839
Other technical charges	7	(2,192)	(5,127)
<b>Total Technical Charges</b>		(2,192)	(12,823)
<b>Balance on Technical Account</b>		(2,192)	(11,246)

The Notes on pages 16 to 34 form part of these Financial Statements

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2022**  
**NON-TECHNICAL ACCOUNT**

	Note	2022 £000	2021 £000
<b>Balance on the Technical Account</b>		<b>(2,192)</b>	<b>(11,246)</b>
Investment income	8	428	2,309
(Losses)/gains on the realisation of investments	8	(2,782)	304
Unrealised losses on investments	8	(917)	(1,838)
Investment expenses and charges	8	(136)	(251)
Allocated investment return transferred to technical account		-	405
Other charges		(458)	(332)
Exchange gains		1,656	1,495
<b>Loss on Ordinary Activities before Taxation</b>	9	<b>(4,401)</b>	<b>(9,154)</b>
Taxation	10	-	(162)
<b>Loss on Ordinary Activities after Taxation</b>		<b>(4,401)</b>	<b>(9,316)</b>

The Notes on pages 16 to 34 form part of these Financial Statements

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Registered Number 5989679

Assets	Notes	2022 £000	2021 £000
<b>Non-current assets</b>			
Financial investments	11	13,263	160,643
Deposits with ceding undertakings		-	235
		<u>13,263</u>	<u>160,878</u>
<b>Current assets</b>			
<b>Reinsurers' share of technical provisions</b>			
Unearned premium	5	-	31
Claims outstanding	5	-	76,821
		-	<u>76,852</u>
<b>Debtors</b>			
Debtors arising out of insurance operations	12	-	2,678
Debtors arising out of reinsurance operations	12	-	14,045
Other debtors	13	2,492	22,417
		<u>2,492</u>	<u>39,140</u>
<b>Other assets</b>			
Cash at bank and in hand		74	4,077
Overseas deposits		-	8,511
		<u>74</u>	<u>12,588</u>
<b>Prepayments and accrued income</b>			
Deferred acquisition costs	5	-	58
Prepayments		17	1,908
		<u>17</u>	<u>1,966</u>
<b>Total assets</b>		<u>15,846</u>	<u>291,424</u>

The Notes on pages 16 to 34 form part of these Financial Statements

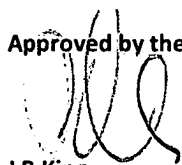
**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2022**

**Registered Number 5989679**

<b>Equity &amp; liabilities</b>	<b>Notes</b>	<b>2022 £000</b>	<b>2021 £000</b>
Called up share capital	15	-	-
Capital contributions		22,859	22,859
Share premium account	14	109,326	109,326
Profit and loss account		(128,187)	(123,786)
Shareholders' funds attributable to equity interests		3,998	8,399
<b>Liabilities</b>			
<b>Technical provisions</b>			
Unearned premium	5	-	366
Provision for claims outstanding	5	-	231,807
		-	232,173
<b>Provisions for other risks</b>			
Deferred taxation	16	-	-
<b>Creditors</b>			
Creditors arising out of direct insurance operations	17	-	1,260
Creditors arising out of reinsurance operations	17	-	16,464
Other creditors	18	11,837	32,736
		11,837	50,460
<b>Accruals and deferred income</b>		11	392
<b>Total liabilities</b>		11,848	283,025
<b>Total equity &amp; liabilities</b>		15,846	291,424

Approved by the Board on 28 September 2023



J B King  
Director

The Notes on pages 16 to 34 form part of these Financial Statements

**STATEMENT OF CHANGES IN EQUITY**  
As at 31 December 2022

£000	Called up Capital	Share Premium Account	Profit & Loss Account	Capital Contributions	Subordinated Loan	Total Equity
As at 1 January 2022	-	109,326	(123,786)	22,859	-	8,399
Share premium	-	-	-	-	-	-
Loss for the year	-	-	(4,401)	-	-	(4,401)
As at 31 December 2022	-	109,326	(128,187)	22,859	-	3,998
As at 1 January 2021	-	109,326	(114,470)	22,859	-	17,715
Share premium	-	-	-	-	-	-
Loss for the year	-	-	(9,316)	-	-	(9,316)
As at 31 December 2021	-	109,326	(123,786)	22,859	-	8,399

The Notes on pages 16 to 34 form part of these Financial Statements



## **NOTES TO THE FINANCIAL STATEMENTS**

### **General information**

The Company is a private company limited by shares that is incorporated in England and whose registered office is 71 Fenchurch Street, London, EC3M 4BS. The Company participated in insurance business as an underwriting member of Syndicate 5678 at Lloyd's until the completion of the RITC of Syndicate 5678 in June 2022.

### **1. Accounting Policies**

#### **1.1 Basis of Preparation**

The Financial Statements are prepared under the historical cost basis of accounting modified by the recognition of certain financial assets and liabilities measured at fair value.

The Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance. In accordance with FRS 103, the Company has applied existing accounting policies for insurance contracts.

No cash flow statement is presented since FRS 102 exempts the Company from the requirement to do so as the consolidated Financial Statements of Randall & Quilter Investment Holdings Ltd, the ultimate parent Company, include a cash flow statement.

Accounting information in respect of the Syndicate participation for prior years has been provided by the Syndicate's managing agent and has been reported upon by the Syndicate's auditors.

#### **1.2 Going Concern**

The Company participation as an underwriting member at Lloyd's ceased following the completion of the RITC, closing 2018 and 2019 years of account with Syndicate 5678. The Company has no further exposure to losses through its Lloyd's Syndicate participation as it has no remaining open or run-off years of account and therefore the Company is no longer a going concern.

The Company has net assets of £4.0m (2021: £8.4m) following the RITC and these assets are available to meet the Company's expenses as they fall due until the point where the Company will eventually be dissolved.

The Directors have a reasonable expectation that the Company has adequate resources to meet its underwriting and other operational obligations as they fall due. Accordingly, the financial statements have not been prepared on a going concern basis, however there is no effect on the valuation of the assets or liabilities of the Company.

#### **1.3 Basis of Accounting**

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 or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

2021 Comparative amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the Syndicate on which the Company participates.

## NOTES TO THE FINANCIAL STATEMENTS

### 1.3 Basis of Accounting (continued)

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicate's managing agent. Accordingly, these assets and liabilities have been shown separately in the balance sheet as "Syndicate Participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the Syndicate insurance creditors.

### 1.4 General Business

The information included in these Financial Statements in respect of the Syndicate has been supplied by the Managing Agent based upon the various accounting policies they have adopted. The following describes the policies they have generally adopted.

#### a) Premiums

Premiums written comprise the total premiums receivable in respect of business inception during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet received or notified to the syndicate on which the Company participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

#### b) Unearned Premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by the Syndicate is determined by the managing agent.

#### c) Deferred Acquisition Costs

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

#### d) Reinsurance Premiums

Outwards reinsurance premiums consist of the Company's share of the Syndicate's reinsurance premiums on the outwards contracts bound during the year.

#### e) Claims Incurred and Reinsurers' Share

Claims incurred includes the Company's share of Syndicate claims incurred and the Company's Member level excess of loss reinsurance recoveries from third party FAL providers. Claims incurred consists of claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by the syndicate's in-house reserving team and reviewed by external consulting actuaries. These techniques generally involve projecting from experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### e) **Claims Incurred and Reinsurers' Share (continued)**

The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly, the two most critical assumptions made by the syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition, the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of the Syndicate's managing agent. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

### f) **Unexpired Risks Provision**

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the balance sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after considering any relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant managing agent.

## NOTES TO THE FINANCIAL STATEMENTS

### g) Closed Years of Account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs. Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle any outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

### h) Run-off Years of Account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result, any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

### i) Net Operating Expenses (including Acquisition Costs)

Net operating expenses include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicate on which the Company participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date.

### j) Distribution of Profits and Collection of Losses

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

## NOTES TO THE FINANCIAL STATEMENTS

### k) Financial Instruments

The syndicate's investments comprise debt and equity-based investments, cash and cash equivalents and loans and receivables. The debt and equity-based investments of the syndicate participation are measured at fair value through profit or loss.

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

#### *Recognition*

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

#### *Initial measurement*

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

#### *Subsequent measurement*

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

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

Other debt instruments are measured at fair value through profit or loss.

#### *Derecognition of financial assets and liabilities*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### k) Financial Instruments (continued)

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value if there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique. For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

#### *Impairment of financial instruments measured at amortised cost or cost*

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

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

### l) Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the current value at that date.

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

### m) Basis of currency translation

The presentation and functional currency of the Company is Pound Sterling, which is the currency of the primary economic environment in which it operates.

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

Monetary assets and liabilities are translated into Pound Sterling at the rates of exchange at the financial reporting date.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1.5 Taxation**

The Company is taxed on its results including its share of underwriting results declared by the syndicate and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

The taxable results of the syndicate at a syndicate level are calculated by the managing agent and computations submitted to HM Revenue & Customs (HMRC). Any adjustments that may be necessary to the tax provisions established by the Company, as a result of any HMRC enquiry into these computations, will be reflected in the financial statements of subsequent periods.

### **1.6 Deferred Tax**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. Deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### **1.7 Cash and Cash Equivalents**

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

### **1.8 Share Capital**

Ordinary share capital is classified as equity.

### **1.9 Distributions**

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders.

## **2. Key accounting judgements and estimation uncertainties**

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. These 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Following the RITC the Company no longer has significant estimations or accounting judgements to consider.

**NOTES TO THE FINANCIAL STATEMENTS****3. Risk management**

This section summarises the financial risks the Company is exposed to.

**i. Liquidity risk**

The Company is exposed to calls on the available cash resources, principally for expenses, where cash may not be available to pay obligations when due. The Company has sufficient liquid assets available to meet expected costs falling in the next 12 months.

**ii. Interest rate and equity price risk**

Interest rate risk and equity price risk are the risks that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively. The Company seeks to minimise their exposure to these risks by maintaining an appropriate mix between equity and debt financial instruments, by investing in both fixed and floating rate investments, and by investing in a portfolio of high-quality equity investments across of range of unrelated sectors.

**iii. Currency risk**

The Company's main exposure to foreign currency risk arises from investments, primarily denominated in US dollars.

The table below provides details of Company's assets and liabilities by currency:

	<b>GBP</b>	<b>USD</b>	<b>EUR</b>	<b>CAD</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>2022</b>						
Net assets and (liabilities)	(10,003)	14,001	-	-	-	3,998
<b>2021</b>						
Net assets and (liabilities)	(88,673)	(21,131)	1,848	8,453	2,267	(97,236)

The impact of a 5% change in exchange rates between GBP and other currencies would be an increase or decrease of £0.7m on the result for the year (2021: £0.4m).

**iv. Regulatory risks**

The Company is subject to continuing approval by Lloyd's to be a member of Lloyd's. The risk of this approval being removed is mitigated by monitoring and complying with all requirements in relation to membership of Lloyd's. The capital requirements are subject to the requirements of Lloyd's. The key factor taken into account by Lloyd's in setting these requirements revolve around ensuring remaining funds at Lloyds are sufficient to cover any remaining liabilities of the Corporate Member following the RITC.

**iv. Operational risks**

As there are relatively few transactions undertaken by the Company there are only limited systems and operational requirements of the Company and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Company's key decision making and the fact that most of the Company's operations are conducted by the syndicate, provides control over any remaining operational risks.



## NOTES TO THE FINANCIAL STATEMENTS

## 3. Risk management (continued)

## v. Operational risks

As there are relatively few transactions undertaken by the Company there are only limited systems and operational requirements of the Company and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Company's key decision making and the fact that most of the Company's operations are conducted by the syndicate, provides control over any remaining operational risks.

## 4. Class of Business

The following tables reflects the Company's Syndicate participation for the 2021 comparative year, split by class of business and excludes Corporate Member level income and expenses.

2021	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Accident & health	421	890	2,697	(315)	(1,494)	1,778
Aviation	-	-	(1)	-	-	(1)
Fire and property damage	(422)	(128)	43	91	45	51
Marine	-	(2)	(137)	13	12	(114)
Motor (other classes)	1	2	(180)	7	2	(169)
Motor (third party liability)	-	-	(17)	4	-	(13)
Energy marine	-	-	-	-	-	-
Energy non-marine	-	-	21	1	-	22
Pecuniary loss	(838)	(816)	3,393	303	(1,228)	1,652
Third party liability	(1,171)	2,394	(17,417)	620	(1,296)	(15,699)
Transport	-	-	30	1	5	36
<b>Direct insurance</b>	<b>(2,009)</b>	<b>2,340</b>	<b>(11,568)</b>	<b>725</b>	<b>(3,954)</b>	<b>(12,457)</b>
<b>Reinsurance</b>	<b>602</b>	<b>2,189</b>	<b>(29,189)</b>	<b>2,114</b>	<b>(1,684)</b>	<b>(26,570)</b>
<b>Total</b>	<b>(1,407)</b>	<b>4,529</b>	<b>(40,757)</b>	<b>2,839</b>	<b>(5,638)</b>	<b>(39,027)</b>

All insurance business in 2021 was underwritten in the United Kingdom in the Lloyd's insurance market. Consequently, all insurance contracts were deemed to be concluded in the United Kingdom.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. Technical provisions

## Claims outstanding

2022	Gross £000	Reinsurers' Share £000	Net £000
At 1 January 2022	231,807	(76,821)	154,986
Claims RITC in the year	(231,807)	34,710	(197,097)
Claims paid during the year	-	42,111	42,111
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

2021	Gross £000	Reinsurers' Share £000	Net £000
At 1 January 2021	235,554	(54,019)	181,535
Claims incurred in the year	40,757	(30,222)	10,535
Claims paid during the year	(45,039)	7,176	(37,863)
Foreign exchange	535	244	779
<b>At 31 December 2021</b>	<b>231,807</b>	<b>(76,821)</b>	<b>154,986</b>

## Provision for unearned premiums

2022	Gross £000	Reinsurers' Share £000	Net £000
At 1 January 2022	366	(31)	335
Unearned premium RITC in the year	(366)	31	(335)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

2021	Gross £000	Reinsurers' Share £000	Net £000
At 1 January 2021	6,346	(2,767)	3,579
Premiums written in the year	(1,407)	171	(1,236)
Premiums earned in the year	(4,529)	2,547	(1,982)
Foreign exchange	(44)	18	(26)
<b>At 31 December 2021</b>	<b>366</b>	<b>(31)</b>	<b>335</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 5. Technical provisions (continued)

Deferred acquisition costs	2022 £000	2021 £000
At 1 January	58	1,561
Movement in deferred acquisition costs	-	(1,493)
Foreign exchange	-	(10)
Deferred acquisition costs RTIC	(58)	-
At 31 December	-	58

## Assumptions, changes in assumptions and sensitivity

As described in Note 3, most risks to the Company's future cash flows arise from liquidity and currency risk of the Company's assets. The assumptions and sensitivity related to insurance risk has been removed.

The final gross and net claims development prior to RTIC were as follows:

## Gross claims development 31 December 2021

Underwriting Year	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years	After 8 years	Cumulative paid	Total reserves
2014	913	2,207	3,000	2,375	1,722	1,627	1,627	1,506	1,493	14
2015	5,757	11,724	12,610	11,007	12,387	13,528	13,250		7,642	5,608
2016	18,823	35,580	32,996	35,202	34,012	35,124			25,830	9,294
2017	68,345	104,949	115,306	112,434	114,482				90,474	24,008
2018	41,922	94,958	99,070	128,356					60,030	68,325
2019	43,130	108,508	117,827						37,429	80,398
2010 & Prior years										44,160
										231,807

## Net claims development 31 December 2021

Underwriting Year	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years	After 8 years	Cumulative paid	Total reserves
2014	727	2,019	2,885	2,226	1,687	1,618	1,695	1,823	1,493	330
2015	4,671	11,141	12,017	10,766	11,046	12,264	11,987		7,643	4,344
2016	16,364	31,300	29,627	31,859	31,156	32,433			23,276	9,157
2017	47,283	81,009	91,365	89,331	89,778				68,338	21,440
2018	35,006	79,640	84,070	113,328					51,813	61,515
2019	34,137	82,088	91,797						30,442	61,355
2010 & Prior and member level reinsurance recoveries										38,956
										197,097

**NOTES TO THE FINANCIAL STATEMENTS**

<b>6. Net Operating Expenses</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Acquisition costs	-	(1,660)
Change in deferred acquisition costs	-	(1,493)
Administrative and Personal expenses	-	5,992
	<u>-</u>	<u>2,839</u>

The release of the run-off provision held following agreement of the RITC has produced a credit in the administration and net operating expenses within the technical account for 2021.

<b>7. Other technical charges</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Letters of credit fees	(265)	(837)
Charges related to the provision and guaranteeing Funds at Lloyd's	<u>(1,927)</u>	<u>(4,290)</u>
	<u>(2,192)</u>	<u>(5,127)</u>

The above costs were incurred in the provision and the guaranteeing of Funds at Lloyd's.

<b>8. Investment Income</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Income from other financial investments	428	2,309
Net (losses)/gains on realisation of investments		
Fair value through profit or loss designated upon initial recognition	<u>(2,782)</u>	<u>304</u>
Total investment income	<u>(2,354)</u>	<u>2,613</u>
Net unrealised losses on investments		
Financial instruments at fair value through profit and loss	(917)	(1,838)
Investment expenses and charges	<u>(136)</u>	<u>(251)</u>
Total investment return	<u>(3,407)</u>	<u>524</u>

**NOTES TO THE FINANCIAL STATEMENTS**

<b>9. Profit/(Loss) on Ordinary Activities before Taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
This is stated after charging:		
Directors' remuneration	-	-
Auditors' remuneration - audit of the Financial Statements	11	11
Exchange (gain) or loss – Syndicate participation	-	123
Exchange (gain) or loss – Corporate member level	(1,656)	(1,618)
	<hr/>	<hr/>

The Company has no employees. Director's costs and other expenses were borne by a fellow group undertaking.

<b>10. Taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of (credit)/charge in the year</b>		
<b>Current tax:</b>		
Group relief payable/(receivable)	-	-
Prior year adjustment	-	164
Total current tax	<hr/> -	<hr/> 164
<b>Foreign tax</b>	-	(2)
<b>Deferred tax:</b>		
Origination/reversal of timing differences	-	-
Effect of change in tax rate	-	-
Total deferred tax	<hr/> -	<hr/> -
Tax charge/(credit) for the year	<hr/> -	<hr/> 162

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Taxation (continued)

	2022 £000	2021 £000
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:		
Loss on ordinary activities before tax	(4,401)	(9,154)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(836)	(1,739)
Effects of:		
Adjustment in respect of prior period	-	164
Foreign tax	-	(2)
Impact of change in tax rate	-	-
Deferred tax not recognised	836	1,739
Tax charge/(credit) for the year	-	162

**Factors that may affect future tax charges**

The Company has trading losses of £124,201k (2021: £106,757k) available for carry forward against future profits, which if utilised, should reduce tax payments in subsequent years. No deferred tax asset has been provided for these losses due to uncertainty regarding its recoverability.

In the Finance Bill 2021, it was announced that the main rate of corporation tax would increase to 25% from April 2023. The Company's 2022 results are taxed at 19% for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

## 11. Investments

	2022		
	Market value £000	Cost £000	Listed £000
Shares and other variable yield securities and units in unit trusts	10,538	13,000	-
Debt securities and other fixed income securities designated at fair value through profit or loss	2,725	3,988	2,568
Loans and deposits with credit institutions	74	82	-
	<u>13,337</u>	<u>17,070</u>	<u>2,568</u>

	2021		
	Market value £000	Cost £000	Listed £000
Shares and other variable yield securities and units in unit trusts	25,157	23,550	24,682
Debt securities and other fixed income securities designated at fair value through profit or loss	133,583	132,687	133,583
Loans and deposits with credit institutions	1,903	1,903	-
	<u>160,643</u>	<u>158,140</u>	<u>158,265</u>

The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: prices based on recent transactions in identical assets.

Level 3: prices determined using a valuation technique.

	2022		
	Level 1 £000	Level 2 £000	Level 3 £000
Shares and other variable yield securities and units in unit trusts	-	10,538	-
Debt securities and other fixed income securities	2,725	-	-
Loans and deposits with credit institutions	74	-	-
Total	<u>2,799</u>	<u>10,538</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 11. Investments (continued)

	2021			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	14,411	10,271	475	25,157
Debt securities and other fixed income securities	30,364	103,219	-	133,583
Loans and deposits with credit institutions	1,903	-	-	1,903
Total	<u>46,678</u>	<u>113,490</u>	<u>475</u>	<u>160,643</u>

## 12. Debtors arising out of Direct Insurance and Reinsurance Operations

	2022	2021
	£000	£000
<b>Direct Insurance operations</b>		
Due from intermediaries	<u>-</u>	<u>2,678</u>
	2022	2021
	£000	£000
<b>Reinsurance operations</b>		
Due from ceding insurers and intermediaries under reinsurance business	-	3,436
Due from reinsurers and intermediaries under reinsurance contracts ceded	<u>-</u>	<u>10,609</u>
	<u>-</u>	<u>14,045</u>

There were no debtors arising out of direct or reinsurance operations falling due after more than one year.

## 13. Other debtors

	2022	2021
	£000	£000
Deferred tax	-	-
Amounts due from group companies	2,472	-
Other	<u>20</u>	<u>22,417</u>
	<u>2,492</u>	<u>22,417</u>



NOTES TO THE FINANCIAL STATEMENTS

14. Share premium account

	2022 £000	2021 £000
Share premium account	<u>109,326</u>	<u>109,326</u>
	<u>109,326</u>	<u>109,326</u>

15. Called-up Share Capital

	2022 Allotted, called-up and fully paid £	2021 £
9 Ordinary shares of £1 each	<u>9</u>	<u>9</u>

There are no rights or restrictions regarding dividends and repayment of capital.

16. Provision for Deferred Tax

	2022 £000	2021 £000
Opening balance	-	-
Origination and reversal of timing differences	-	-
Impact of reduction in corporation tax rate	-	-
	<u>-</u>	<u>-</u>

The Company has an unrecognised net deferred tax asset of £31,050k (2021: £38,565k) in respect of unused Company tax losses carried forward of £124,202k (2021: £154,259k). Deferred tax assets have been assessed at a rate of 25%.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. Creditors arising out of Direct Insurance and Reinsurance Operations

	2022 £000	2021 £000
Creditors arising out of direct insurance operations		
Due to intermediaries within one year	-	1,260
Creditors arising out of reinsurance operations		
Reinsurance ceded	-	16,414
Reinsurance accepted	-	50
	-	16,464

## 18. Other creditors including tax and social security

	2022 £000	2021 £000
Amounts owed to Group companies	11,829	31,254
Other	8	1,482
	11,837	32,736

Amounts owed to Group companies includes a cash call held by the Syndicate on behalf of the Company for £21,875k in 2021 year.

## 19. Related Party Transactions

The Company has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102 and does not disclose details of transactions with other companies which are wholly owned by the group.

There are no other related party transactions to disclose.

## 20. Funds at Lloyd's

Following the RITC, the Company is still required to hold funds at Lloyd's in order to meet any future liabilities which may arise following the cessation of participation in Lloyd's underwriting. The Company holds funds at Lloyd's of £74.5m (2021: £150.5m) as valued by Lloyd's. This comprises £13.6m (2021: £48.2m) held in the Company's name and £60.9m (2021: £102.3m) which has been provided by third party FAL providers.

The Company has entered into a Lloyd's Deposit Trust Deed which gives the Corporation of Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicate and any residual liabilities following the RITC completion. 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 and associated post RITC liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**

**21. Ultimate Group Undertaking and Ultimate Controlling Party**

The immediate parent undertaking is Randall & Quilter II Holdings Limited, a company registered in England and Wales.

Group financial statements are prepared by the ultimate parent undertaking, R&Q Insurance Holdings Ltd, a company registered in Bermuda, and can be obtained from 71 Fenchurch Street, London, EC3M 4BS.

The Directors are of the opinion that there is no ultimate controlling party.