

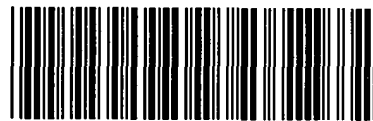
ANNUAL REPORT AND FINANCIAL STATEMENTS

AXIS MANAGING AGENCY LTD

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company Registration No. 08702952

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**AXIS MANAGING AGENCY LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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AXIS MANAGING AGENCY LIMITED

OFFICERS AND OTHER INFORMATION

DIRECTORS	Stephen Cane (Chairman)* Tadeusz Dziurman* Mark Gregory Tim Hennessy Fintan Mullarkey Tom Rivers (resigned 30 July 2021) Alistair Robson Elanor Hardwick* James Mollett Seema Bradbury (appointed 19 November 2021) Ann Haugh (appointed 19 January 2022)	* Independent Non-Executive
SECRETARY	Kelly Lawrence 52 Lime Street London EC3M 7AF United Kingdom	
REGISTERED OFFICE	52 Lime Street London EC3M 7AF United Kingdom	
PRINCIPAL BANKERS	Citibank NA Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom	
SOLICITORS	Willkie Farr & Gallagher (UK) LLP Citypoint 1 Ropemaker Street London EC2Y 9AW United Kingdom	
STATUTORY AUDITOR	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom	

STRATEGIC REPORT

The directors present the strategic report for AXIS Managing Agency Ltd (the Company or AMAL) for the financial year ended 31 December 2021. The Company is registered in England and Wales with registration number 08702952.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of AXIS Specialty UK Holdings Limited (ASUKHL). It was incorporated on 24 September 2013 in the UK as a private limited liability company to act as a services company for related group undertakings. On 21 February 2017 the Company changed its name to AXIS Managing Agency Ltd. It was formerly known as AXIS UK Corporate Services Limited.

On 14 July 2017, the Company received regulatory approval from the Lloyd's Franchise Board, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) to operate as the managing agent for Syndicate 1686. Effective 4 August 2017, the Company assumed all managing agent responsibilities for Syndicate 1686 (the Syndicate).

On 8 January 2018, AXIS Capital Holdings Limited (ACHL) announced that it had received authorisation from Lloyd's for AMAL to commence the management and oversight of Syndicate 2007 and Special Purpose Arrangement (SPA) 6129. The authorisation became effective 1 January 2018, and created a single managing agent structure for AXIS' operations at Lloyd's.

Effective 1 January 2019, Syndicate 2007, was placed into run-off. Management consolidated its Lloyd's business into Syndicate 1686 with all AXIS Lloyd's sourced business now transacting through Syndicate 1686.

Following the closure of Syndicate 2007 and Syndicate 6129 effective 1 January 2021, the assets and liabilities of Syndicate 2007 and Syndicate 6129 transferred into Syndicate 1686 as part of a planned reinsurance to close (RITC) transaction. Syndicate 1686 therefore remains the sole live syndicate under AMAL management in 2021.

The Company reported a profit after taxation of USD 0.05m for the year ended 31 December 2021 (2020: profit of USD 0.76m).

COVID-19

As a result of COVID-19 the AXIS Capital group of companies (AXIS) have successfully implemented business continuity plans to ensure that it will continue to operate effectively and fulfil its regulatory obligations, ensuring the safety and well-being of its employees, the continued support of and engagement with its clients and service providers. The robust nature of its remote working tools, and the positive engagement of all stakeholders has allowed AXIS to continue to trade effectively in all relevant markets. AXIS have robust governance structures and processes in place, which support the on-going monitoring of its solvency and liquidity position based on the latest available information.

CLIMATE CHANGE

AXIS remains focused on addressing the impact of climate change. AXIS has initiated a Climate Change Working Group, which includes AMAL representation, to ensure that the potential risks from climate change are identified and then managed in line with the standard risk management framework. The Company has additionally developed a plan to ensure that the exposures in its managed syndicate are systematically assessed and well monitored as appropriate.

AXIS Capital's policy limiting thermal coal and oil sands underwriting and investment went into effect on 1 January 2020. Further details on Group wide energy and carbon reduction initiative has been documented in the Corporate Citizenship section of the AXIS Capital Holdings Annual Report which can be obtained from the Company website.

The Company is required to address the energy reporting requirements in relation to streamlined energy and carbon reporting. These reporting requirements for the Company have been consolidated within the Streamlined energy and carbon reporting section of the AXIS Specialty UK Holdings Limited annual accounts.

KEY PERFORMANCE INDICATORS

The key performance indicators during the year were as follows:

	2021	2020
	USD'000	USD'000
Capacity under management	1,353,363	1,353,363
Management fee as a % of capacity	0.025 %	0.025 %
Operating Profit	48	762

The management fee for 2022 will remain at 0.025% of the Syndicate's capacity, unchanged from 2021. The management charge reflects an appropriate amount to maintain the Managing Agency's capital at a sufficient level going forward. Current disclosure is consistent with the size and complexity of the business of the Company.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks are credit, operational and liquidity risk.

Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. The management of credit risk comprises the identification, assessment and controlling of the relevant risks and includes monitoring of compliance with the Company's risk management standards, including various risk tolerance limits. The Company's largest credit risk exposure relates to the intercompany receivables. Intercompany receivables are settled on a quarterly basis, in line with the underlying intercompany agreement.

Operational risk

Operational risk represents the risk of financial loss as a result of inadequate processes, system failures, human error or external events. Transaction type operational risks are managed through the application of process controls throughout the business which are reviewed on a regular basis. In testing these controls, the managing agent undertakes regular underwriting and claim peer audits, supplemented by the work of our internal audit team. A risk register, capturing all known significant operational risks faced by the Company and the associated risk assessments, is periodically reviewed by the Risk Committee of the Board.

Within Operational risk, the managing agent also considers Regulatory risk, defined as is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The managing agent is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. The managing agent has a compliance officer who monitors business activity and regulatory developments and assesses any effects on the agent.

The Company has no appetite for failing to treat customers fairly. The Company manages and monitors its conduct risk through a suite of risk indicators and reporting metrics as part of its documented conduct risk framework.

Brexit

The UK and the EU agreed a Brexit Withdrawal Agreement whereby the UK officially left the EU on 31 January 2020. The agreement provided a transition period that lasted until 31 December 2020. On 24 December 2020 the EU and UK agreed on the terms of the EU-UK Trade and Co-operation Agreement, which governs the new relationship between the UK and EU. The Agreement came into effect on 1 January 2021.

Following the UK's exit from the European Union, Lloyd's have remained committed to doing business with their European partners. From 1 January 2019 Lloyd's have written EEA risks through Lloyd's Brussels, an EU subsidiary, to ensure continued access to EU business via this platform. The Syndicate completed its Part VII transfer on 30 December 2020 ensuring that all insurance and reinsurance policies can continue to be serviced by the Lloyd's market.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. The Company aims to ensure it maintains adequate resources to meet its liquidity needs under both normal and stressed conditions. To achieve this, the Company assesses, monitors and manages its liquidity needs on an ongoing basis. In particular, the Company ensures the matching of its assets and liabilities with respect to duration and other terms and conditions.

EVENTS SINCE FINANCIAL YEAR END

There have been no significant events affecting the Company since the financial year end. There are also no future developments impacting the Company. At present, the Company has no material negative operating impact resulting from war, acts of terrorism, political unrest and geopolitical instability in many regions of the world, including but not limited to, events related to the recent Russian invasion of Ukraine. The Company is closely monitoring the situation and complying with the requirements of the various sanction regimes.

SECTION 172 STATEMENT

The directors act in accordance with their duty under section 172 of the Companies Act 2006 in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to:

- the likely consequences of any decision in the long term; and
- the need to foster the company's business relationships.

AMAL is a member of the AXIS Capital group of companies. AMAL operates in line with local laws and regulations in delivering the strategy of its holding company, AXIS Capital Holdings Limited, to which it regularly reports matters that affect the group. To ensure consistent standards, AXIS Capital applies group-wide policies across all of its subsidiaries and business operations.

STRATEGIC REPORT

AMAL adopts these policies either directly or (where local laws and regulations need to be addressed) within its own board approved policies. The company does not have any employees and has no material external customers or suppliers other than the regulatory bodies with which it engages.

The AMAL Board is responsible for leading and directing AMAL and for ensuring that it meets its legal and regulatory requirements.

Its activities include:

- approving and overseeing implementation of AXIS Capital group's strategy for operating at Lloyd's;
- approving and monitoring performance against the business plan of AMAL's managed syndicate;
- approving AMAL's risk-management framework;
- approving and overseeing AMAL's governance;
- approving AMAL's policies; and
- compliance with the prescribed Lloyd's minimum standards.

The AMAL directors are committed to the strategic vision and goals of its ultimate parent company. In supporting the AXIS group, AMAL directors work to create value ensuring a robust and effective governance and risk management framework is implemented and monitored on a regular basis. The Board meets on a quarterly basis and additionally when required to review and approve business plans, monitor performance, address longer term strategic decisions and changes to the regulatory environment that it operates in. The Board receives information from all key functions of the business allowing the directors to fully understand performance and ensure the implementation of group strategy.

The AMAL directors are fully engaged with its regulators, the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and Lloyd's to ensure the company operates within the prescribed standards. The directors keep abreast of changing regulatory requirements to ensure the company is fully compliant.

This report was approved by the Board of Directors on 11 May 2022 and signed on its behalf by:



Kelly Lawrence
Company Secretary
Date: 26 May 2022

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2021.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Following the implementation of business continuity plans, COVID-19 has not materially impacted the ability of AMAL to operate as required. Further details regarding the adoption of the going concern basis can be found in Note 1.

The Company's principle risks are detailed in the strategic report.

DIVIDENDS

No dividend payment was proposed for the year (2020: nil).

EVENTS SINCE FINANCIAL YEAR END

Details regarding significant events affecting the Company since the financial year end can be found on page 4.

DIRECTORS AND THEIR INTERESTS

Details of the directors of the Company that served during the year end up to the date of signing of the financial statements are provided on page 2. Unless indicated the directors served for the entire year. In accordance with the Articles of Association the existing directors shall continue in office until resignation or removal.

Changes to the directors were as follows:

Tom Rivers	Resigned	30 July 2021
Seema Bradbury	Appointed	19 November 2021
Ann Haugh	Appointed	19 January 2022

No director had any interest in the share capital of the Company at any time during the year.

DIRECTORS INDEMNITY

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director of the managing agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Syndicate auditors in connection with the auditor's report, of which the auditors are unaware. Each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

AUDITORS

Deloitte LLP acted as the Company's auditors during the year under review. In accordance with the Companies Act 2006, the auditors will be deemed reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the Board of Directors on 11 May 2022 and signed on its behalf by:



James Mollett
Director
Date: 26 May 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information published by the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AXIS Managing Agency Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulations under Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA'), the Financial Services and Markets Act 2000 ('FSMA') and the Lloyd's Underwriting Byelaw (No.2 of 2003).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Andrew Downes, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 May 2022

AXIS MANAGING AGENCY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Year Ended 31 December 2021 USD '000	Year Ended 31 December 2020 USD '000 Restated
	Notes		
Turnover	2	89,004	77,557
Investment income		7	121
Net operating expenses	4	(88,935)	(76,755)
		<u>76</u>	<u>923</u>
PROFIT BEFORE TAXATION			
		76	923
Taxation on profit	5	(28)	(161)
		<u>48</u>	<u>762</u>
PROFIT AFTER TAXATION			

There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

All of the results are derived from continuing operations. The accompanying notes form an integral part of the financial statements.

AXIS MANAGING AGENCY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021 USD '000	2020 USD '000
ASSETS			
Cash at bank and in hand		20,561	26,688
Other debtors	6	32,124	25,058
Intangible assets	7	5,094	733
Tangible assets	8	981	1,125
TOTAL ASSETS		58,760	53,604
Capital, reserves and liabilities			
Called-up share capital	9	1,000	1,000
Capital contribution	9	9,100	9,100
Profit and loss account		23,700	23,652
TOTAL SHAREHOLDER'S FUNDS		33,800	33,752
LIABILITIES			
Creditors: amounts falling due within one year	10	24,950	19,852
Accruals		10	—
		24,960	19,852
TOTAL CAPITAL, RESERVES AND LIABILITIES		58,760	53,604

These financial statements were approved by the Board of Directors on 11 May 2022.

Signed on behalf of the Board of Directors



James Mollett
Finance Director

26 May 2022

AXIS Managing Agency Ltd
Registered No. 08702952

AXIS MANAGING AGENCY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share Capital USD '000	Capital Contribution USD '000	Profit and Loss USD '000	Total USD '000
As at 1 January 2020	1,000	9,100	22,890	32,990
Total comprehensive income	—	—	762	762
As at 31 December 2020	1,000	9,100	23,652	33,752
Total comprehensive income	—	—	48	48
As at 31 December 2021	1,000	9,100	23,700	33,800

AXIS MANAGING AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) and applicable law of England and Wales. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

The Company has taken advantage of the disclosure exemptions available under FRS 102 paragraph 1.12 in respect of presentation of a cash-flow statement, and section 11 and 12 in relation to requirements for certain financial instrument disclosures on the basis that it is a qualifying entity and is consolidated into the financial statements of its parent Company, AXIS Capital.

The financial statements are presented in thousands of US Dollars (USD '000) unless otherwise stated.

Restatement of 2020 figures

In the 2020 financial statements net operating expenses were presented as administrative expenses and foreign exchange gains and losses. In 2021 these have been aligned with FRS 102. As such, total administrative expenses and foreign exchange gains and losses have been presented as net operating expenses in the statement of profit or loss with a detailed breakdown disclosed in Note 4. The 2020 comparatives have been aligned with the 2021 disclosure. This restatement is a reclassification only and impacts the statement of profit or loss and Note 4.

Going concern

The Company's business activities, performance and position along with the objectives, policies and processes for managing its principal risks and uncertainties are set out in the strategic report. The principal activity of the company is to act as Managing Agent to Syndicate 1686.

The Company's forecasts and projections show that there is no material uncertainty regarding the Company's ability to meet its liabilities as they fall due. Furthermore, following the implementation of business continuity plans, COVID-19 has not materially impacted the ability of AMAL to operate as required. As such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash at bank

Cash consists of cash at bank.

Turnover

Turnover represents a management fee from the Syndicate, together with the recovery from the Syndicate of administrative expenses incurred by the Company on its behalf. All turnover originates in the United Kingdom.

Intra-Group funding

The Company generates income through the charging of a managing agent fee to the Syndicate, together with the recharging of its costs and is therefore dependent on funding from other group companies. Intercompany receivables and payables are settled in line with the underlying intercompany agreement and are disclosed within current assets and current liabilities respectively.

Administration expenses

Administration expenses are recognised on an accruals basis.

Tangible assets

All tangible fixed assets are stated at cost less depreciation. The Company provides depreciation at cost less the estimated residual value in equal annual instalments over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows:

Computer equipment	3 years
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Intangible assets

The capitalisation and categorisation of certain expenses as intangible assets on the AMAL balance sheet is related to costs incurred by the AXIS Group regarding the in-house development or customisation of bespoke computer software. The Work in Progress account balance relates entirely to capitalised software costs. The capitalised costs are driven by invoices and labour costs allocated to specific projects. These are managed projects with planned delivery dates and are amortised over a period of time, in line with a fixed end date based on the estimated useful economic life. The majority of these projects are amortised over a period of 60 months, in line with the Business Technology Services assessment of the useful life of the software and standard AXIS Group accounting policy.

The Company tests for impairment of intangible assets with finite lives if conditions exist that indicate the carrying value may not be recoverable. These indicators are damage, obsolescence and/or declining selling prices.

AXIS MANAGING AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

Taxation

Current UK corporation tax is provided on amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

The functional and presentation currency of the Company is US Dollar (USD).

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the prevailing rate of exchange ruling at the balance sheet date and revenues and costs are converted at the rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies have been recorded at historical rates.

Profits and losses arising from foreign currency transactions and on settlement of accounts receivable and payable in foreign currencies are recognised in the profit and loss account.

Critical accounting judgments and sources of estimation uncertainty

In the application of accounting policies, judgments, estimates and assumptions are required regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There were no significant accounting judgements made during the year.

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. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. TURNOVER

Turnover represents a management fee of 0.025% of Syndicate 1686's capacity (2020: 0.025%), together with the recovery from Syndicate 1686 of administrative expenses incurred by the Company on its behalf.

	2021 USD '000	2020 USD '000
Lloyd's underwriting agency fees	310	256
Recharged expenses	88,694	77,301
	<u>89,004</u>	<u>77,557</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2020: nil).

The executive directors are employees of related group companies. The directors received total remuneration (including pension contributions) of USD 5.6m (2020: USD 6.0m) from related group companies during the year.

It is not practicable to allocate this between their services as executives of group companies and their services as directors of the Company.

The aggregate remuneration (including pension contributions) of the highest paid director was USD 2.0m (2020: USD 1.7m).

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4. NET OPERATING EXPENSES

	2021	2020
	USD '000	USD '000
		Restated
Administrative expenses	(88,929)	(77,439)
Foreign exchange (losses) / gains	(6)	684
Net operating expenses	(88,935)	(76,755)

The restatement of 2020 figures is detailed in note 1. As at 31 December 2020, administrative expenses and foreign exchange gains and losses were presented separately within the statement of profit or loss. These have been reclassified as net operating expenses in the statement of profit or loss to align with presentation as at 31 December 2021.

	2021	2020
	USD '000	USD '000
Fees paid to the Company's auditor:		
for the statutory audit of the financial statements during the year	14	13
for audit related services	7	6
	<u>21</u>	<u>19</u>

5. TAXATION ON PROFIT

	2021	2020
	USD '000	USD '000
Current tax	(151)	162
Deferred tax movement	179	(1)
Corporation tax	<u>28</u>	<u>161</u>

The current tax charge for the year is as expected from applying the standard rate of UK corporation tax to the profit before tax as outlined below:

	2021	2020
	USD '000	USD '000
Profit before tax	<u>76</u>	<u>923</u>
Profit multiplied by the standard rate of UK corporation tax of 19% (2020: 19%)	14	175
Effects of:		
Expenses not deductible for tax purposes	—	(14)
Adjustment to tax charge in respect of previous financial years	<u>(165)</u>	<u>—</u>
Current tax	<u>(151)</u>	<u>161</u>

On 3 March 2021, the Chancellor announced that the corporate tax rate will be increasing to 25% from 1 April 2023.

6. OTHER DEBTORS

	2021	2020
	USD '000	USD '000
Amounts receivable within one year		
Amounts owed by group undertakings	32,044	24,767
Other debtors	<u>80</u>	<u>291</u>
	<u>32,124</u>	<u>25,058</u>

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7. INTANGIBLE ASSETS

Included in intangible assets are capitalised project costs that are work in progress as at 31 December 2021. The capitalised costs are driven by invoices and labor costs allocated to the Company. The project costs relate to the Syndicate and will be recharged to the Syndicate as they are expensed to the profit and loss account.

Software projects	2021	2020
	USD'000	USD'000
Cost		
At beginning of financial year	515	—
Additions	803	515
Disposals	—	—
At end of financial year	1,318	515
Amortisation		
At beginning of financial year	260	—
Charge	147	260
Disposals	—	—
At end of financial year	407	260
Net Book Value at end of financial year	911	255
Work in progress	2021	2020
	USD'000	USD'000
Cost		
At beginning of financial year	478	—
Additions	3,705	478
Disposals	—	—
At end of financial year	4,183	478
Net Book Value at end of financial year	4,183	478

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8. TANGIBLE ASSETS

	2021	2020
	USD'000	USD'000
Computer equipment		
Cost		
At beginning of financial year	1,461	—
Additions	379	1,461
Disposals	—	—
At end of financial year	1,840	1,461
Accumulated depreciation		
At beginning of financial year	336	—
Charge	523	336
Disposals	—	—
At end of financial year	859	336
Net Book Value at end of financial year	981	1,125

9. CALLED UP SHARE CAPITAL AND CAPITAL CONTRIBUTION

	2021	2020
	USD '000	USD '000
Authorised		
Ordinary shares of USD 1 each	1,000	1,000
Called up, allotted and fully paid		
Ordinary shares of USD 1 each	1,000	1,000

On 7 January 2014, the Company received USD 0.1m from AXIS Specialty UK Holdings Limited (ASUKHL) in return for 100,000 ordinary shares at USD 1 each.

On 24 April 2017, the Company received USD 0.9m from ASUKHL in return for an additional 900,000 ordinary shares at USD 1 each, thus increasing the paid up share capital to USD 1.0m. On the same date, the Company received a capital contribution of USD 9.1m from ASUKHL.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	USD '000	USD '000
Amounts falling due within one year		
Amounts owed to Group undertakings	24,673	17,201
Taxes payable	33	2,651
Other creditors	244	—
	24,950	19,852

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11. FINANCIAL COMMITMENTS

The Company had no operating lease commitments or other relevant financial commitments as at 31 December 2021 (2020: nil).

12. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the financial year end other than those highlighted in the Strategic Report.

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemption available in FRS 102 Section 33. All related party transactions are with entities that are wholly owned by the ultimate parent.

14. ULTIMATE PARENT COMPANY

The directors regard AXIS Capital Holdings Limited (ACHL), a company incorporated in Bermuda, as the ultimate parent company and ultimate controlling party. The smallest and largest group into which the financial statements of AXIS Managing Agency Ltd are consolidated is ACHL. Copies of the group financial statements may be obtained from ACHL, AXIS House, 92 Pitts Bay Road, Pembroke, HM08, Bermuda.