

PROBITAS CORPORATE CAPITAL LIMITED

ANNUAL REPORT

**FOR THE YEAR ENDED
31 DECEMBER 2021**

09670378

FRIDAY



AB7SI44P

A10

08/07/2022

#358

COMPANIES HOUSE

PROBITAS CORPORATE CAPITAL LIMITED
09670378

CONTENTS

	PAGE
Company Information	3
Strategic Report	4-7
Directors' Report	8-9
Independent Auditor's Report	10-13
Income Statement Technical Account - General Business.....	14
Income Statement Non-Technical Account.....	15
Statement of Comprehensive Income	16
Statement of Changes in Equity.....	17
Statement of Financial Position	18-19
Statement of Cash Flows	20
Notes to the Financial Statements	21-41

PROBITAS CORPORATE CAPITAL LIMITED
09670378

COMPANY INFORMATION

Directors

A Bathia
N C Bacon
J L Gourgeon
N Pieries

Secretary

L Gaing-Delee (resigned 7 May 2022)

Registered Office

21 Lime Street
London
EC3M 7HB
United Kingdom

Registered Number

09670378

Auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU
United Kingdom

STRATEGIC REPORT

Principal Activities

Probitas Corporate Capital Limited ("the Company") is a limited company registered in the United Kingdom and is an authorised corporate member of Lloyd's of London. The Company's sole activity is to invest in Syndicate 1492.

Result and dividends

The Company made a profit after tax for the year of US\$15.2m (2020: profit US\$6.8m) as set out on page 15 of the financial statements. No dividends were paid or declared during the period.

Review of the Business

The Company owned 61.7% of the 2021 capacity (2020: 59.8%; 2019: 83.3%) of Syndicate 1492, a syndicate whose managing agency is PMA (formerly, Capita Managing Agency Limited ("CMA")). Gross premium income of the Syndicate for 2019 underwriting year was \$158.8m and for the open years of account booked to date was US\$183.5m for 2020, and US\$196.1m for 2021. Projected ultimate gross premium income is US\$183.5m and US\$241.7m for 2020 and 2021 respectively.

Syndicate 1492 core focus is on commercial classes of non-US Property, Casualty and Financial Lines. The portfolio is split 40% short tail and 60% long tail classes.

The 2019, 2020 and 2021 open underwriting accounts will normally close at 31 December 2021, 2022 and 2023 respectively. The 2019 pure underwriting year closed at a net combined operating ratio ("COR") of 82.3%. The ultimate COR for the 2020 and 2021 pure underwriting years are currently projected to be 79.4% and 86.7% respectively. The projections include allowance for claims from the COVID-19 pandemic.

Financial risk management objectives and policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicate 1492. It has dedicated sole management and control of its underwriting through the Syndicate to the managing agent of that Syndicate, and it looks to the managing agent to implement appropriate policies, procedures and internal controls to manage the Syndicate's exposure to insurance risk, credit risk, market risk, liquidity risk, and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Brexit – Lloyd's Europe & Lloyd's Part VII Transfer

As a consequence of Brexit, EEA passporting ceased at the end of the transition period on 31 December 2020. On 25 November 2020 the English High Court sanctioned a Part VII transfer of all policies (or parts of policies) insuring EEA risks from the Syndicates to Lloyd's Insurance Company S.A. ("Lloyd's Brussels" or "LIC"). On behalf of the Members, Lloyd's transferred certain policies from the Members to Lloyd's Brussels with effect from 30 December 2020. The transfer did not change the terms and conditions of any policy and was designed to ensure that it will not change how policies operate.

STRATEGIC REPORT (CONTINUED)

Covid-19

The Company considers that Syndicate 1492's underwriting portfolio and operations together with its working and solvency capital resources continue to be sufficiently strong to enable the directors to be confident that it will not be significantly affected in the immediate term. Furthermore, given the current level of assessed Covid-19 exposures, which are assessed at: Gross and Net ultimate £4,460,000, of which £3,657,000 is included within the gross and net reserves, Syndicate 1492 is well positioned now that stability begins to return to the UK and wider global economy and insurance markets.

Ukraine – Russia

While recognising the wider potential future geo-political impact of the Ukraine and Russian conflict, the Company has reviewed 1492's underwriting and investment portfolios and considers that at this stage, any direct impact to the Probitas business arising from this is not material. The syndicate has minimal live exposure in these territories. Further, 1492 does not provide insurance cover relating to War risks.

Environment, Social & Governance (ESG) & Reputational Risk

Risks relating to Environmental, Social, and Governance (ESG) matters continue to represent a key emerging risk that is driving change in the insurance markets that Probitas Syndicate 1492 operates in. The impact of climate change is becoming more apparent directly in the risks and claims that the business takes on and is exposed to. This in turn impacts the results of catastrophe and capital modelling and exposure monitoring, consequently influencing the price and availability of the reinsurance which ultimately makes the business model viable. It is therefore of paramount importance that the business continues to monitor and manage these exposures appropriately and effectively. Changes in the legal and regulatory environment relating to corporate social responsibility and corporate governance agendas represent further systemic threats. The business recognises the importance of staying abreast of the latest developments in managing its exposure to the changing landscape of its financial risks with respect to matters relating to poor corporate behaviours in these areas.

Alongside the direct relevance to insurance carriers of the changing nature of the insurance exposure to climate and other ESG risks, the business recognises the need to establish its position on climate transition in relation to its own operations in order to move towards Task Force on Climate-related Financial Disclosures (TCFD) reporting created by the Financial Stability Board. This will drive change within the organisation to meet agreed targets relating to managing that transition. Of particular relevance is the management of the investment portfolio, where opportunities for diversification are likely to decrease.

Reputational risk, particularly around environmental issues, is becoming an important consideration in the underwriting of certain risks. Probitas has seen evidence of market dislocations as companies move to protect ESG strategies by refusing to offer terms on certain risks.

The Group is currently reviewing its ESG policy and strategy with respect to environment and socially responsible underwriting and sustainable investment. Going forward we will take into account a wider set of underwriting criteria.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

STRATEGIC REPORT (CONTINUED)

Summary Profit and Loss Account

The Company results for the year were:

	Year ended 31 Dec 2021 US\$m	Year ended 31 Dec 2020 US\$m
Gross written premium	142.2	118.6
Net written premium	68.7	56.3
Net earned premium	60.5	61.6
Net insurance losses	(24.7)	(27.7)
Allocated investment return transferred from the non-technical account	(0.4)	1.2
Net acquisition costs & operating expenses	(18.1)	(26.8)
Underwriting profit	17.3	8.3
Investment return	(0.4)	1.2
Allocated investment return transferred to general business technical account	0.4	(1.2)
Other income	0.1	0.4
FX loss	(0.1)	-
Funding costs	(1.4)	(2.0)
Profit before tax as reported	15.9	6.8
Income tax	(0.7)	-
Net Profit after tax as reported	15.2	6.8
Combined ratio	71%	88%

Outlook

We expect the Syndicate results for 2020 and 2021 underwriting years to improve from the current projected ultimate results as the balance of premium is booked and earned. The Syndicate business plan approved by Lloyds for 2022 underwriting year is for gross written premium of \$273m (at 31 December 2021 exchange rates) and we are targeting a COR of less than the Lloyds approved plan ratio of 89.7%. Market conditions for our portfolio continue to improve. The Group owns 64.0% of the Syndicate capacity for 2022 year of account.

Section 172(1) Statement

The directors have had regard to the matters set out in Section 172(1)(a) to (f) when performing their duties and comment as follows:

- (a) the board is satisfied that its investment in Lloyd's Syndicate 1492 is in the long term interest of the company and its shareholder given the recent profitable results of the Syndicate and the current projections of ultimate results by the Syndicate for each of the 2019 and 2020 year of account;
- (b) the company has no employees;
- (c) the board has adequately fostered the business relationship with the Syndicate, quota share and other reinsurers of the company and Lloyd's;
- (d) the board is satisfied that the Syndicate has appropriately responded to the needs of the community and concerns regarding the environment;
- (e) the company's business is to invest in Syndicate 1492 and the board is satisfied that the company and the Syndicate has maintained a reputation for high standards of business conduct, including its dealings with its customers, employees and the regulators, and
- (f) the company has adequately and fairly kept its one shareholder fully informed and provided quarterly financial statements and progress on the company's business.

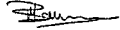
PROBITAS CORPORATE CAPITAL LIMITED
09670378

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

The principal risks and uncertainties of the company are outlined in detail under "Note 3 Principal risks and uncertainties".

By order of the Board



A Bathia

Director

23 June 2022

PROBITAS CORPORATE CAPITAL LIMITED
09670378

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's corporate capital member of Syndicate 1492. The Company continues to underwrite for the 2022 Year of Account.

Result

The Company made a profit after tax for the year ended 31 December 2021 of US\$15.2m (2020: profit US\$6.8m).

Directors

The names of the Directors as at the date of this report are listed on page 3.

Significant Changes and Events after the reporting period

The only significant changes or events after the balance sheet date is a subsidiary has entered into a US\$3m facility arrangement with Barclays Bank.

Employees and Environmental Matters

All staff involved the underwriting and marketing of the Syndicate are employed by the Probitas group's services company, Probitas 1492 Services Limited. Further information on the Group's employment policies can be found in the accounts of Probitas 1492 Services Limited. Probitas is committed to managing and reducing its environmental impact in a cost effective and responsible way.

Future Developments

Based on the Syndicate 1492 Business Plan for 2022 and current market conditions, the Company intends to make a profit after tax in 2022.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities (Continued)

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 group's and 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.

Going Concern

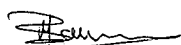
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the Annual Report.

Statement of Disclosure of Information to Auditors

The Company's Auditor is Mazars LLP. Each person who is a Director at the date of the approval of this Report confirms that:

- so far as they are each aware, there is no relevant audit information of which the auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



A Bathia
Director
23 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROBITAS CORPORATE CAPITAL LIMITED

Opinion

We have audited the financial statements of Probitas Corporate Capital Limited (the 'company') for the year ended 31 December 2021 which comprise the Income statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8-9, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, revenue recognition (which we pinpointed to the existence and accuracy of revenue), valuation of IBNR gross reserves, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Amanda Barker (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey
London
EC4M 7AU
United Kingdom

Date: 27 June 2022

PROBITAS CORPORATE CAPITAL LIMITED
09670378

**INCOME STATEMENT
TECHNICAL ACCOUNT – GENERAL BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Gross premiums written	4	142,247	118,566
Outward reinsurance premiums		(73,557)	(62,259)
Net premiums written		68,690	56,307
Change in the provision for unearned premiums:			
Gross amount	9	(14,160)	11,729
Reinsurers' share	9	6,058	(6,483)
Change in the net provision for unearned premiums		(8,102)	5,246
Earned premiums, net of reinsurance		60,588	61,553
Allocated investment return transferred from the non-technical account		(416)	1,202
Claims paid:			
Gross amount	10	36,358	32,934
Reinsurers' share	10	(17,220)	(15,507)
Net claims paid		19,138	17,427
Change in provision for claims:			
Gross amount		17,834	26,092
Reinsurers' share		(12,265)	(15,821)
Change in the net provision for claims		5,569	10,271
Claims incurred, net of reinsurance		24,707	27,698
Net operating expenses	5	(18,137)	(26,759)
Balance on the technical account for general business		17,328	8,298

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

INCOME STATEMENT
NON-TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Balance on the technical account for general business		17,328	8,298
Investment income		(416)	1,202
Allocated investment return transferred to general business technical account		416	(1,202)
Other income		121	447
FX loss		(72)	-
Other charges	6	(1,438)	(1,975)
Profit for the financial period before tax		15,939	6,770
Tax on profit on ordinary activities	18	(727)	-
Profit on ordinary activities after tax		15,212	6,770

All amounts relate to continuing operations.

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Profit on ordinary activities after tax	15,212	6,770
Currency translation differences	(696)	1,585
Total comprehensive income for the financial period	14,516	8,355

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Called Up Share Capital	Translation Reserve Account	Profit & Loss Account	Total Shareholders' Funds
	\$000	\$000	\$000	\$000
At 31 December 2019	24,100	270	(16,089)	8,281
Profit and loss			6,770	6,770
Other comprehensive income		1,585		1,585
Total comprehensive income	-	1,585	6,770	8,355
At 31 December 2020	24,100	1,855	(9,319)	16,636
Profit and loss			15,212	15,212
Other comprehensive income		(696)		(696)
Total comprehensive income	-	(696)	15,212	14,516
At 31 December 2021	24,100	1,159	5,893	31,152

Called-up share capital represents the nominal value of ordinary shares that have been issued. Each share is entitled to one vote in any circumstance. Each share is entitled pari passu to dividend payments or any other distribution. Each share is not redeemable.

The translation reserve represents the conversion of the Statement of Financial Position from its functional currency to its presentational currency using the end of period foreign exchange rates.

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

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	Corporate \$000	2021 Syndicate \$000	Total \$000	Corporate \$000	2020 Syndicate \$000	Total \$000
Reinsurers' Share of Technical Provisions							
Provision for unearned premiums	9	25,474	11,249	36,723	20,981	9,731	30,712
Claims outstanding	10	57,337	56,590	113,927	48,796	47,449	96,245
		82,811	67,839	150,650	69,777	57,180	126,957
Debtors							
Arising out of direct insurance operations		-	30,483	30,483	-	8,262	8,262
Arising out of reinsurance operations		-	13,555	13,555	-	31,466	31,466
Other debtors	12	3,462	2,635	6,097	339	1,368	1,707
		3,462	46,673	50,135	339	41,096	41,435
Other Assets							
Cash at bank and at hand		497	201,013	201,510	1,210	167,377	168,587
		497	201,013	201,510	1,210	167,377	168,587
Prepayments and Accrued Income							
Deferred acquisition costs	11	(282)	10,875	10,593	693	8,449	9,142
Other prepayments and accrued income		-	380	380	-	431	431
		(282)	11,255	10,973	693	8,880	9,573
Total Assets		86,488	326,780	413,268	72,019	274,533	346,552

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

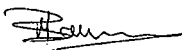
PROBITAS CORPORATE CAPITAL LIMITED
09670378

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 Corporate \$000	2021 Syndicate \$000	2021 Total \$000	2020 Corporate \$000	2020 Syndicate \$000	2020 Total \$000
Capital and Reserves							
Called up share capital	14	24,100	-	24,100	24,100	-	24,100
Translation reserve account		771	388	1,159	(61)	1,916	1,855
Profit and loss account		(30,575)	36,468	5,893	(33,259)	23,940	(9,319)
Shareholders' Funds		(5,704)	36,856	31,152	(9,220)	25,856	16,636
Technical Provisions							
Provision for unearned premiums	9	-	70,930	70,930	-	58,221	58,221
Claims outstanding	10	-	193,421	193,421	-	170,910	170,910
		-	264,351	264,351	-	229,131	229,131
Creditors							
Arising out of reinsurance operations		90,288	16,144	106,432	79,315	13,654	92,969
Accruals and deferred income		683	9,317	10,000	918	5,891	6,809
Other creditors	13	1,221	112	1,333	1,007	-	1,007
		92,192	25,573	117,765	81,240	19,545	100,785
Total Liabilities		86,488	326,780	413,268	72,020	274,532	346,552

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

The financial statements on pages 14 to 41 were approved by the Board of Directors on 13 March 2022 and were signed on its behalf by



A Bathia
Director

PROBITAS CORPORATE CAPITAL LIMITED
09670378

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 Dec 2021 Corporate \$000	Year ended 31 Dec 2020 Corporate \$000
Profit on ordinary activities before tax	(6,319)	(12,454)
Receipt/(payment) of reinsurance to close	10,037	(13,866)
(Increase) in reinsurers' share of technical provisions	(13,034)	(12,165)
Decrease in deferred acquisition costs	975	1,346
(Increase) in debtors	(1,601)	(103)
Increase in creditors	9,204	28,422
Foreign exchange	25	5
Net cashflow from operating activities	(713)	(8,815)
(Decrease) in cash and cash equivalents	(713)	(8,815)
Cash and cash equivalents as at 1 January	1,210	10,025
Realised foreign exchange gains	-	-
Cash and cash equivalents as at 31 December	497	1,210

The Company has no control over the disposition of assets and liabilities at Lloyds and therefore the cash flow is reflecting only movement in corporate fund.

The accounting policies and the notes on pages 21 to 41 form an integral part of these accounts.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Note 1 Basis of Preparation

Probitas Corporate Capital Limited is a private company, limited by shares and incorporated in the United Kingdom. The company was incorporated on the 3 July 2015 and registered in England.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The Company has prepared accounts in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized companies and Group (Accounts and Reports) Regulations 2008 ("SI 2008/410"). The financial statements have been prepared in US Dollars, the presentational currency, with an underlying functional currency of £ sterling. All amounts are rounded US\$000s unless otherwise stated.

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008-410 requires the Company to recognise its proportion of all the transactions undertaken by Lloyd's Syndicate 1492 ("the Syndicate") in which it participates in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

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

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

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

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

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agent of the Syndicate ("the Returns"). These Returns have been subject to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual report to Syndicate members.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 Principal Accounting Policies

These financial statements have been prepared on a going concern basis using the following accounting policies.

Insurance contracts – Product classification

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with IAS 39 unless the embedded derivative is itself an insurance contract (ie the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

Gross Premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. They are recognised on the date on which the policy commences. Additional or return premiums are treated as a re-measurement of the initial premium. Gross written premiums are stated gross of brokerage payable and exclude taxes and duties levied on them.

Under some policies, written premiums are adjusted retrospectively in the light of claims experience or when the risk covered cannot be assessed accurately at the commencement of cover. When written premiums are subject to an increase retrospectively, recognition of any potential increase is deferred until the additional amount can be ascertained with reasonable certainty. When written premiums are subject to a reduction, a re-measurement taking account of such a reduction is made as soon as there is an obligation to the cover-holder.

Gross written premiums in respect of insurance contracts underwritten under facilities such as binding authorities or lineslips are recognised on a written declaration or bordereaux received basis. Where material, a premium accrual is made to account for delays in receipt of bordereaux at quarter and year ends. Such accruals are estimated based on information provided by the broker, past underwriting experience and prevailing market conditions. The estimates are reviewed for subsequent actual experience and the data is updated on a regular basis.

Reinsurance Premiums

Reinsurance written premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period, including portfolio premiums payable, and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience or where the risk covered cannot be assessed accurately at the commencement of cover. When written premiums are subject to an increase retrospectively, recognition of any potential increase is recognised as soon as there is an obligation to the policyholder.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 continued

Outwards reinsurance premiums are accounted for and earned in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Profit commission

Profit Commissions payable by the Syndicate to the Managing Agent in respect of the 2019, 2020 and 2021 Year of Account has been booked based on the reported profit to date.

Claims incurred

Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Technical provisions

Technical provisions comprise claims outstanding and provisions for unearned premiums.

Claims outstanding

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.

Provisions for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard, where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Deferred acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts, including direct costs, such as intermediary commissions and indirect costs, such as the administrative expenses connected with the processing of proposals and the issuing of policies. Deferred acquisition costs are costs arising from conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods. Deferred acquisition costs are amortised over the period in which the related premiums are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement. Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 continued

Unexpired risk provision

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

Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates under it, underwriting members (the reinsured members) who are members of a syndicate for a Year of Account (the closed year), agree with the underwriting members who comprise that syndicate for a later Year of Account (the reinsuring members) that the reinsuring members will indemnify, discharge, or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through the syndicate and allocated to the closed year in consideration of a premium, and either an assignment or agreement to assign to the reinsuring members.

Reinsurance assets

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Syndicate may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Syndicate will receive from the reinsurer. The impairment loss is recorded in the income statement.

Ceded reinsurance arrangements do not relieve the Syndicate from its obligations to policyholders.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are de-recognised when the de-recognition criteria for financial assets have been met.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 continued

Cash and cash equivalents

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

Financial liabilities

The financial liabilities include trade and other payables, borrowings, insurance payables and derivative financial instruments, where applicable. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Foreign currencies

The Syndicate and Company functional currencies are deemed £ sterling, however, reporting currencies are £ sterling and US dollars respectively. This is primarily due to funding and other reporting requirements for the Company being denominated in US dollars.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items denominated in a foreign currency, measured at fair value are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined.

The closing rate of exchange for converting the Syndicate sterling balance sheet into US dollars was 1.35 (2020: 1.37). The average rate for converting the Syndicate sterling results was 1.37 for calendar year 2021 (2020: 1.28). The same rates apply to the conversion to presentational currency.

Taxation

The managed Syndicate's results included in these financial statements relate to the annually accounted result for the 2019, 2020 and 2021 calendar year. Syndicate income is subject to corporation tax in the year following closure of the relevant year of account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 continued

Deferred taxation

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Net operating expenses

Operating expenses have been charged to the underwriting year for which they were incurred. These include the Company's share of the Syndicate operating expenses, the remuneration payable to Managing Agents and the direct costs of membership of Lloyd's.

Investment income

All investment income is interest on cash and cash equivalents. Investment income relating to technical results is the interest received at syndicate level, and the investment income related to the company and its subsidiaries is interest income on cash held outside the syndicate.

Judgements and key sources of estimation uncertainty

The company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognised prospectively by including it in comprehensive income in the period of change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Company only, and do not include estimates and judgements made in respect of the syndicates.

Recoverability of receivables

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of accounts receivable. No provision for doubtful debts is deemed necessary based on management's best estimate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 Principal risks and uncertainties

Risk management overview

Probitas Corporate Capital Limited is a corporate member of Syndicate 1492. The Syndicate's activities expose the Company to a number of key risks which have the potential to affect its ability to achieve its business objectives. The following describes the Syndicate's financial and insurance risk management from a quantitative and qualitative perspective.

a) Governance Framework

The primary objective of the Syndicate's risk and financial management framework is to protect the Syndicate's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Managing Agent (Probitas Managing Agency, or "PMA") has established a risk management function for the Syndicate with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a Syndicate policy framework which sets out the risk profiles for the Syndicate, risk management, control and business conduct standards for the Syndicate's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Syndicate.

The board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate business plan, and specify reporting requirements. Significant emphasis is placed on assessment and documentation of risks and controls, including the articulation of 'risk appetite'. The Syndicate undertakes regularly a process known as "Own Risk & Solvency Assessment" (ORSA) which is reviewed by the Audit & Risk Committee and finally approved by the board.

The key risk exposures for the individual categories and how these are managed are discussed in the sections below:

b) Capital management objectives, policies and approach

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the Solvency Capital requirement of the Syndicate, since this has been previously calculated based on Solvency II principles, as described below.

Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 b) continued

Lloyd's capital setting process

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

A Syndicate may comprise one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the members' capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2020 and 2021 was 35% of the members' SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), held within and managed within a Syndicate (funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates.

Accordingly all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the statement of financial position, represent resources available to meet members' and Lloyd's capital requirements.

c) Insurance risk

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded may be placed on both a proportional and non-proportional basis. The majority of any proportional reinsurance which might be ceded is likely to be quota-share reinsurance which would be taken out to reduce the overall exposure to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance and is usually designed to mitigate the Syndicate's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance will vary by product line and territory.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 c) continued

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Syndicate has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

The Syndicate principally issues the following types of general insurance contracts: Property and Casualty and risks usually cover twelve months duration. The Syndicate's most significant risks arise from natural disasters. For longer tail casualty claims that take some years to settle, there is also inflation risk.

Variability in claims and hence profits is a significant risk to the Syndicate. This is mitigated by writing a diverse range of products including diversification by industry sector and geography. The Syndicate has an agreed maximum and normal line size for each underwriting team. It also has a reinsurance strategy and purchasing plan to mitigate the effects of individual large losses and events. The pricing of the business includes the consideration of inflation and other economic factors. Operational risk can also increase the volatility of profits. This risk is mitigated by strict claim handling procedures and frequent investigation of possible fraudulent claims.

The Syndicate has an overarching risk appetite expressed in terms of the Solvency Capital Requirement on an ultimate basis which is not to exceed this figure by more than 15% on an on-going basis (This is consistent with the definition of a "major change" which would require an updated plan to be submitted and approved by Lloyd's). The Syndicate also has a subsidiary risk appetite for natural catastrophe exposure which is primarily to limit exhaustion of the reinsurance programme to be less than a 1 in 200 level on an occurrence basis.

The Syndicate uses commercially available proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an un-modelled event are greater than those arising from a modelled event.

The Property D&F account written during 2021 is exposed to catastrophe type losses:

Major Loss	Estimated Claims	
	Gross \$000	Net \$000
31 December 2021:		
Syndicate 1492 was not materially impacted by any major systemic or natural or other catastrophe loss arising in 2021 nor any other large loss arising in 2021.	-	-
31 December 2020:		
Fort McMurray flood, Canada	1,628	960
Outbreak of novel coronavirus (2019-nCov)	3,967	2,337
Hurricane Delta (US\$ 1.37 - £1.00)	286	160
Hurricane Zeta (US\$ 1.37 - £1.00)	82	46

All figures are at closing rates of exchange.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 c) continued

Reserves have been assessed across the whole underwriting portfolio on an entirely assumed basis using the Lloyd's approved Syndicate business plan loss ratios. The geographical analysis of the risks underwritten shown below illustrates to how the claims might settle if the reserves were to crystallise and settle as actual claims in an equivalent manner.

	2021	2021	2020	2020
	\$000	%	\$000	%
UK	50,871	26.3	44,226	25.9
Rest of the World	38,903	20.1	23,941	14.0
Canada	38,698	20.0	24,416	14.3
Asia Pacific	29,004	15.0	35,998	21.1
W Europe ex UK	21,642	11.2	22,536	13.2
Latin America & Caribbean	14,303	7.4	19,793	11.5
	193,421	100.0	170,910	100.0

The following table sets out the concentration of outstanding claims liabilities by class:

Class	2021	2021	2020	2020
	\$000	%	\$000	%
Property	22,571	11.8	30,429	18.1
Construction	2,178	1.2	5,730	3.4
Property D & F	24,749	13.0	36,159	21.5
Financial Lines	73,267	38.4	54,277	32.2
Casualty UK	47,715	25.0	38,324	22.7
Casualty Rest of World	45,081	23.6	39,806	23.6
Casualty	166,063	87.0	132,407	78.5
Total	190,812	100.0	168,566	100.0

These data does not include ULAE. All figures are at closing rates of exchange.

Key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 c) continued

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The Syndicate has limited historical experience on which to base statistical projections particularly in respect of the longer-tail lines of business. Benchmark data has therefore been used on a selective basis in the reserving process.

For illustrative purposes the following table indicates the impact of various percentage changes to the booked reserves. The calculations have been carried out on a linear basis and without any actuarial adjustments or application of expert judgement.

Change in Assumption + / (-) %	Impact on Gross Liabilities \$000	Impact on Net Liabilities \$000	Impact on Profit \$000	Impact on Members' Balance \$000
December 2021:				
10	19,342	7,949	7,949	7,949
(10)	(19,342)	(7,949)	(7,949)	(7,949)
50	96,711	39,747	39,747	39,747
(50)	(96,711)	(39,747)	(39,747)	(39,747)
100	193,421	79,494	79,494	79,494
(100)	(193,421)	(79,494)	(79,494)	(79,494)
200	386,842	158,988	158,988	158,988
December 2020:				
10	17,091	7,467	7,467	7,467
(10)	(17,091)	(7,467)	(7,467)	(7,467)
50	85,455	37,333	37,333	37,333
(50)	(85,455)	(37,333)	(37,333)	(37,333)
100	170,910	74,665	74,665	74,665
(100)	(170,910)	(74,665)	(74,665)	(74,665)
200	341,820	149,330	149,330	149,330

Positive changes to assumptions represent a decrease of the liability.

Claims development table

The following table shows the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to £ sterling at the rate of exchange that applied at the end of the underwriting year.

In setting claims provisions the Syndicate gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherent in the estimation process, the actual overall claim provision may not always be in surplus.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 c) continued

Insurance contract outstanding claims provision by YoA as at 31 December 2021:

Year of account	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
<i>Estimate of cumulative gross claims incurred:</i>							
At end of underwriting year	26,089	20,698	29,102	21,686	60,642	24,646	155
After one year	-	40,763	58,997	65,280	113,613	54,838	4,333
After two year	-	-	53,983	70,788	126,594	61,800	3,840
After three years	-	-	-	78,833	127,892	60,955	3,647
After four years	-	-	-	-	124,342	64,582	3,611
After five years	-	-	-	-	-	71,065	3,533
After six years	-	-	-	-	-	-	3,584
Cumulative payments to date	883	4,336	(43,528)	95,114	98,068	47,077	3,288
Outstanding claims provision at 31 December 2021	25,206	36,427	97,511	(16,281)	26,274	23,988	296
<i>Estimate of cumulative net claims incurred:</i>							
At end of underwriting year	11,833	9,079	13,141	9,617	18,424	5,964	91
After one year	-	18,324	27,136	28,139	39,953	19,676	2,551
After two year	-	-	26,437	31,934	45,351	21,157	2,262
After three years	-	-	-	34,817	46,533	20,744	2,149
After four years	-	-	-	-	46,448	21,052	2,128
After five years	-	-	-	-	-	21,158	2,082
After six years	-	-	-	-	-	-	2,112
Cumulative payments to date	506	2,412	9,352	17,291	34,078	16,059	1,938
Outstanding claims provision at 31 December 2021	11,327	15,912	17,085	17,526	12,370	5,099	174

All data are at closing rates of exchange.

d) Financial risk

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Syndicate. Compliance with the policy is monitored and exposures and breaches, are reported initially to the Syndicate Monitoring Committee. Emphasis is currently placed on reinsurer security premium receivable from intermediaries. The policy is reviewed at least annually.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by PMA's 'Broker Vetting & Reinsurance Security Group' (BVRSG) and are subject to regular reviews. Management of the Syndicate performs an assessment of creditworthiness of both reinsurers and brokers and updates the reinsurance purchase strategy, while also considering suitable allowance for impairment.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 d) (1) continued

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position.

	Neither past due nor impaired \$000	Past due \$000	Impaired \$000	Total \$000
31 December 2021				
Reinsurer' share of claims outstanding	113,927	-	-	113,927
Reinsurance debtors	13,555	-	-	13,555
Cash at bank and in hand	201,510	-	-	201,510
Insurance debtors	19,104	11,379	-	30,483
Other debtors	48,438	5,355	-	53,793
Total credit risk	396,534	16,734	-	413,268

31 December 2020				
Reinsurer' share of claims outstanding	96,245	-	-	96,245
Reinsurance debtors	31,466	-	-	31,466
Cash at bank and in hand	168,587	-	-	168,587
Insurance debtors	2,689	5,573	-	8,262
Other debtors	41,379	613	-	41,992
Total credit risk	340,366	6,186	-	346,552

Assets which are past due but not impaired have been in arrears for less than 3 months from the reporting date. The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2021 by classifying assets according to Standard & Poor's credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated.

	AAA \$000	AA \$000	A \$000	BBB \$000	Less than BBB \$000	Not rated \$000	Total \$000
31 December 2021							
Reinsurer' share of claims outstanding	-	8,671	104,363	893	-	-	113,927
Reinsurance debtors	-	-	-	-	-	13,555	13,555
Cash and cash equivalents	56,962	19,065	68,055	48,659	3,938	4,831	201,510
Total credit risk	56,962	27,736	172,418	49,552	3,938	18,386	328,992

31 December 2020	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Reinsurer' share of claims outstanding	-	9,275	86,970	-	-	-	96,245
Reinsurance debtors	-	-	-	-	-	31,466	31,466
Cash and cash equivalents	50,953	10,420	97,565	6,180	1,823	1,646	168,587
Total credit risk	50,953	19,695	184,535	6,180	1,823	33,112	296,298

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 d) (1) continued

Included in reinsurer's share of claims outstanding are recoveries under quota share arrangements entered into by the Company amounting to \$57.3m (2020: \$48.8m). These arrangements are a quota share of the Company's share of the Syndicate result. The quota share reinsurers have deposited letters of credit, acceptable as Lloyd's security, with the Company equal to their share of the Syndicate Funds at Lloyd's. The net result of these quota share reinsurer's arrangements will be settled at the same time as the reinsurance to close of the 2021 underwriting year.

Maximum credit exposure

It is the Syndicate's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Syndicate's rating policy. The attributable risk ratings are assessed and updated regularly.

(2) Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

A liquidity risk policy exists that sets out the assessment and determination of what constitutes liquidity risk.

Compliance with the policy will be monitored as the Syndicate develops and any exposures and breaches which might arise will be reported to the Investment committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Maturity Profiles

	No maturity	0-1 year	1-3 years	3-5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
31 December 2021						
Cash and cash equivalents	201,510	-	-	-	-	201,510
Reinsurance recoveries outstanding	-	35,645	46,413	21,795	10,074	113,927
Receivables	3,462	46,673	-	-	-	50,135
Claims outstanding	-	(60,517)	(78,799)	(37,003)	(17,102)	(193,421)
Creditors	(9,317)	(63,504)	(44,944)	-	-	(117,765)
Total liquidity risk	195,655	(41,703)	(77,330)	(15,208)	(7,028)	54,612
31 December 2020						
Cash and cash equivalents	168,587	-	-	-	-	168,587
Reinsurance recoveries outstanding	-	24,357	38,056	21,654	12,178	96,245
Receivables	339	41,096	-	-	-	41,435
Claims outstanding	-	(43,253)	(67,580)	(38,453)	(21,624)	(170,910)
Creditors	(6,898)	(47,297)	(46,590)	-	-	(100,785)
Total liquidity risk	162,028	(25,097)	(76,114)	(16,799)	(9,446)	34,572

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 d) continued

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes:

- a) Currency risk
- b) Interest rate risk

A market risk policy exists that sets out the assessment and determination of what constitutes market risk for the Syndicate. As the Syndicate develops, compliance with the policy will be monitored and any exposures and breaches arising will be reported to the Investment committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Syndicate's functional currency is Sterling and its exposure to foreign exchange risk arises primarily with respect to transactions in US Dollars and Euros. The Syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

The table below summarises the exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

Converted \$'000	GBP	USD	EUR	Total \$'000
31 December 2021				
Total assets	326,849	86,419	-	413,268
Total liabilities	(289,924)	(92,192)	-	(382,116)
Net assets	36,925	(5,773)	-	31,152
31 December 2020				
Total assets	274,655	71,897	-	346,552
Total liabilities	(248,676)	(81,240)	-	(329,916)
Net assets	25,979	(9,343)	-	16,636

The non-Sterling denominated net assets of the Syndicate may lead to a reported loss (depending on the mix relative to the liabilities), should Sterling strengthen against these currencies. Conversely, reported gains may arise should Sterling weaken.

The Syndicate will match its currency position wherever practicable, and so holds net assets across a number of currencies. The Syndicate takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of the Syndicate, against variation in foreign exchange rates. As a result, the Syndicate holds a significant proportion of its assets in foreign currency investments.

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 d) (3) continued

Impact on profit and member's balances	2021	2020
	\$000	\$000
US dollar strengthens against sterling by:		
5%	1,846	1,299
10%	3,693	2,598
15%	5,539	3,897
US dollar weakens against sterling by:		
-5%	(1,846)	(1,299)
-10%	(3,693)	(2,598)
-15%	(5,539)	(3,897)

b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Syndicate to cash flow interest risk, whereas fixed rate instruments expose the Syndicate to fair value interest risk.

The Syndicate holds no financial assets whose values might be impacted by a change in interest rates nor does it have any other significant concentration of interest rate risk. Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

As a result of the Syndicate's current situation, no analysis has been disclosed to illustrate possible movements in interest rates with all other variables held constant, which would show the impact on the result and members' balance of the effects of changes in interest rates since the Syndicate has only immaterial financial assets and liabilities.

Note 4 Segmental information

An analysis of the underwriting result before investment return is set out below:

	Gross written Premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
Year ended 31 Dec 2021	\$000	\$000	\$000	\$000	\$000	\$000
Direct insurance:						
Fire and other damage to property	40,931	37,602	2,524	(11,977)	(7,787)	20,362
Third party liability	62,325	56,129	(30,947)	(22,351)	(3,655)	(824)
	103,256	93,731	(28,423)	(34,328)	(11,442)	19,538
Reinsurance	38,991	34,356	(25,769)	(6,563)	910	2,934
Corporate				22,754	(27,482)	(4,728)
Total	142,247	128,087	(54,192)	(18,137)	(38,014)	17,744

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 4 continued

	Gross written Premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
Year ended 31 Dec 2020	\$000	\$000	\$000	\$000	\$000	\$000
Direct insurance:						
Fire and other damage to property	36,975	40,605	(12,019)	(13,927)	(4,932)	9,727
Third party liability	49,013	51,828	(32,496)	(19,367)	(1,712)	(1,747)
	85,988	92,433	(44,515)	(33,294)	(6,644)	7,980
Reinsurance	32,578	37,862	(14,511)	(7,904)	(6,182)	9,265
Corporate				14,439	(24,588)	(10,149)
Total	118,566	130,295	(59,026)	(26,759)	(37,414)	7,096

All premiums were concluded in the UK. The geographical analysis of premiums by the location of the underlying risk is as follows:

	Year ended 31 Dec 2021		Year ended 31 Dec 2020	
	\$000	%	\$000	%
UK	41,419	29.1	38,031	32.1
Asia Pacific	35,480	24.9	28,652	24.2
Canada	28,600	20.1	17,120	14.4
W Europe ex UK	19,307	13.6	17,293	14.6
Latin America & Caribbean	10,028	7.0	9,136	7.7
Rest of the World	7,413	5.3	8,334	7.0
	142,247	100.0	118,566	100.0

Note 5 Net operating expenses

	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Acquisition costs	13,310	11,317
Operating expenses	6,920	7,340
Movement in deferred acquisition costs	(1,331)	3,708
Names' personal expenses on Lloyd's Syndicates	4,706	5,126
	23,605	27,491
Reinsurance commissions receivable	(5,468)	(732)
Total	18,137	26,759

Note 6 Other charges

	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Funding costs	1,438	1,975
	1,438	1,975

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 7 Staff numbers and costs

All staff in the United Kingdom are employed by the Group services company, Probitas 1492 Services Limited, and PMA, and the full staff cost disclosures are included in the Notes to those accounts. The Syndicate is recharged an appropriate amount for the services it receives from those staff.

Note 8 Directors' remuneration

None of the Directors received any remuneration for their services to the Company during the year ended 31 December 2021.

Note 9 Provision for unearned premium

	2021			2020		
	Reinsurers'			Reinsurers'		
	Gross	Share	Net	Gross	Share	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January	58,221	(30,712)	27,509	66,352	(35,652)	30,700
Impact of reinsurance-to-close	436	(126)	310	1,119	(309)	810
Premiums written for the period	142,247	(73,557)	68,690	118,566	(62,259)	56,307
Premiums earned for the period	(128,087)	67,499	(60,588)	(130,295)	68,742	(61,553)
Effect of movement in exchange rates	(1,887)	173	(1,714)	2,479	(1,234)	1,245
Balance as at 31 December	70,930	(36,723)	34,207	58,221	(30,712)	27,509

Note 10 Claims outstanding

	2021			2020		
	Reinsurers'			Reinsurers'		
	Gross	Share	Net	Gross	Share	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January	170,910	(96,245)	74,665	111,999	(67,552)	44,447
Impact of reinsurance-to-close	9,089	(2,699)	6,390	26,193	(7,394)	18,799
Claims incurred in current underwriting period	54,191	(29,485)	24,706	59,026	(31,328)	27,698
Claims paid during the underwriting period	(36,358)	17,220	(19,138)	(32,934)	15,507	(17,427)
Effect of movement in exchange rates	(4,411)	(2,718)	(7,129)	6,626	(5,478)	1,148
Balance as at 31 December	193,421	(113,927)	79,494	170,910	(96,245)	74,665

Note 11 Deferred acquisition costs

	2021	2020
	\$000	\$000
Balance as at 1 January	9,142	13,000
Impact of reinsurance-to-close	56	147
Change in deferred acquisition costs	1,331	(3,708)
Prepaid funding costs	265	(465)
Effect of movement in exchange rates	(201)	168
Balance as at 31 December	10,593	9,142

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 12 Other debtors

	2021	2020
	\$000	\$000
Amount due - within one year	2,635	1,368
Intercompany Loan - Probitas 1492 Services Limited	2,097	-
Intercompany Loan - Probitas Holdings (UK) Limited	1,365	-
Intercompany Loan - Probitas Managing Agency Limited	-	339
Balance as at 31 December	6,097	1,707

Note 13 Other creditors

	2021	2020
	\$000	\$000
Amounts payable by Syndicate	112	-
Income tax payable to Probitas Managing Agency	727	-
Intercompany Loan - Probitas 1492 Services Limited	-	25
Intercompany Loan - Probitas Holdings (UK) Limited	-	982
Other payables	494	-
Balance as at 31 December	1,333	1,007

Note 14 Share capital

	2021	2020
	\$000	\$000
Allotted, called up and fully paid	24,100	24,100
<i>24,100,000 Ordinary shares of US\$1</i>		
Balance as at 31 December	24,100	24,100

Note 15 Controlling parties

The Company is a wholly owned subsidiary of Probitas Holdings (UK) Limited ("PHL"), a company registered in the United Kingdom. As at 31 December 2021, the ultimate parent company was Probitas Holdings (Bermuda) Limited ("PBL"), a company incorporated in Bermuda. PHL is the smallest group in which the results of the company are included. Copies of its financial statements can be obtained from 3 More London Riverside, London SE1 2AQ, United Kingdom.

Note 16 Related party transactions

Relationship between parent and subsidiary

Refer to Note 15 for details of the relationship the ultimate parent has with the Company. Probitas Holdings (UK) Limited is the holding company for the Company, a corporate member for Lloyd's Syndicate 1492.

Transactions with related parties

As at 31 December 2021, the Company has an intercompany receivable from Probitas Holdings (UK) Limited of \$1,365,289 (2020: \$981,612 payable).

As at 31 December 2021, the Company has an intercompany receivable from Probitas Managing Agency Limited of £0 (2020: £252,031). The loan was repaid in sterling. In addition, the Company has provided for the benefit of tax losses of \$726,780 (2020: \$0). Refer to Note 18.

As at 31 December 2021, the Company has an amount payable to the Syndicate of \$111,832 (2020: \$0).

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 16 continued

As at 31 December 2021, the Company has an intercompany receivable from Probitas 1492 Services Limited (a subsidiary of the ultimate parent company, Probitas Holdings (Bermuda) Limited) to the amount of \$2,096,906 (2020: \$25,153 payable). The amount relates to audit, legal and other costs incurred by the Company on Probitas 1492 Services Limited's behalf.

The Company does not have any employees, nor does it pay any directors' emoluments. All employee and related costs of servicing Syndicate 1492 are paid for by Probitas 1492 Services Limited.

Transactions with Saudi Re

(i) Quota share reinsurance agreement with Saudi Re

Saudi Reinsurance Company, a shareholder in the ultimate parent company, Probitas Holdings (Bermuda) Limited, has quota share arrangements in place with Probitas Corporate Capital Limited for the 2019, 2020 and 2021 Year of Accounts. The impact on the profit before tax for the year ended 31 December 2021 was a loss to the Group of \$3,941,908 (2020: \$3,449,566 loss).

(ii) XOL reinsurance agreement with Saudi Re

Saudi Reinsurance Company, a shareholder in the ultimate parent company, Probitas Holdings (Bermuda) Limited, has Excess of Loss agreements with Probitas Corporate Capital Limited. The cost of XOL contract for the year 2021 is \$1,000,005 (2020: \$1,000,005), deferred cost is 611,930 (2020: \$701,251).

Note 17 Auditors' remuneration

During the year the company obtained the following services from the company's auditor at costs as detailed below:

	2021	2020
	\$000	\$000
Fees payable to the company's auditor for the audit of the company accounts	23	20
Fees payable to the company's auditor for other services to the company		
- Taxation compliance services	7	7
Balance as at 31 December	30	27

Audit remuneration is to be paid by Probitas Corporate Capital Limited on behalf of the Probitas Holdings (UK) Limited group.

Note 18 Tax on profit on ordinary activities

	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Current taxation:		
UK corporation tax on profit/(loss) for the period	1,679	(2,848)
PCC trading losses set against total profits	(952)	2,848
Total current tax - group relief payable	727	-
Total tax charged to the Statement of Comprehensive Income	727	-

PROBITAS CORPORATE CAPITAL LIMITED
09670378

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 18 continued

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	Year ended 31 Dec 2021 \$000	Year ended 31 Dec 2020 \$000
Profit on ordinary activities before tax	15,940	6,770
Profit on ordinary activities multiplied but the standard rate of corporation tax in the UK of 19% (2020: 19%)	3,029	1,286
Tax losses utilised	(952)	2,848
Unrealised undewriting result	(1,349)	(4,134)
Tax group relief charged for the period	727	-

Group relief of \$726,780 is payable to a related party, Probitas Managing Agency Limited. Unrecognised benefit of tax losses carried forward, before adjusting for timing differences between the financial statements and tax returns, are \$4.6million (2020: \$5.6million).

2021	4,659,655
2020	5,572,655

Factors that may affect future tax changes

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

Note 19 Post-Balance Sheet Events

As noted in the Strategic Report, the current events and conflict between Ukraine and Russia are currently considered to have no direct material effect upon Syndicate 1492 and the Company's underwriting performance or investment portfolios.