

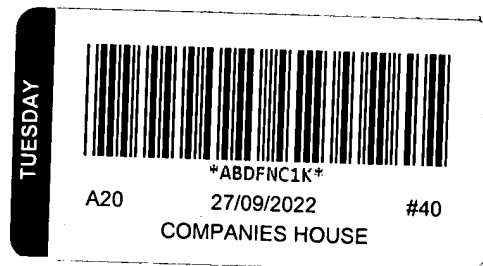
ICP CAPITAL LIMITED

Annual Report and Financial Statements

ICP Capital Limited

Registered Number: 5484332

31 December 2021



ICP CAPITAL LIMITED

Contents

	Pages
Company Information	1
Strategic Report	2-5
Directors' Report	6
Directors' Responsibilities Statement	7
Independent Auditor's Report to the Members of ICP Capital Limited	8-10
Income Statement	11-12
Statement of Comprehensive Income	12
Statement of Financial Position	13-14
Statement of Changes in Shareholders' Equity	15
Notes to the Financial Statements	16-41

ICP CAPITAL LIMITED

Company Information

Directors and Advisors

Directors

Sir NHP Bacon
Lord Marland of Odstock
RCW Odey
T Shenton

Company Secretary

AS Fox

Registered Office

3 Castlegate
Grantham
Lincolnshire
NG31 6SF

Auditors

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

ICP CAPITAL LIMITED

Strategic Report

The Directors present their Strategic Report and the audited Financial Statements of the Company for the year ended 31 December 2021.

Review of the Business and Future Developments

The Company's principal activity is to carry on the business of underwriting as a corporate member of Lloyd's. The Company is a wholly owned subsidiary of ICP Holdings Ltd, as is ICP General Partner Ltd which is the Company's Members Agent. From 1 January 2015, as a result of reorganisation, the funding structure of the Company was changed, to replace the mechanism of provision of Funds at Lloyd's (FAL) from ICP LP via ICP Securities Ltd, with a new FAL provision agreement between the Company, ICP Investment Holdings Ltd and ICP Reinsurance Ltd for the 2015 and subsequent years of account.

The Company also entered into a market standard Reinsurance arrangement provided by ICP Reinsurance Ltd. Under these new arrangements the Company will earn commercial rate commissions under the reinsurance arrangement.

The Company is underwriting on a capacity of £103.9m for the 2022 year of account, £99.3m for the 2021 year of account, £89.7m for the 2020 year of account and £88.4m for the 2019 year of account.

The underwriting return for the 2019 year of account was 1.66 % of the capacity written. The underwriting return for the 2018 year of account was 0.60 % of the capacity written. The underwriting return for the 2020 year of account is expected to be in the range of (1.82%) to 6.26% of the capacity written and the underwriting return for the 2021 year of account is expected to be in the range of (2.33%) to 8.47% of the capacity written. Underwriting returns and interest on Funds held at Lloyd's are paid to FAL providers.

The Company's principal retained economic interest is in syndicate capacity. In 2021 sales of capacity generated a profit of £Nil (2020: £0.18m). The value of syndicate capacity at 31 December 2021 (2022 Capacity) at 2021 auction average weighted values was £49m (2020: £36m), (Note 16).

The Company's principal retained risk is that changes or losses in the Lloyd's market reduce the value of the syndicate capacity and limit the capacity which capital providers wish to provide.

Financial Instruments

The Company's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. The Company's overall risk management policy focuses on monitoring potential adverse effects where considered material.

The Company accepts a certain degree of interest rate risk and other market price risks and continues to monitor these on an on-going basis. Prudent cash management is used to reduce any exposure to liquidity risk.

The Company has no specific concentration of credit risk. It does not have insurance cover against loss of key staff and is unlikely that this will be put into place.

Key Performance Indicators

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

Calendar year ended:	2021	2020	Change
US\$ exchange rate to £1	1.35	1.37	(1.46%)
Capacity (youngest underwriting year) £'000	99,335	89,732	10.70%
Profit/(loss) after tax £'000	(18)	360	(105.00%)

Year of account closed	2019	2018	Change
Capacity of Year of Account which closed £'000	88,361	89,501	(1.27%)
Underwriting profit of latest closed pure year £'000	1,471	540	172.41%
- as a % of capacity	1.66%	0.60%	176.67%

Strategic Report (continued)**Other Performance Indicators**

As a result of the nature of this Company as a Lloyd's Corporate Member the majority of its activities are carried out by the syndicates in which it participates. The Company is not involved directly in the management of the syndicate's activities, including employment of syndicate staff, as these are the responsibility of the relevant Managing Agent. Each Managing Agent will also have responsibility for the environmental activities of each syndicate, although by their nature insurers do not produce significant environmental emissions. As a result, the Directors of the Company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Risk Management

As a corporate member of Lloyd's, the majority of the risks to this Company's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the Managing Agent of the syndicate. This Company's role in managing this risk in conjunction with its Members' Agent is limited to selection of syndicate participations and monitoring performance of the syndicates. The Company seeks to achieve a balance of risk and reward in the portfolio of syndicates it chooses to support. The majority of the syndicate risks are transferred to other entities under the FAL provision agreements and reinsurance agreements, as described above. This Company does retain the risk of Syndicate Capacity values changing, which will be influenced by the Syndicates' underlying performance.

Syndicate risks

The trading activities of a syndicate expose it to a variety of financial and non-financial risks. The Managing Agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the Managing Agent prepares an Individual Capital Assessment (ICA) for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are normally reflected in the ICA; and typically the majority of the total assessed value of the risks concerned is attributable to Insurance Risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's and the Financial Conduct Authority provide additional controls over the syndicate's management of risks.

The Company manages the risks faced by the syndicates on which it participates in conjunction with its Members' Agent by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its Managing Agent. In addition quarterly reports and annual accounts together with any other information made available by the Managing Agent are monitored and if necessary enquired into. If the Company or Members' Agent considers that the risks being run by the syndicate are excessive it will seek confirmation from the Managing Agent that adequate management of the risk is in place and if considered appropriate will withdraw support from the next underwriting year.

Investment and Currency Risks

The other significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, liquidity risk, currency risk and interest rate risk. To mitigate this, the surplus Company funds are invested in the Money Market. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the company to meet the claim. In order to minimise investment, credit and liquidity risk the company's funds are invested in readily realisable money market deposits. The Company usually does not use derivative financial instruments to manage either its interest rate risk or its currency risk and, as such, no hedge accounting is applied.

Strategic Report (continued)

Regulatory Risks

The Company is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting the capital requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the company is able to support.

Operational Risks

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

Impact of Brexit

The Company does not have direct exposure to Brexit but the syndicates on which it participates, do have potential exposures to Brexit by underwriting policies within the European Union. However, Lloyd's has established a European Insurance Company, Lloyds Insurance Company S.A, in Brussels through which syndicates are able to operate very much on the same terms as previously. Therefore the Company does not believe there is any impact to its operations from Brexit.

Impact of Coronavirus

Approximately 27% of the total claims expected from Covid 19 sits in the 2020 underwriting year of account (with approximately 13% falling on to the 2018 year and 60% attaching to the 2019 year). Currently we do not expect to see significant further claims from Covid 19, based on how the pandemic appears to be developing across the world and our syndicates appear to be holding reserves, currently still well in excess of notified claims. We are told that the Lloyd's market is holding a total of £2.8bn of reserves (IBNR) in excess of the current claims incurred in respect of Covid 19.

Section 172 Disclosure

The Directors of the Company have a duty to promote the success of the Company whilst giving due regard to the interests of stakeholders affected by the Company's activities.

As a result of the nature of this Company as a Lloyd's corporate member, the majority of its activities are carried out by the syndicates in which it participates. The Company is not involved directly in the management of the syndicates' activities, as these are the responsibility of the relevant managing agent. Each managing agent has a board of directors which are responsible for the activities of each syndicate, and themselves have a duty towards a range of considerations including (but not limited to) employees, community and environmental matters, standards of business conduct and the long term consequence of decisions.

The Company itself undertakes very few transactions. The Company does not employ any staff and the only suppliers are those who provide services for the administration of the Company. The Directors ensure supplier invoices are paid on time in line with any agreed terms. The Directors work very closely with the Members of the Company to discuss all significant decisions, including the selection of which syndicates to participate.

Strategic Report (continued)

The Company and the syndicates are required to operate within the guidelines and code of conduct of the Lloyd's market. Behind the Lloyd's market is the Lloyd's Corporation, an independent organisation and regulator that acts to protect and maintain the market's reputation and provides services and original research, reports and analysis to the industry's knowledge base.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'T Shenton', written over a horizontal line.

T Shenton
Director
Irongate House
30 Dukes Place
London EC3A 7LP

26 September 2022

ICP CAPITAL LIMITED

Directors' Report

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2021.

Results and Dividends

The results for the period and the state of the Company's affairs as at 31 December 2021 are shown in the Financial Statements. A dividend of £Nil was declared during the year (2020: £nil).

Directors

The following have served as Directors during the period from 1 January 2021 to the date of this report, unless otherwise stated.

Sir NHP Bacon
The Lord Marland of Odstock
RCW Odey
T Shenton

Disclosure of Information to the Auditor


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

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

Auditor

The auditor, PKF Littlejohn LLP has expressed its willingness to continue in office, as auditor.

BY ORDER OF THE BOARD



T Shenton
Director
Irongate House
30 Dukes Place
London EC3A 7LP

26 September 2022

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the 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).

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 United Kingdom Accounting Standards including FRS102 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Independent Auditor's Report to the Members of ICP Capital Limited

Opinion

We have audited the Financial Statements of ICP Capital Limited (the "Company") for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

Independent Auditor's Report to the Members of ICP Capital Limited (continued)

Matters on which we are required to report by exception

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- The company's principal activity is that of a corporate member participating in the underwriting of Syndicates at Lloyd's of London.
- We determined the principal laws and regulations relevant to the Company in this regard to be those that relate to the financial reporting framework (FRS 102, FRS 103 and the Companies Act 2006) and the relevant tax compliance regulations in the UK. Our considerations of other laws and regulations that may have a material effect on the financial statements include the Lloyd's byelaws and regulations that are applicable to a corporate member.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to, making enquiries of management and those responsible for legal and compliance matters.
- We also identified the risks of material misstatement of the financial statements due to fraud. We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

ICP CAPITAL LIMITED

Independent Auditor's Report to the Members of ICP Capital Limited (continued)

Use of our report

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



Neil Coulson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

26 September 2022

ICP CAPITAL LIMITED

Income Statement for the year ended 31 December 2021

	Note	2021	2020
		£000	£000
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Premiums written			
Gross premiums written	5	97,719	93,931
Outward reinsurance premiums		(86,165)	(83,318)
Net premiums written		<u>11,554</u>	<u>10,613</u>
Change in the gross provision for unearned premiums	6	(2,890)	1,304
Change in the provision for unearned premiums, reinsurers' share	6	2,313	(1,576)
Net change in the provision for unearned premiums	6	<u>(577)</u>	<u>(272)</u>
Earned premiums net of reinsurance		<u>10,977</u>	<u>10,341</u>
Allocated investment return transferred from the non-technical account	8	(141)	2,399
Total technical income		<u>10,836</u>	<u>12,740</u>
Claims paid:			
Gross amount		(47,310)	(52,162)
Reinsurers' share		42,602	46,799
Net claims paid		<u>(4,708)</u>	<u>(5,363)</u>
Change in the provision for claims:			
Gross amount	6	(8,602)	(11,854)
Reinsurers' share	6	7,243	10,546
Change in the net provision for claims	6	<u>(1,359)</u>	<u>(1,308)</u>
Claims incurred, net of reinsurance		<u>(6,067)</u>	<u>(6,671)</u>
Other changes in technical provisions		-	(100)
Net operating expenses	7	<u>(4,769)</u>	<u>(5,969)</u>
Balance on the general business technical account transferred to the non-technical account		<u>-</u>	<u>-</u>

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Income Statement for the year ended 31 December 2021 (continued)

	Note	2021 £000	2020 £000
NON TECHNICAL ACCOUNT			
Balance on the general business technical account		-	-
Investment income	8	1,676	2,390
Unrealised gains on investments	8	2,434	3,396
Investment expenses and charges	8	(638)	(676)
Unrealised losses on investments	8	(3,613)	(2,711)
Allocated investment return transferred to the general business technical account	8	141	(2,399)
Other income	9	497	454
Profit on sale of syndicate capacity	16	-	177
Other charges	10	(459)	(303)
Profit/(loss) before taxation	11	38	328
Tax (charge)/credit on profit/(loss)	14	(56)	32
Profit/(loss) for the year	21	(18)	360

Statement of Comprehensive Income

	2021 £000	2020 £000
Profit/(loss) for the financial year	(18)	360
Other comprehensive income:		
Currency translation differences	(108)	39
Prior year adjustment	-	-
Reinsurance and FAL charge	108	(39)
Total comprehensive income for the financial year	(18)	360

All amounts relate to continuing operations.

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Statement of Financial Position as at 31 December 2021

		2021			2020		
	Note	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
ASSETS							
INTANGIBLE ASSETS	16	-	3,900	3,900	-	3,830	3,830
INVESTMENTS							
Other financial investments	17	102,930	-	102,930	97,105	-	97,105
REINSURERS' SHARE OF TECHNICAL PROVISIONS							
Claims outstanding	6	52,862	89,246	142,108	53,555	86,971	140,526
Provision for unearned premiums	6	8,027	30,374	38,401	8,528	27,669	36,197
Other		-	-	-	-	-	-
		<u>60,889</u>	<u>119,620</u>	<u>180,509</u>	<u>62,083</u>	<u>114,640</u>	<u>176,723</u>
DEBTORS							
Debtors arising out of direct insurance operations		23,891	-	23,891	21,388	-	21,388
Debtors arising out of reinsurance operations		13,375	-	13,375	13,822	-	13,822
Other debtors	18	2,395	3,954	6,349	1,645	5,492	7,137
		<u>39,661</u>	<u>3,954</u>	<u>43,615</u>	<u>36,855</u>	<u>5,492</u>	<u>42,347</u>
DEBTORS DUE AFTER ONE YEAR							
Debtors arising out of direct insurance operations		781	-	781	332	-	332
Debtors arising out of reinsurance operations		1,969	-	1,969	1,384	-	1,384
Other debtors		570	-	570	516	-	516
		<u>3,320</u>	<u>-</u>	<u>3,320</u>	<u>2,232</u>	<u>-</u>	<u>2,232</u>
OTHER ASSETS							
Cash at bank and in hand		8,148	2,522	10,670	7,061	280	7,341
Funds at Lloyd's	19	-	2,537	2,537	-	2,209	2,209
		<u>8,148</u>	<u>5,059</u>	<u>13,207</u>	<u>7,061</u>	<u>2,489</u>	<u>9,550</u>
PREPAYMENTS AND ACCRUED INCOME							
Deferred acquisition costs	6	10,717	-	10,717	10,525	-	10,525
Other prepayments and accrued income		810	1,392	2,202	929	1,331	2,260
		<u>11,527</u>	<u>1,392</u>	<u>12,919</u>	<u>11,454</u>	<u>1,331</u>	<u>12,785</u>
TOTAL ASSETS		<u>226,475</u>	<u>133,925</u>	<u>360,400</u>	<u>216,790</u>	<u>127,782</u>	<u>344,572</u>

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

(Registered Number: 5484332)

Statement of Financial Position as at 31 December 2021 (continued)

		2021			2020		
	Note	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
LIABILITIES AND SHAREHOLDERS EQUITY							
CAPITAL AND RESERVES							
Called up share capital	20	-	1	1	-	1	1
Profit and loss account	21	(2,318)	6,935	4,617	(5,689)	10,324	4,635
Total Shareholder's Equity		<u>(2,318)</u>	<u>6,936</u>	<u>4,618</u>	<u>(5,689)</u>	<u>10,325</u>	<u>4,636</u>
TECHNICAL PROVISIONS							
Claims outstanding	6	157,767	-	157,767	154,603	-	154,603
Provision for unearned premiums	6	43,982	-	43,982	41,209	-	41,209
		<u>201,749</u>	<u>-</u>	<u>201,749</u>	<u>195,812</u>	<u>-</u>	<u>195,812</u>
PROVISIONS FOR LIABILITIES AND CHARGES							
	22	<u>-</u>	<u>510</u>	<u>510</u>	<u>-</u>	<u>454</u>	<u>454</u>
CREDITORS							
Creditors arising out of direct insurance operations		2,184	-	2,184	3,163	-	3,163
Creditors arising out of reinsurance operations	23	12,981	116,689	129,670	14,522	109,282	123,804
Other creditors including taxation and social security	24	6,463	9,764	16,227	2,660	6,790	9,450
		<u>21,628</u>	<u>126,453</u>	<u>148,081</u>	<u>20,345</u>	<u>116,072</u>	<u>136,417</u>
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR							
Creditors arising out of direct insurance operations		49	-	49	24	-	24
Creditors arising out of reinsurance operations		2,423	-	2,423	2,169	-	2,169
Other creditors		868	-	868	1,783	-	1,783
		<u>3,340</u>	<u>-</u>	<u>3,340</u>	<u>3,976</u>	<u>-</u>	<u>3,976</u>
ACCRUALS AND DEFERRED INCOME							
		<u>2,076</u>	<u>26</u>	<u>2,102</u>	<u>2,346</u>	<u>931</u>	<u>3,277</u>
TOTAL LIABILITIES		<u>228,793</u>	<u>126,989</u>	<u>355,782</u>	<u>222,479</u>	<u>117,003</u>	<u>339,482</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u>226,475</u>	<u>133,925</u>	<u>360,400</u>	<u>216,790</u>	<u>127,782</u>	<u>344,572</u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 26 September 2022 and signed on its behalf by:



T Shenton
Director

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED**Statement of Changes in Shareholders' Equity as at 31 December 2021**

	Note	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2020		1	-	4,275	4,276
Total comprehensive income		-	-	360	360
Dividends paid	15	-	-	-	-
Proceeds from issue of shares		-	-	-	-
At 31 December 2020		1	-	4,635	4,636
At 1 January 2021		1	-	4,635	4,636
Total comprehensive income		-	-	(18)	(18)
Dividends paid	15	-	-	-	-
Proceeds from issue of shares		-	-	-	-
At 31 December 2021		1	-	4,617	4,618

The Notes are an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2021

1. General Information

The Company is a private company limited by shares that was incorporated in England and Wales and whose registered office is given on the Company information page of these Financial Statements. The Company participates in insurance business as an underwriting member of various syndicates at Lloyd's.

2. Summary of significant accounting policies

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

Basis of Preparation

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

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of certain financial instruments held at fair value through profit or loss.

The preparation of Financial Statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- From preparing a Statement of Cash Flows, based on the requirements of Section 7 Statement of Cash Flows;
- From disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions is wholly owned by such a member, as required by Section 33 Related Party Disclosures - paragraph 33.1A.
- From disclosing key management personnel compensation in total, as required by Section 33 Related Party Disclosures – paragraph 33.7.

The Company is a subsidiary of ICP Holdings Limited, a company incorporated in England and Wales. Consolidated Financial Statements of ICP Holdings Limited can be obtained from:

Irongate House
30 Dukes Place
London, EC3A 7LP

Going concern

The Company participates as an underwriting member of Lloyd's. Its underwriting is supported by Funds at Lloyd's, either made available by the Company directly or through FAL agreements and reinsurance contracts, as described in the Strategic Report. The Directors are of the opinion that the Company has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in the preparation of the Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Basis of accounting

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

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates in which the Company participates.

For each of the Company's financial years, the balance on the general business technical account to be transferred to the non-technical account is £Nil, because the underwriting result is transferred out to related and other third parties based on FAL Agreements and Reinsurance Agreements.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the Statement of Financial Position as "Syndicate participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these Financial Statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

General business

(a) (i) **Premiums**

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Gross premiums written may include "reinsurance to close" receivable (see (g) below).

Premiums written by a syndicate may also include the reinsurance of other syndicates on which the company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter syndicate reinsurance.

(ii) **Reinsurance Premiums**

Managing agents enter into reinsurance contracts on behalf of the syndicates, in the normal course of business, in order to limit the potential losses arising from certain exposures. Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

Outward reinsurance premiums may include "reinsurance to close" payable (see (g) below).

(b) **Unearned Premiums Provisions**

The provision for unearned premium comprises the proportion of gross premiums written, which is estimated to be earned in the following or subsequent financial year, having regard, where appropriate to the incidence of risk. The specific basis adopted by each individual syndicate is determined by the relevant managing agency.

(c) **Deferred Acquisition Costs**

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

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

(d) **Claims incurred**

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

(e) **Provision for claims**

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision has been increased as appropriate by the company to the extent that deficits are foreseen on unexpired risks.

The provision is based on the Returns and reports from the Managing Agents, which are reviewed by the Group's syndicate analysis team and when appropriate, statistical methods have been applied to past experience of claims frequency and severity.

Adjustments to the amounts of provisions are reflected in the accounts for the period in which the adjustments are made. The methods used to assess provisions, and the provisions made, are regularly reviewed.

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

(f) **Unexpired risk reserve**

Provision is made for unexpired risks where the expected value of the claims and expenses attributable to the unexpired periods of policies in force at the financial reporting date exceeds the unearned premiums provision, net of deferred acquisition costs. The assessment of whether a provision is necessary is made using information supplied by the relevant managing agents.

(g) **Reinsurance to close**

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

(a) a premium; and

(b) either

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

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

(g) **Reinsurance to close (continued)**

Where the reinsurance to close is between members on successive years of account of the same syndicate, the managing agent has a duty to ensure both sets of members are treated equitably and to set reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members.

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the company has increased its participations from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims.

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for account purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured.

(h) **Distribution of syndicate profits and collection of losses**

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

(i) **Financial assets and financial liabilities**

Classification

The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the Income Statement and Other Comprehensive Income. These classifications are made at initial recognition and subsequent classification is only permitted in restricted circumstances.

The syndicate's investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Recognition

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

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

(i) **Financial investments and assets (continued)**

Initial measurement

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

Subsequent measurement

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

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

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

Derecognition of financial assets and liabilities

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

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

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date.

When quoted prices are unavailable, observable inputs developed using market data for the asset or liability, either directly or indirectly, are used to determine fair value.

If the market for the asset is not active and there are no observable inputs, then the syndicate estimates the fair value by using unobservable inputs, i.e. where market data is unavailable.

Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

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

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

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

(i) Financial investments and assets (continued)

Offsetting

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

(j) Investment return

Investment return comprises all investment income, realised investment gains and losses, movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the fair value at that date.

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

Reinsurance at corporate level

Where considered applicable by the Directors, the Company may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2 (a), (b), (d) and (e) above.

The Company has entered into whole account quota share reinsurance contracts for each of the years of account from 2013 to 2022, including ICP Reinsurance Ltd, a related party.

Intangible assets: Syndicate capacity

Syndicate capacity is an intangible asset which represents costs incurred in the Corporation of Lloyd's auctions, in order to participate on syndicates' years of account.

These costs incurred by the Company to acquire rights to participate on syndicates' underwriting years are included within intangible assets and amortised over a 20 year period from 1 January 2008 or from the date of acquisition if later.

The carrying value of participation rights may be reduced if, at any time, the Directors become aware of a permanent diminution in the value of those rights, having regard to auction prices or other factors. Hence, the intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Income Statement for the period.

Turnover

Turnover comprises of Company's share of underwriting agency fees and performance fees. Underwriting agency fees are taken to credit on an accruals basis. Performance fees are recognised when there is a reasonable degree of certainty that they are receivable.

Investments and investment returns, at corporate level

The investments and investment return at corporate level, as and when these occur, follow the accountancy policies, as described in 2(i) and (j) above.

Listed and other traded investments are stated at mid-market values. Other investments are stated at Directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Investment expenses and charges

Investment expenses and charges comprise investment management expenses and losses on the realisation of investments. Realised losses arise from the difference between proceeds and valuation at the previous year end, or cost if there have been no previous revaluations. The realised losses reported by syndicates are net of any realised gains.

Net operating expenses

Operating expenses are recognised when incurred. They include the company's share of syndicate operating expenses, the remuneration payable to Managing Agents (and the company's Members' Agent) and the direct costs of membership of Lloyd's. Where they relate to the Company's underwriting, they are charged to the accounts in relation to the earning patterns of profits and premiums. Reinsurance costs and letter of credit charges in relation to the company's Funds at Lloyd's are charged to the technical account.

Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

Basis of currency translation

The presentation and functional currency of the Company is Pound Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

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

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Pound Sterling at the rates of exchange at the financial reporting date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in Other Comprehensive Income. All other exchange differences are reported within the Income Statements Non-Technical Account (or the Technical Account in respect of Life syndicates).

Debtors/Creditors arising from insurance and reinsurance operations

The amounts shown in the Statement of Financial Position include the totals of all the syndicates' outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

Taxation

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

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these Financial Statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the financial reporting 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 law.

Deferred tax assets are recognised to the extent that it is regarded probable that they will be recovered.

Cash and cash equivalents

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

Share Capital

Ordinary share capital is classified as equity.

Dividend distributions to shareholders

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the Statement of Changes in Shareholders' Equity.

3. Key accounting judgements and estimation uncertainties

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 4.

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.

Purchased syndicate capacity:

Estimating value in use:

Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is twenty years. This is on the basis, as is the opinion of the Company's Directors, that this is the life over which the original value of the capacity acquired is used up.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

3. Key accounting judgements and estimation uncertainties (continued)

Assessing indicators of impairment:

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

Recoverability of receivables:

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

Performance fees:

Performance fees arise when there is a reasonable degree of certainty that they are recoverable. Performance fees on open years of account are estimated based on forecasts provided by the syndicates. Forecasts provided by the syndicates will include an estimation of provisions for claims outstanding which carries uncertainty as referred to above and in Note 4.

4. Risk Management

This section summarises the financial and insurance risks the Company is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's syndicates.

Risk background

The syndicate's activities expose it to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the managing agent prepares a Lloyd's Capital Return ("LCR") for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the syndicate's management of risks.

The Company manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Company considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Company relies on advice provided by the members' agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The Company also mitigates its insurance risks by participating across several syndicates as detailed in Note 16.

The analysis below provides details of the financial risks the Company is exposed to from syndicate insurance activities and at corporate Company level, as required by FRS 103.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)
4. Risk Management (continued)
Syndicate risks
i. Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligation when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

2021	No stated maturity £000	0-1 year £000	1-3 years £000	3-5 years £000	>5 years £000	Total £000
Claims outstanding	-	54,302	54,925	24,136	24,404	157,767

2020	No stated maturity £000	0-1 year £000	1-3 years £000	3-5 years £000	>5 years £000	Total £000
Claims outstanding	-	53,624	51,082	27,324	22,573	154,603

ii. Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities which are neither past due nor impaired are as follows:

2021	AAA £000	AA £000	A £000	BBB or lower £000	Not rated £000	Total £000
Financial investments	26,291	29,758	31,108	11,269	4,002	102,428
Deposits with ceding undertakings	-	-	463	-	39	502
Reinsurers share of claims outstanding	884	14,430	33,161	688	3,699	52,862
Reinsurance debtors	38	574	1,759	213	559	3,143
Cash at bank and in hand	75	158	7,809	38	68	8,148
	<u>27,288</u>	<u>44,920</u>	<u>74,300</u>	<u>12,208</u>	<u>8,367</u>	<u>167,083</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4. Risk Management (continued)

2020	AAA	AA	A	BBB or lower	Not rated	Total
	£000	£000	£000	£000	£000	£000
Financial investments	25,920	26,225	31,436	8,832	4,682	97,095
Deposits with ceding undertakings	-	-	-	-	10	10
Reinsurers share of claims outstanding	1,714	12,255	34,533	876	4,177	53,555
Reinsurance debtors	3	409	1,697	275	618	3,002
Cash at bank and in hand	662	101	6,190	69	39	7,061
	28,299	38,990	73,856	10,052	9,526	160,726

Syndicate assets emerging directly from insurance activities past their due date or impaired are as follows:

2021	Neither past due nor impaired	Past due but not impaired				Impaired	Total
		Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year		
	£000	£000	£000	£000	£000	£000	£000
Financial investments	102,428	-	-	-	-	-	102,428
Deposits with ceding undertakings	502	-	-	-	-	-	502
Reinsurers share of claims outstanding	52,880	-	-	-	-	(18)	52,862
Reinsurance debtors	3,144	1,879	71	43	69	-	5,206
Cash at bank and in hand	8,148	-	-	-	-	-	8,148
	167,102	1,879	71	43	69	(18)	169,146

2020	Neither past due nor impaired	Past due but not impaired				Impaired	Total
		Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year		
	£000	£000	£000	£000	£000	£000	£000
Financial investments	97,095	-	-	-	-	-	97,095
Deposits with ceding undertakings	10	-	-	-	-	-	10
Reinsurers share of claims outstanding	53,635	-	-	-	-	(18)	53,617
Reinsurance debtors	3,005	1,282	297	86	44	(1)	4,713
Cash at bank and in hand	7,061	-	-	-	-	-	7,061
	160,806	1,282	297	86	44	(19)	162,496

i. Interest rate and equity price risk

Interest rate risk and equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

ii. Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4. Risk Management (continued)

The table below provides details of syndicate assets and liabilities by currency:

2021	GBP £000 converted	USD £000 converted	EUR £000 converted	CAD £000 converted	Other £000 converted	Total £000 converted
Total assets	58,661	118,531	11,492	28,830	8,961	226,475
Total liabilities	(66,628)	(120,621)	(11,208)	(22,246)	(8,090)	(228,793)
Surplus/(deficiency) of assets	(7,967)	(2,090)	284	6,584	871	(2,318)

2020	GBP £000 converted	USD £000 converted	EUR £000 converted	CAD £000 converted	Other £000 converted	Total £000 converted
Total assets	54,967	115,125	12,734	25,605	8,359	216,790
Total liabilities	(67,023)	(119,648)	(10,783)	(19,587)	(5,438)	(222,479)
Surplus/(deficiency) of assets	(12,056)	(4,523)	1,951	6,018	2,921	(5,689)

Corporate Reinsurance of Syndicate Results

All of the syndicate results are reinsured out by the Company and this reinsurance is intended to assume the responsibility for the various risks with the syndicate balance sheets detailed above. This reinsurance is represented by the Company's reinsurers' share of the following components: Syndicate's net claims outstanding and syndicate's net unearned premiums due from them and after deducting the share of underwriting results due to them as a creditor to the Company there is a £2.931m net debt due from these reinsurers (2020: £5.419m debt). This net debt due as follows £0.506m due from AA rated reinsurers and £2.425m due from unrated reinsurers (2020: £1.065m due from AA rated and £4.354m due from unrated reinsurers). These amounts are effectively secured by Funds at Lloyd's provided by the reinsurers.

Company risks

i. Investment, credit, liquidity and currency risks

The significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Company to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The Company is exposed to movements in the US Dollar between the financial reporting date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account.

ii. Regulatory risks

The Company is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Company is able to support.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4. Risk Management (continued)

Company risks (continued)

iii. Operational risks

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

5. Segmental Information

The business shown in the segmental information has all been underwritten in the Lloyd's insurance market. It has been treated as one geographical segment.

31 December 2021 analysis by class of business

	Total Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
Accident and health	2,289	2,286	(713)	(173)	(785)	615
Motor – third party liability	237	231	(148)	(13)	247	317
Motor – other classes	7,894	7,920	(5,753)	(436)	2,499	4,230
Marine, aviation and transport	6,961	6,408	(2,251)	(408)	(2,356)	1,393
Fire and other damage to property	26,722	26,575	(14,385)	(1,318)	(17,320)	(6,448)
Third party liability	28,891	27,785	(16,250)	(1,582)	(6,706)	3,247
Other	1,688	1,606	(816)	(96)	(1,220)	(526)
Reinsurance	23,037	22,018	(15,596)	(743)	(8,366)	(2,687)
Total	97,719	94,829	(55,912)	(4,769)	(34,007)	141

31 December 2020 analysis by class of business

	Total Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
Accident and health	3,005	3,217	(2,535)	(252)	(318)	112
Motor – third party liability	548	662	(524)	(32)	(178)	(72)
Motor – other classes	8,029	8,324	(5,403)	(553)	(496)	1,872
Marine, aviation and transport	7,888	7,690	(4,446)	(522)	(2,391)	331
Fire and other damage to property	25,767	26,056	(18,052)	(1,689)	(6,738)	(423)
Third party liability	24,646	24,102	(14,208)	(1,636)	(7,496)	762
Other	2,417	2,595	(4,854)	(165)	4,740	2,316
Reinsurance	21,631	22,589	(13,994)	(1,120)	(14,772)	(7,297)
Total	93,931	95,235	(64,016)	(5,969)	(27,649)	(2,399)

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

6. Technical provisions

			2021			2020
Movement in claims outstanding	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
At 1 January	(154,603)	140,526	(14,077)	(145,420)	132,865	(12,555)
Movement in technical account	(8,602)	7,243	(1,359)	(11,854)	10,546	(1,308)
Other movements	5,438	(5,661)	(223)	2,671	(2,885)	(214)
At 31 December	<u>(157,767)</u>	<u>142,108</u>	<u>(15,659)</u>	<u>(154,603)</u>	<u>140,526</u>	<u>(14,077)</u>

The reinsurance balance on claims outstanding as at 31 December 2021 comprises of syndicate reinsurance amounting to £52.862m (2020: £53.555m) and corporate reinsurance amounting to £89.246m (2020: £86.971m).

			2021			2020
Movement in unearned premiums	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
At 1 January	(41,209)	36,197	(5,012)	(42,406)	36,730	(5,676)
Movement in technical account	(2,890)	2,313	(577)	1,304	(1,576)	(272)
Other movements	117	(109)	8	(107)	1,043	936
At 31 December	<u>(43,982)</u>	<u>38,401</u>	<u>(5,581)</u>	<u>(41,209)</u>	<u>36,197</u>	<u>(5,012)</u>

The reinsurance balance on unearned premiums as at 31 December 2021 comprises of syndicate reinsurance amounting to £8.027m (2020: £8.528m) and corporate reinsurance amounting to £30.374m (2020: £27.669m).

	2021 Net £000	2020 Net £000
Movement in deferred acquisition costs		
At 1 January	10,525	11,036
Movement in deferred acquisition costs (Note 7)	233	(465)
Other movements (Note 7)	(41)	(46)
At 31 December	<u>10,717</u>	<u>10,525</u>

Included within other movements of the year ended 31 December 2021 are foreign exchange movements and the effect of the 2018 and prior years' technical provisions being reinsured to close into the 2019 year of account (2020: 2017 and prior years' technical provisions being reinsured to close into the 2018 year of account), to the extent where the Company's syndicate participation portfolio has changed between those two years of account.

Assumptions, changes in assumptions and sensitivity

As described in Note 4 the majority of the risks to the Company's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Company's role in managing these risks, in conjunction with the Company's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Company arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

Assumptions, changes in assumptions and sensitivity (continued)

The key assumptions underlying the amounts carried by the Company arising from insurance contracts are:

- the net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the financial reporting date;
- the net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the financial reporting date, including appropriate allowance for anticipated losses in excess of the unearned premium;
- the claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the financial reporting date;
- the potential ultimate result of run-off year results has been accurately estimated by the managing agents; and
- the values of investments and other assets and liabilities are correctly stated at their realisable values at the financial reporting date.

There have been no changes to these assumptions in 2021.

The amounts carried by the Company arising from insurance contracts are sensitive to various factors. The Company's syndicate risks are transferred to other entities under the FAL provision agreements and reinsurance agreements, and therefore there is no impact on the net profit.

The tables below show the historical gross and net claims development based on the Company's syndicate participations on all syndicate years during the year ended 31 December 2021 excluding the impact of corporate reinsurance. The table does not include the claims development on any syndicates which the Company no longer participates upon and is based on the latest participation shares during the year ended 31 December 2021. After the third year there is usually a reinsurance to close (RITC) and the subsequent movement on the RITC is shown in the right hand column below. As the company's participation on the underlying syndicates will typically change from year to year after the RITC the claims developments after the third year may increasingly not reflect this company's participation, therefore the table has not been continued beyond the third year.

Claims development - Gross

Underwriting pure year	At end of underwriting year £000	After second year £000	After third year £000	Profit/ (loss) on RITC received £000
2012 and prior	24,094	38,916	38,486	8,977
2013	18,300	34,136	34,398	1,889
2014	18,289	33,689	36,098	6,004
2015	16,913	35,456	35,508	5,018
2016	21,834	44,767	45,342	2,374
2017	34,891	54,130	56,343	3,284
2018	31,413	57,162	60,047	2,540
2019	28,110	58,402	58,094	-
2020	30,192	55,835	-	-
2021	32,990	-	-	-

Claims development - Net

Underwriting pure year	At end of underwriting year £000	After second year £000	After third year £000	Profit/ (loss) on RITC received £000
2012 and prior	19,343	32,215	32,310	6,829
2013	15,547	29,718	29,024	4,235
2014	15,528	29,295	30,275	3,590
2015	14,764	30,281	30,678	3,213
2016	16,461	33,935	34,615	3,719
2017	21,725	37,050	39,215	2,744
2018	20,578	38,627	41,321	2,052
2019	18,240	40,229	41,100	-
2020	19,728	38,005	-	-
2021	22,084	-	-	-

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

7. Net Operating Expenses

	2021 £000	2020 £000
Acquisitions costs	23,397	23,584
Change in deferred acquisition costs (Note 6)	(192)	511
Charges from providers of Funds at Lloyd's	517	(136)
Administrative expenses	4,903	3,935
Other income/charges	(2)	(28)
Gain/(Loss) on exchange	201	(408)
Reinsurers share of expenses	(24,055)	(21,489)
	<u>4,769</u>	<u>5,969</u>

The above figures reflect the presentation necessary, mainly in relation to the treatment of the reinsurance contracts that provided part of the Funds of Lloyd's and these are now accounted for through the relevant items in the Technical Account (also refer to Note 6), rather than merely through the "Net Operating Expenses" within the "changes from providers of Funds at Lloyd's". Also, there are separate disclosures on the Company's statement of financial position such as reinsurance share of technical provisions and also the debtors/creditors arising out of reinsurance operations, as appropriate.

8. Investment return

	Investments at fair value 2021 £000	Investments available for sale 2021 £000	Total 2021 £000	Investments at fair value 2020 £000	Investments available for sale 2020 £000	Total 2020 £000
Income from investments	1,496	-	1,496	1,865	-	1,865
Gains on realisation of investments	180	-	180	525	-	525
Investment income	<u>1,676</u>	<u>-</u>	<u>1,676</u>	<u>2,390</u>	<u>-</u>	<u>2,390</u>
Unrealised gains on investments	2,434	-	2,434	3,396	-	3,396
Unrealised losses on investments	(3,613)	-	(3,613)	(2,711)	-	(2,711)
Net unrealised gains/(losses)	<u>(1,179)</u>	<u>-</u>	<u>(1,179)</u>	<u>685</u>	<u>-</u>	<u>685</u>
Investment management expenses	(80)	-	(80)	(82)	-	(82)
Losses on realisation of investments	(558)	-	(558)	(594)	-	(594)
Investment expenses and charges	<u>(638)</u>	<u>-</u>	<u>(638)</u>	<u>(676)</u>	<u>-</u>	<u>(676)</u>
Total investment return	<u>(141)</u>	<u>-</u>	<u>(141)</u>	<u>2,399</u>	<u>-</u>	<u>2,399</u>

9. Other income

	2021 £000	2020 £000
Performance and agency fee	497	449
Interest income	-	19
Interest income - re-allocated to FAL providers	-	(14)
	<u>497</u>	<u>454</u>

ICP CAPITAL LIMITED**Notes to the Financial Statements for the year ended 31 December 2021 (continued)****10. Other charges**

	2021	2020
	£000	£000
Other charges	459	(33)
Recharged to FAL providers	-	336
	<u>459</u>	<u>303</u>

11. Profit Before Taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2021	2020
	£000	£000
Auditor's remuneration - audit of the financial statements	26	25
- other services	-	-
Lloyd's fees	25	19
Staff costs (Note 12)	34	32
(Profit) on sale of syndicate capacity (Note 16)	-	(177)
Amortisation of syndicate capacity (Note 16)	362	340
	<u>362</u>	<u>340</u>

12. Staff Costs

	2021	2020
	£000	£000
Salaries	33	31
Social Security costs	1	1
	<u>34</u>	<u>32</u>

There were no (2020: nil) employees employed by the Company during the year. The above staff costs relate to recharged salaries from ICP General Partner Ltd, the Company's Managing Agent and a group company.

13. Directors' Remuneration

	2021	2020
	£000	£000
Management services:		
Aggregate emoluments	17	15
	<u>17</u>	<u>15</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14. Taxation

	2021 £000	2020 £000
a) Analysis of tax charge in the year		
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustment to prior period	-	1
Current tax charge/(credit) for year	-	1
Deferred tax:		
Origination and reversal of timing differences (see (c) below)	(53)	(33)
Effect of tax rate change on deferred income	109	-
Total deferred tax (Note 22)	56	(33)
Tax charge/(credit) on profit on ordinary activities for the year (see b) below)	56	(32)

b) Factors affecting tax charge for year

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

	2021 £000	2020 £000
Profit/(loss) before tax	38	328
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	7	62
Effects of:		
Foreign exchange (loss)/gain on distribution	-	-
Disallowable expenses	29	3
Overseas tax	(89)	(100)
Effect of change in tax rate on deferred income	109	-
Adjustment to prior period	-	1
Other movements	-	2
Total tax charge for period (see (a) above)	56	(32)

ICP CAPITAL LIMITED**Notes to the Financial Statements for the year ended 31 December 2021 (continued)****14. Taxation (continued)****c) Deferred tax**

	2021	2020
	£000	£000
The deferred tax included in the statement of financial position is as follows:		
Deferred tax asset included in Other Debtors (Note 18)	-	-
Deferred tax liability included in provisions for liabilities and charges (Note 22)	(510)	(454)
Total recognised deferred tax liability	<u>(510)</u>	<u>(454)</u>
Losses carried forward	-	-
Other temporary differences	(510)	(454)
Overseas tax credit carried forward	-	-
Total recognised deferred tax liability	<u>(510)</u>	<u>(454)</u>
Deferred tax liability at the start of the year	(454)	(487)
Effect of change of tax rate	(109)	-
Deferred tax credit in the income statement for the year (see Note 14(a) above)	53	33
Deferred tax liability at the end of the year	<u>(510)</u>	<u>(454)</u>

The deferred tax balance mainly consists of timing differences relating to the taxation of the underwriting results.

15. Dividends

	2021	2020
	£000	£000
Equity dividends declared and paid	<u>-</u>	<u>-</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

16. Intangible Assets

Syndicate participation rights: Capacity

	£000
Cost	
At 1 January 2021	7,245
Purchases	432
Disposals	-
As at 31 December 2021	<u>7,677</u>
Amortisation	
At 1 January 2021	3,415
Provided during the year	362
Disposals	-
At 31 December 2021	<u>3,777</u>
Net Book Value	
At 31 December 2021	<u>3,900</u>
At 31 December 2020	<u>3,830</u>

The profit on sale of syndicate capacity arising in the year 2021 amounted to £Nil (2020: £177k) and is included in the Income Statement – Non-Technical Account of the year.

The syndicate capacity owned by ICP Capital Limited is as follows:

Syndicate	Underwriting Agency	2022 Capacity £	2021 Capacity £	2020 Capacity £	2022 Auction value £	2021 Auction value £	2020 Auction value £
33	Hiscox	13,258,765	13,258,766	13,258,766	8,053,670	6,745,800	8,482,204
218	Equity	9,831,184	9,831,184	9,831,184	68,280	306,985	17,471
386	QBE	5,259,577	4,781,434	4,551,696	4,249,085	3,527,798	3,125,558
510	RJ Kiln	20,986,930	20,986,930	19,129,566	5,654,074	3,502,326	3,933,625
609	Atrium	17,158,940	16,506,577	13,251,698	13,621,255	9,831,411	8,088,620
623	Beazley	2,298,787	1,298,905	1,068,806	1,295,315	699,748	660,599
727	Meacock	148,524	144,198	144,198	120,619	109,019	110,516
1176	Chaucer	22,053	22,053	22,053	45,173	43,400	43,357
1729	Asta	3,000,000	2,514,630	1,834,961	-	-	-
2010	Cathedral	5,425,004	5,109,662	4,815,893	680,850	125,331	500,998
2525	Asta	9,819,671	9,139,521	8,456,689	7,864,575	4,044,774	2,382,634
2791	MAP	7,951,958	7,951,958	7,951,958	7,339,549	6,465,138	5,845,500
4242	Beat	-	3,000,000	2,500,000	-	-	-
5623	Beazley SPA	2,000,000	1,000,000	-	-	-	-
5886	Asta	4,197,208	3,789,146	2,914,727	234,709	194,830	267,690
6107	Beazley SPA	2,500,000	-	-	-	-	-
		<u>103,858,601</u>	<u>99,334,964</u>	<u>89,732,195</u>	<u>49,227,154</u>	<u>35,596,560</u>	<u>33,458,772</u>

The auction value shown for each year is based upon the auctions in the previous calendar year. For example, the 2022 auction values are for capacity for the 2022 year of account which were based on auctions during 2021.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

17. Financial Investments

The syndicate and Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical assets that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Financial investments - Syndicate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2021						
Shares and other variable yield securities and units in unit trusts	784	7,292	1,985	-	10,061	9,402
Debt securities and other fixed income securities	12,212	66,962	58	-	79,232	79,061
Participation in investment pools	956	70	16	-	1,042	1,017
Other	2,687	544	9,364	-	12,595	13,226
	16,639	74,868	11,423	-	102,930	102,706

Financial investments - Syndicate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2020						
Shares and other variable yield securities and units in unit trusts	772	9,077	1,556	-	11,405	10,713
Debt securities and other fixed income securities	11,353	61,455	-	-	72,808	72,807
Participation in investment pools	857	70	50	-	977	942
Other	3,551	8,364	-	-	11,915	11,578
	16,533	78,966	1,606	-	97,105	96,040

Financial investments - Corporate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2021						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
	-	-	-	-	-	-

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

17. Financial Investments (continued)

Financial investments - Corporate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2020						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
	-	-	-	-	-	-

18. Other Debtors

	2021			2020		
	Syndicate	Corporate	Total	Syndicate	Corporate	Total
	£000	£000	£000	£000	£000	£000
Amounts due from related undertakings (Note 27)	-	3,306	3,306	-	4,181	4,181
Early release to member	111	-	111	108	-	108
Other	2,284	648	2,932	1,537	1,311	2,848
	<u>2,395</u>	<u>3,954</u>	<u>6,349</u>	<u>1,645</u>	<u>5,492</u>	<u>7,137</u>

19. Funds at Lloyd's

Included within cash at bank and in hand held as a corporate asset is £2.54 million (2020: £2.21 million) held within the Lloyd's deposit and subject to the restrictions detailed below.

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

In addition to the Funds at Lloyd's held of £2,537,136, the Company's Lloyd's underwriting is supported by bank guarantees and letters of credit of £14,615,015, cash at bank by third parties of £7,582,081 and listed securities of £29,095,186 pledged by third parties to support this company's underwriting, (Note 26).

20. Share Capital

	2021	2020
	£000	£000
Issued and fully paid		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

21. Profit and Loss Account

	Syndicate £000	2021 Corporate £000	Total £000
At 1 January 2021	(5,689)	10,324	4,635
Profit for the financial year	3,371	(3,389)	(18)
Dividends (Note 15)	-	-	-
At 31 December 2021	<u>(2,318)</u>	<u>6,935</u>	<u>4,617</u>
	Syndicate £000	2020 Corporate £000	Total £000
At 1 January 2020	(8,300)	12,575	4,275
Profit for the financial year	2,611	(2,251)	360
Dividends (Note 15)	-	-	-
At 31 December 2020	<u>(5,689)</u>	<u>10,324</u>	<u>4,635</u>

The profit for the financial year is after transfers out of the result from Syndicates to the Company.

22. Provisions for Liabilities and Charges

	2021 £000	2020 £000
Deferred tax liability (see Note 14)	510	454
	<u>510</u>	<u>454</u>

23. Creditors Arising out of Reinsurance Operations

Corporate

The amount of £116.689m (2020: £109.282m) payable to the Company's reinsurers' is offset by the reinsurers' share of the technical provisions of £119.620m (2020: £114.640m) to give a net liability of £2.931 m (2020: £5.358m net asset). This amount will be settled on a net basis normally following the closure of the underlying years of account. Part of the above payable is with a related party, as disclosed in Note 27.

24. Other Creditors including Taxation and Social Security

	2021			2020		
	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
Amounts due to group undertakings	-	3,136	3,136	-	3,998	3,998
Amounts due to related undertakings (Note 27)	-	5,357	5,357	-	-	-
Other tax	-	6	6	-	6	6
Cash calls from syndicates	1,659	(1,659)	-	(110)	110	-
Other creditors	4,804	2,924	7,728	2,770	2,676	5,446
	<u>6,463</u>	<u>9,764</u>	<u>16,227</u>	<u>2,660</u>	<u>6,790</u>	<u>9,450</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

25. Financial Liabilities

The syndicate and Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical liabilities that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the liability.

Financial Liabilities - Syndicate	Financial liabilities carried at fair value through profit or loss			Held at amortised cost	Total market value
	Level 1	Level 2	Level 3		
2021	£000	£000	£000	£000	£000
Derivatives	(10)	-	-	-	(10)
Other	-	-	-	-	-
	(10)	-	-	-	(10)

Financial Liabilities - Syndicate	Financial liabilities carried at fair value through profit or loss			Held at amortised cost	Total market value
	Level 1	Level 2	Level 3		
2020	£000	£000	£000	£000	£000
Derivatives	(9)	-	-	-	(9)
Other	-	-	-	-	-
	(9)	-	-	-	(9)

All other financial liabilities of the syndicate participation, including creditors arising out of direct insurance operations, creditors arising out of reinsurance operations and other creditors, are measured at amortised cost.

Financial Liabilities - Corporate

All corporate financial liabilities are measured at amortised cost.

26. Contingent Liabilities

The Company was underwriting at Lloyd's with an allocated capacity for 2021 of £99.3 million (2020 - £89.7 million) (Note 16). This underwriting is supported by Funds at Lloyd's (Note 19) which comprise:

	2021	2020
	£000	£000
Letters of Credit and bank guarantees	14,615	15,764
Cash	10,119	20,606
Listed Securities	29,095	25,190
	53,829	61,560

The majority of the cash and letters of credit are applied under agreements with reinsurers and FAL providers.

An amount of £2,537,136 (2020: £2,209,316) was held as cash in Funds at Lloyd's for the company. The remaining cash was in the Funds at Lloyd's held for third parties (Note 19). Losses payable out of the £51,292,282 (2021: £59,350,684) FAL provided by third parties gives rise to contingent liability to those parties.

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

27. Related Party Disclosures

ICP Capital Ltd is a fellow subsidiary of ICP Holdings Ltd with ICP General Partner Ltd which is its Members' Agent. As mentioned in the Strategic Report, as a result of a reorganisation, for the 2015 underwriting year of account there are arrangements for the provision of Funds at Lloyd's (FAL) with ICP Investment Holdings Ltd and ICP Reinsurance Ltd, both incorporated companies in the Cayman Islands. These arrangements are described below:

- ICP Investment Holdings Ltd and ICP Reinsurance Ltd have entered into a FAL provision agreement with the Company for the 2015 and subsequent years of account. The FAL has, as part of a restructuring, come from the majority of ex-partners in Insurance Capital Partners LP, in return for various Ordinary, Capital, Open Year of Account and Year of Account Shares in ICP Investment Holdings Ltd.
- In addition, ICP Reinsurance Ltd has entered into a whole account quota share Reinsurance Contract with the company for each of the years of account from 2013 to date.

T. Shenton, a Director of the Company, is also a Director of ICP Investment Holdings Ltd and ICP Reinsurance Ltd for which he receives no remuneration. The Company has, as mentioned above, a quota share Reinsurance Contract with ICP Reinsurance Ltd for each of the years of account from 2013 to date.

All the Directors are also shareholders in ICP Investment Holdings Ltd.

During the year the Company provided £816,723 (2020: £2,401,034) to ICP Investment Holdings Limited for FAL requirements, and as at the balance sheet date £3,306,007 was receivable from ICP Investment Holdings (2020: £2,489,284), Note 18.

During the year the Company received net funds of £7,049,026 from ICP Reinsurance Ltd (2020: provided net funds of £1,656,779 to ICP Reinsurance Ltd) for FAL requirements, and as at the balance sheet date £5,356,929 was payable by them (2020: £1,692,097 was receivable from them, Note 18), Note 24. As at the balance sheet date £100,104,789 was due to ICP Reinsurance Ltd (2020: £94,752,531) (being part of the creditors arising out of reinsurance operations, Note 23).

28. Ultimate Holding Company

The Company's ultimate holding company is ICP Holdings Ltd, a company registered in England & Wales. The Company's results are consolidated in the group accounts of ICP Holdings Ltd, copies of which are available at 3 Castlegate, Grantham, Lincolnshire NG31 6SF.