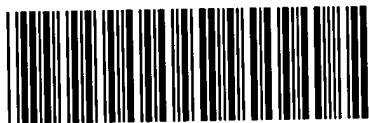

LIMITED LIABILITY PARTNERSHIP

MJ 627 LLP

Annual Report

◆ **For the year ended 31 December 2021** ◆

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Registered Number: OC423866

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MJ 627 LLP¹
General Information

DESIGNATED MEMBERS

Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' AGENT

(Regulated by the Financial Conduct Authority)
Argenta Private Capital Limited

AUDITOR

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

REGISTERED NUMBER

OC423866

REGISTERED OFFICE

5th Floor, 70 Gracechurch Street
London
EC3V 0XL

MJ 627 LLP
Members' Report
For the year ended 31 December 2021

The Members present their report together with the Financial Statements for the year ended 31 December 2021.

Statement of Members' Responsibilities

Legislation applicable to Limited Liability Partnerships requires the Members to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

In preparing those Financial Statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure 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 Partnership will continue in business.

The Members are responsible for ensuring that proper and up to date books of account are maintained in accordance with generally accepted accounting principles, and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the Financial Statements comply with the Limited Liability Partnership Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Activities

The principal activity of the Limited Liability Partnership in the year under review was that of a limited liability underwriting Member of Lloyd's.

Business Review

The Limited Liability Partnership ("the LLP") continues to write insurance business in the Lloyd's insurance market as a limited liability underwriting Member of Lloyd's.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Limited Liability Partnership participates for the 2019, 2020 and 2021 years of account.

Results

The result for the year is shown in the Statement of Comprehensive Income.

Designated Members

The Designated Members during the period were as follows:

Argenta Continuity Limited
Argenta LLP Services Limited

Members' Interests

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account.

MJ 627 LLP
Members' Report (continued)
For the year ended 31 December 2021

Auditor

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

In the case of each of the Members at the time this report is approved, the following applies:

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

Approved by the Members on 1 July 2022 and signed on their behalf by:



D C BOWLES
ARGENTA LLP SERVICES LIMITED
Designated Member

MJ 627 LLP
Independent Auditor's Report
To the Members of MJ 627 LLP
For the year ended 31 December 2021

Opinion

We have audited the Financial Statements of MJ 627 LLP (the 'LLP') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Reconciliation of Members' Interests, Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 LLP 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 members 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 LLP'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 members 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 Members are responsible for the other information contained within the annual report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

MJ 627 LLP
Independent Auditor's Report (continued)
To the Members of MJ 627 LLP
For the year ended 31 December 2021

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities set out on page 4, the Members 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 Members 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 Members are responsible for assessing the LLP'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 Members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- We obtained an understanding of the LLP and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussion with management and the application of our knowledge and experience of the sector in which the LLP operates in. We determined the principal laws and regulations relevant to the LLP in this regard to be those arising from the Companies Act 2006, as applicable, and Lloyd's byelaws as they relate to the LLP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the LLP with those laws and regulations. These procedures included, but were not limited to:
 - discussion with management of any known, or suspected instances, of non-compliance by the LLP with those laws and regulations;
 - discussion with management of any, or suspected, incidence of fraud;
 - review of the Financial Statements disclosure and testing to supporting documentation to assess compliance with applicable law and regulation;
 - review of the minutes of the member's meetings and other correspondence as we deemed appropriate;
 - review and testing of the system of controls established by management to ensure the accuracy of the Financial Statements.

We identified the risks of material misstatement of the Financial Statements due to fraud as being those arising from management override of controls. We have addressed this risk by performing audit procedures which included, but were not limited to, the testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business that came to our attention.

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.

MJ 627 LLP
Independent Auditor's Report (continued)
To the Members of MJ 627 LLP
For the year ended 31 December 2021

Use of the Audit Report

This report is made solely to the LLP's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's Members as a body for our audit work, for this report, or for the opinions we have formed.

Thomas Seaman

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

15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 1 July 2022

MJ 627 LLP**Statement of Comprehensive Income – Technical Account
For the year ended 31 December 2021**

	Note	2021 £	2020 £
Premiums			
Gross premiums written	1	883,177	975,715
Outward reinsurance premiums	1	(272,793)	(289,347)
Net premiums written		<u>610,384</u>	<u>686,368</u>
Change in the provision for Unearned premiums			
Gross provision	1	35,884	(96,690)
Reinsurers' share	1	(15,269)	23,537
Earned premiums, net of reinsurance		<u>630,999</u>	<u>613,215</u>
Allocated investment return transferred from the non-technical account		1,418	8,861
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(443,711)	(227,324)
Reinsurers' share	1	148,899	68,820
Net claims paid		<u>(294,812)</u>	<u>(158,504)</u>
Change in provision for claims			
Gross amount	1	(86,299)	(412,792)
Reinsurers' share	1	48,197	132,404
Net change in provisions for claims		<u>(38,102)</u>	<u>(280,388)</u>
Claims incurred, net of reinsurance		(332,914)	(438,892)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(240,356)	(230,893)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>59,147</u>	<u>(47,709)</u>

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Statement of Comprehensive Income – Non Technical Account
For the year ended 31 December 2021

	Note	2021 £	2020 £
Balance on general business technical account		59,147	(47,709)
Investment income	3	1,419	8,868
Allocated investment return transferred to the technical account		(1,418)	(8,861)
Other income		8,511	12,737
Other charges, including value adjustments		(58,426)	(49,170)
Profit/(loss) for the financial period before Members' remuneration and profit shares	4	9,233	(84,135)
Members' (remuneration)/contribution charged as an expense	5	(9,233)	84,135
Profit for the financial period available for discretionary division among Members		-	-
Other comprehensive income:			
Currency translation differences		571	2,596
Members' remuneration charged as an expense		(571)	(2,596)
Total comprehensive income		-	-

All items derive from continuing activities.

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Statement of Financial Position
As at 31 December 2021

		31 December 2021			31 December 2020		
	Note	Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
Assets							
Intangible assets	6	-	93,365	93,365	-	125,460	125,460
Investments							
Other financial investments	7	786,282	-	786,282	342,246	-	342,246
Deposits with ceding undertakings		4,686	-	4,686	6	-	6
		790,968	-	790,968	342,252	-	342,252
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	89,016	-	89,016	102,615	-	102,615
Claims outstanding	8	466,289	-	466,289	222,852	-	222,852
Other technical provisions		-	-	-	-	-	-
		555,305	-	555,305	325,467	-	325,467
Debtors							
Amounts falling due within one year	7	446,153	-	446,153	341,137	600	341,737
Amounts falling due after one year	7	43,844	3,255	47,099	34,722	-	34,722
		489,997	3,255	493,252	375,859	600	376,459
Other assets							
Cash at bank and in hand		58,889	14,888	73,777	35,836	25,392	61,228
Other		69,339	-	69,339	26,192	-	26,192
		128,228	14,888	143,116	62,028	25,392	87,420
Prepayments and accrued income							
Accrued interest		900	-	900	662	-	662
Deferred acquisitions costs	8	96,602	-	96,602	109,065	-	109,065
Other prepayments and accrued income		3,457	-	3,457	3,398	-	3,398
		100,959	-	100,959	113,125	-	113,125
Total assets		2,065,457	111,508	2,176,965	1,218,731	151,452	1,370,183

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Statement of Financial Position
As at 31 December 2021

		31 December 2021			31 December 2020		
	Note	Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
Liabilities and Members' interests							
Loans and other debts due to Members							
Syndicate profit and loss		(24,916)	-	(24,916)	(83,322)	-	(83,322)
Corporate profit and loss - Syndicate capacity		-	118,663	118,663	-	150,508	150,508
Corporate profit and loss - other		-	(15,815)	(15,815)	-	944	944
		(24,916)	102,848	77,932	(83,322)	151,452	68,130
Technical provisions							
Provision for unearned premiums	8	402,060	-	402,060	427,939	-	427,939
Claims outstanding	8	1,364,394	-	1,364,394	656,999	-	656,999
Other technical provisions		-	-	-	-	-	-
Provisions for other risks							
		-	-	-	-	-	-
Deposit received from reinsurers							
		7,874	-	7,874	13,956	-	13,956
Creditors							
Amounts falling due within one year	7	219,861	-	219,861	126,900	-	126,900
Amounts falling due after one year	7	75,579	600	76,179	52,766	-	52,766
		2,069,768	600	2,070,368	1,278,560	-	1,278,560
Accruals and deferred income							
		20,605	8,060	28,665	23,493	-	23,493
Total liabilities		2,065,457	111,508	2,176,965	1,218,731	151,452	1,370,183

The Financial Statements were approved by the Members of the Limited Liability Partnership and signed on its behalf by:



D C BOWLES
ARGENTA LLP SERVICES LIMITED

Date: 1 July 2022

Registered Number: OC423866

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Reconciliation of Members' Interests
For the year ended 31 December 2021

	Liabilities			
	Partnership profit and loss allocated to Members			
	Syndicate profit and loss allocated to Members £	Syndicate capacity £	Other £	Total £
Members' interests at 1 January 2020	(40,270)	182,074	1	141,805
Allocated Profit 2018 year of account	1	-	-	1
Allocated Profit 2019 year of account	4,067	-	-	4,067
Allocated (Loss) 2020 year of account	(47,120)	(31,113)	(7,374)	(85,607)
Members' interests after result for the year	(83,322)	150,961	(7,373)	60,266
Reallocate distribution	-	-	-	-
Introduced by Members	-	-	8,317	8,317
Repayment of debt (including Members' capital classified as a liability)	-	(453)	-	(453)
Other movements	-	-	-	-
Members' interests at 31 December 2020	(83,322)	150,508	944	68,130
Allocated Profit 2019 year of account	38,364	-	-	38,364
Allocated Profit 2020 year of account	44,796	-	-	44,796
Allocated Loss 2021 year of account	(24,753)	(31,845)	(16,758)	(73,356)
Members' interests after result for the year	(24,915)	118,663	(15,814)	77,934
Reallocate distribution	(1)	-	1	-
Introduced by Members	-	-	-	-
Repayment of debt (including Members' capital classified as a liability)	-	-	(2)	(2)
Other movements	-	-	-	-
Members' interests at 31 December 2021	(24,916)	118,663	(15,815)	77,932

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Statement of Cash Flows
For the year ended 31 December 2021

	2021 £	2020 £
Operating activities		
Profit/(loss) on ordinary activities	9,233	(84,135)
Loss/(profit) attributable to Syndicate transactions	(57,836)	45,648
Loss excluding Syndicate transactions	(48,603)	(38,487)
Adjustment for:		
Increase in debtors	(2,655)	(600)
Increase in creditors	8,660	-
Profit on disposal of intangible assets	(8,511)	(10,676)
Amortisation of Syndicate capacity	40,356	41,789
Realised/unrealised losses on investments	-	-
Investment income	(1)	(7)
Net cash outflow from operating activities	(10,754)	(7,981)
Investing activities		
Investment income	1	7
Purchase of Syndicate capacity	(12,571)	-
Proceeds from sale of Syndicate capacity	12,821	25,502
Net cash inflow from investing activities	251	25,509
Financing activities		
Repayment of debt to Members	(2)	(453)
Capital introduced by Members	-	8,317
Reallocation of distribution	1	-
Net cash (outflow)/inflow from financing activities	(1)	7,864
Net cash (decrease)/increase in cash and cash equivalents	(10,504)	25,392
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	25,392	-
Cash and cash equivalents at the end of the year	14,888	25,392
Consisting of:		
Cash at bank and in hand	14,888	25,392
Cash equivalents	-	-
	14,888	25,392

The Limited Liability Partnership has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Statement of Cash Flows is prepared reflecting only the movement in Limited Liability Partnership funds, which includes transfers to and from the Syndicates at Lloyd's.

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP
Analysis of Net Debt
For the year ended 31 December 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	25,392	(10,504)	14,888
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	<u>25,392</u>	<u>(10,504)</u>	<u>14,888</u>

The accounting policies and notes on pages 16 to 40 form part of these Financial Statements.

MJ 627 LLP

Notes to the Financial Statements

For the year ended 31 December 2021

General information

The Partnership is a Limited Liability Partnership incorporated in England, United Kingdom.

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

Basis of preparation

These Financial Statements have been prepared in accordance with:

- FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102");
- FRS 103 *Insurance Contracts*;
- The requirements of the Statement of Recommended Practice *Accounting by Limited Liability Partnerships* ("LLP SORP"); and
- Applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410") as modified by the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 ("SI 2008/1913").

These Financial Statements have been prepared under the historical cost convention as modified for certain financial instruments held at fair value.

Recognition of insurance transactions

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

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 on which the Limited Liability Partnership participates.

For each such Syndicate, the Limited Liability Partnership's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Limited Liability Partnership's Statement of Comprehensive Income. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its Statement of Financial Position (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the Limited Liability Partnership's insurance creditors.

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

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

Sources of data

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

The format of the returns is established by Lloyd's. Lloyd's collate this data at a Syndicate level analysing it into corporate Member level results which reflects the relevant data in respect of all the Syndicates in which the Limited Liability Partnership participates.

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies

i. Going concern

These financial statements have been prepared on a going concern basis.

ii. Premiums

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

iii. Claims incurred

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

iv. Provision for claims outstanding

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

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

v. Unexpired risk provision

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies (continued)

vi. Reinsurance to close

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

- (1) a premium; and
- (2) either:

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

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

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

vii. Cash and cash equivalents

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies (continued)

viii. Financial instruments

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

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

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

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

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

All other financial instruments are measured at fair value through profit or loss.

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

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

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

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

ix. Derivative financial instruments

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

x. Derecognition of financial assets

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

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies (continued)

x. Derecognition of financial assets (continued)

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

xi. Offsetting of financial instruments

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

xii. Net operating expenses

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

xiii. Deferred acquisition costs

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

xiv. Foreign currencies

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

xv. Intangible assets

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

xvi. Insurance contracts – product classification

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

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

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies (continued)

xvii. Members' participation rights and remuneration

Members' participation rights are the rights of a Member against the Limited Liability Partnership that arise under the Members' Agreement.

Members' participation rights in the earnings or assets of the Limited Liability Partnership are analysed between those that are, from the Limited Liability Partnership's perspective, either a financial liability or equity, in accordance with Section 22 *Liabilities and Equity*. A Member's participation right results in a liability where there is a contractual obligation on the part of the Limited Liability Partnership to deliver cash, or other financial assets, to the Member.

Amounts subscribed or otherwise contributed by Members, for instance Members' capital and loans, are classified as equity where the Limited Liability Partnership has an unconditional right to avoid delivering cash or other assets to the Member (i.e. the right to any payment or repayment is discretionary on the part of the Limited Liability Partnership). If the Limited Liability Partnership does not have such an unconditional right, such amounts are classified as liabilities.

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account.

Loans and other debts due to Members rank *pari passu* with other unsecured creditors on the winding up of a partnership.

The key management personnel of the Limited Liability Partnership are considered to be the Members. The Members are not employees of the Limited Liability Partnership, and consequently the total remuneration of the Members' consists of the allocated profit/(loss) for the year.

xviii. Taxation

Income tax payable on the Limited Liability Partnership's profits is solely the personal liability of the Members and consequently is not dealt with in these Financial Statements.

xix. Critical accounting judgements and key sources of estimation uncertainty

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

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

Accounting policies (continued)

xix. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements

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

Assessing indicators of impairment

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

Key sources of estimation uncertainty

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

Impairment review

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

Recoverability of receivables

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

Determining the useful life of purchased Syndicate capacity

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

1. Class of Business

2021	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	18,537	20,070	(6,433)	(8,454)	(1,299)	3,884
Motor – third party liability	8,300	8,665	(6,118)	(1,786)	(298)	463
Motor – other classes	11,642	12,738	(5,025)	(4,980)	(1,099)	1,634
Marine, aviation and transport	78,281	78,294	(35,388)	(27,608)	(4,201)	11,097
Fire and other damage to property	262,230	280,519	(151,734)	(77,693)	(34,634)	16,458
Third party liability	231,988	239,314	(151,061)	(64,968)	(14,542)	8,743
Credit and suretyship	23,405	22,707	(14,072)	(6,831)	(3,700)	(1,896)
Legal expenses	273	282	(128)	(125)	-	29
Assistance	-	-	-	-	-	-
Miscellaneous	44	26	(18)	(103)	-	(95)
	634,700	662,615	(369,977)	(192,548)	(59,773)	40,317
Reinsurance	248,477	256,446	(160,033)	(47,808)	(31,193)	17,412
Total	883,177	919,061	(530,010)	(240,356)	(90,966)	57,729

2020	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	25,066	24,293	(17,566)	(8,995)	(753)	(3,021)
Motor – third party liability	10,137	8,558	(6,391)	(1,823)	(555)	(211)
Motor – other classes	14,255	15,405	(10,786)	(5,362)	(152)	(895)
Marine, aviation and transport	98,562	89,169	(61,764)	(26,285)	(1,615)	(495)
Fire and other damage to property	293,379	266,434	(181,553)	(75,595)	(29,114)	(19,828)
Third party liability	224,085	182,906	(123,001)	(49,845)	(9,763)	297
Credit and suretyship	26,977	25,213	(69,429)	(6,973)	21,542	(29,647)
Legal expenses	1,167	1,018	(541)	(308)	(191)	(22)
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	(12)	-	4	(8)
	693,628	612,996	(471,043)	(175,186)	(20,597)	(53,830)
Reinsurance	282,087	266,029	(169,073)	(55,707)	(43,989)	(2,740)
Total	975,715	879,025	(640,116)	(230,893)	(64,586)	(56,570)

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

2. Net Operating Expenses	2021	2020
	£	£
Acquisition costs	215,223	242,647
Change in deferred acquisition costs	13,107	(21,971)
Administrative expenses	39,079	39,816
Reinsurance commissions and profit participations	(43,508)	(43,599)
Personal expenses	16,455	14,000
	<u>240,356</u>	<u>230,893</u>
3. Investment Income	2021	2020
	£	£
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	11,212	5,738
Realised gains and losses	(45)	1,844
Unrealised gains and losses	(9,091)	1,584
Other	-	-
	<u>2,076</u>	<u>9,166</u>
Financial instruments held at amortised cost:		
Interest	1	7
Other	-	-
	<u>1</u>	<u>7</u>
Investment management expenses, including interest	(658)	(305)
	<u>(658)</u>	<u>(305)</u>
Total	<u>1,419</u>	<u>8,868</u>
4. Profit/(Loss) on Ordinary Activities before Members' remuneration and profit shares	2021	2020
	£	£
Operating Profit/(loss) is stated after charging:		
Amortisation of Syndicate capacity	40,356	41,789
(Profit) on disposal of intangible fixed assets	(8,511)	(10,676)
Loss/(profit) on exchange	1,293	(2,061)

The Limited Liability Partnership has no employees.

The auditor charged a fixed fee to Argenta Private Capital Limited of £260 for the provision of the statutory audit.

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

5. Members' Remuneration

The key management personnel of the Limited Liability Partnership are considered to be the Members. The Members are not employees of the Limited Liability Partnership, and consequently the total remuneration of the Members consists of the allocated profit/(loss) for the year.

The average number of Members during the year was 3.

6. Intangible Assets	Total £
Purchased Syndicate Capacity	
Cost	
At 1 January 2021	208,946
Additions	12,571
Disposals	(7,168)
At 31 December 2021	214,349
Amortisation	
At 1 January 2021	83,486
Charge	40,356
Disposals	(2,858)
At 31 December 2021	120,984
Net Book Value	
At 31 December 2021	93,365
At 31 December 2020	125,460

7. Financial Instruments and Financial Risk Management

7.1 Financial Investments

Other financial investments – Syndicate participation

	2021 Market Value £	2021 Cost price £	2020 Market Value £	2020 Cost price £
Shares and other variable yield securities and units in unit trusts	111,089	108,080	64,353	62,675
Debt securities and other fixed income securities	640,720	634,860	260,105	256,810
Participation in investment pools	6,316	6,248	3,003	2,912
Loans with credit institutions	556	1,325	102	876
Derivative financial instruments	323	-	(51)	-
Other investments	6,537	4,976	6,599	4,976
Deposits with credit institutions	449	449	82	82
Other	20,292	20,324	8,053	8,000
	786,282	776,262	342,246	336,331

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors

	2021		2020	
	Syndicate Participation £	Corporate £	Total £	Total £
Amounts falling due within one year:				
Arising out of direct insurance operations	252,762	-	252,762	195,987
Arising out of reinsurance operations	146,680	-	146,680	117,854
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	46,711	-	46,711	27,896
Total Amounts falling due within one year	446,153	-	446,153	341,737
Amounts falling due after one year:				
Arising out of direct insurance operations	8,613	-	8,613	3,641
Arising out of reinsurance operations	30,450	-	30,450	26,461
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	4,781	3,255	8,036	4,620
Total Amounts falling due after one year	43,844	3,255	47,099	34,722
	489,997	3,255	493,252	376,459

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2021		2020	
	Syndicate Participation £	Corporate £	Total £	Total £
Cash	-	3,252	3,252	18,756
Investments	-	-	-	-
	-	3,252	3,252	18,756

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

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2021			2020		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	20,455	-	20,455	19,350	-	19,350
Arising out of reinsurance operations	152,692	-	152,692	105,124	-	105,124
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Members loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	46,714	-	46,714	2,426	-	2,426
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	219,861	-	219,861	126,900	-	126,900
Amounts falling due after one year:						
Arising out of direct insurance operations	317	-	317	102	-	102
Arising out of reinsurance operations	58,218	-	58,218	35,772	-	35,772
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Members loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	17,044	600	17,644	16,892	-	16,892
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	75,579	600	76,179	52,766	-	52,766
	295,440	600	296,040	179,666	-	179,666

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

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Limited Liability Partnership's financial instruments by classification.

Other financial investments – Syndicate participation

	2021			2020		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	786,282	-	786,282	342,246	-	342,246
Deposits with ceding undertakings	-	4,686	4,686	-	6	6
Insurance debtors	-	261,375	261,375	-	199,628	199,628
Reinsurance debtors	-	177,130	177,130	-	144,315	144,315
Other debtors	-	51,492	51,492	-	31,916	31,916
Cash at bank and in hand	-	58,889	58,889	-	35,836	35,836
Other assets	69,339	-	69,339	26,192	-	26,192
	855,621	553,572	1,409,193	368,438	411,701	780,139

Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	386	-	386	30	-	30
Insurance creditors	-	20,772	20,772	-	19,452	19,452
Reinsurance creditors	-	210,910	210,910	-	140,896	140,896
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
	386	231,682	232,068	30	160,348	160,378

Other financial investments – Partnership

	2021			2020		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	3,255	3,255	-	600	600
Cash at bank and in hand	-	14,888	14,888	-	25,392	25,392
Other assets	-	-	-	-	-	-
	-	18,143	18,143	-	25,992	25,992
Financial liabilities						
Other creditors	-	600	600	-	-	-
	-	600	600	-	-	-

MJ 627 LLP
Notes to the Financial Statements
For the year ended 31 December 2021

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

The table below sets out details of the Limited Liability Partnership's derivative financial instruments.

	2021		2020	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	38,926	316	19,792	(51)
Interest rate future contracts	18,354	7	927	-
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	-
	57,280	323	20,719	(51)

7.6 Financial Instruments held at fair value through profit or loss

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

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

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

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

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

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

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

Other financial investments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2021						
Financial assets						
Shares and other variable yield securities and units in unit trusts	20,577	75,669	14,843	111,089	-	111,089
Debt securities and other fixed income securities	186,526	454,194	-	640,720	-	640,720
Participation in investment pools	1,700	4,473	143	6,316	-	6,316
Loans and deposits with credit institutions	5,241	-	2,301	7,542	-	7,542
Overseas deposits	37,958	48,005	3,668	89,631	-	89,631
Derivatives	269	54	-	323	-	323
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	252,271	582,395	20,955	855,621	-	855,621
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	367	19	-	386	-	386
Financial liabilities classified as held for sale	-	-	-	-	-	-
	367	19	-	386	-	386

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

7. Financial Instruments and Financial Risk Management (continued)

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

Other financial investments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2020						
Financial assets						
Shares and other variable yield securities and units in unit trusts	13,130	38,725	12,498	64,353	-	64,353
Debt securities and other fixed income securities	84,371	175,734	-	260,105	-	260,105
Participation in investment pools	114	2,688	201	3,003	-	3,003
Loans and deposits with credit institutions	4,934	1,747	102	6,783	-	6,783
Overseas deposits	14,784	18,230	1,231	34,245	-	34,245
Derivatives	438	(489)	-	(51)	-	(51)
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	117,771	236,635	14,032	368,438	-	368,438
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	30	-	-	30	-	30
Financial liabilities classified as held for sale	-	-	-	-	-	-
	30	-	-	30	-	30

At the Partnership level the Limited Liability Partnership does not hold any financial investments. Consequently investment tables have not been presented for the Partnership activity.

7.7 Financial Risk Management

The Limited Liability Partnership is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds. The Limited Liability Partnership holds only cash and cash equivalents in respect of financial instruments.

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

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

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

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

i. Credit risk

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

The Limited Liability Partnership manages credit risk at the Limited Liability Partnership level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions.

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

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2021						
Shares and other variable yield securities and units in unit trusts	13,199	8,596	44,636	9,209	35,449	111,089
Debt securities and other fixed income securities	195,786	204,380	167,426	65,949	7,179	640,720
Participation in investment pools	1,755	3,576	443	375	167	6,316
Loans secured with credit institutions	4,792	-	1,745	-	556	7,093
Deposits with credit institutions	-	-	449	-	-	449
Overseas deposits	33,019	17,503	21,937	12,941	4,231	89,631
Derivative investments	-	-	9	9	305	323
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	4,538	-	148	4,686
Reinsurers share of claims outstanding	12,587	124,681	299,003	8,695	21,323	466,289
Reinsurance debtors	980	15,527	30,008	4,690	3,637	54,842
Cash at bank and in hand	9,172	1,281	48,164	143	129	58,889
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	271,290	375,544	618,358	102,011	73,124	1,440,327

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

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2020						
Shares and other variable yield securities and units in unit trusts	9,058	4,087	27,145	2,785	21,278	64,353
Debt securities and other fixed income securities	59,065	96,337	80,328	21,942	2,433	260,105
Participation in investment pools	1,657	660	205	280	201	3,003
Loans secured with credit institutions	-	-	6,599	-	102	6,701
Deposits with credit institutions	38	-	44	-	-	82
Overseas deposits	13,746	6,044	8,708	3,422	2,325	34,245
Derivative investments	-	-	-	9	(60)	(51)
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	6	6
Reinsurers share of claims outstanding	12,643	44,331	144,988	6,254	14,636	222,852
Reinsurance debtors	38	5,233	15,158	2,727	3,032	26,188
Cash at bank and in hand	14,418	733	20,438	213	34	35,836
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	110,663	157,425	303,613	37,632	43,987	653,320

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

Syndicate participation	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
2021						
Other financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	55	38	5	1	1	-
Cash at bank and in hand	100	-	-	-	-	-
Insurance debtors	88	5	2	3	2	-
Other	99	1	-	-	-	-

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation

	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
2020						
Other financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	68	-	32	-	-	-
Cash at bank and in hand	100	-	-	-	-	-
Insurance debtors	87	-	9	3	1	-
Other	100	-	-	-	-	-

ii. Liquidity risk

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

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

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2021						
Derivative financial instruments	-	386	-	-	-	386
Deposits received from reinsurers	-	5,124	2,016	457	277	7,874
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	484,262	484,392	205,393	190,347	1,364,394
Creditors	13,312	202,375	63,725	1,626	-	281,038
Other	-	-	-	-	-	-
	13,312	692,147	550,133	207,476	190,624	1,653,692

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2020						
Derivative financial instruments	-	30	-	-	-	30
Deposits received from reinsurers	-	7,879	4,722	905	450	13,956
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	232,753	229,630	117,024	77,592	656,999
Creditors	7,934	138,404	41,311	596	16	188,261
Other	-	-	-	-	-	-
	7,934	379,066	275,663	118,525	78,058	859,246

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

iii. Interest rate risk

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

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

At the Partnership level the Limited Liability Partnership manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

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

Syndicate participation	2021 £	2020 £
Impact of 50 basis point increase on profit or loss	(6,711)	(2,545)
Impact of 50 basis point decrease on profit or loss	6,267	2,430
Impact of 50 basis point increase on equity	(6,711)	(2,545)
Impact of 50 basis point decrease on equity	6,267	2,430

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

iv. Equity price risk

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

The Limited Liability Partnership is exposed to equity price risk in respect of its equity investments.

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

7.7 Financial Risk Management (continued)

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

Syndicate participation

	2021	2020
	£	£
Impact on profit or loss of 5% increase in Stock Market Prices	1,473	650
Impact on profit or loss of 5% decrease in Stock Market Prices	(1,473)	(650)
Impact on equity of 5% increase in Stock Market Prices	1,473	650
Impact on equity of 5% decrease in Stock Market Prices	(1,473)	(650)

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

v. Currency risk

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

At the Partnership level the Limited Liability Partnership manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

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

Net assets and liabilities

	2021		2020	
	Syndicate	Partnership	Syndicate	Partnership
	Participation		Participation	
	£	£	£	£
Sterling	(49,491)	9,483	(34,686)	25,992
United States dollar	(25,769)	-	(107,381)	-
Euro	(7,677)	-	14,572	-
Canadian dollar	37,104	-	22,332	-
Australian dollar	9,331	-	(690)	-
Japanese yen	(2,137)	-	(2,298)	-
Other	8,797	-	227	-

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

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

The Limited Liability Partnership's assets are held in various currencies but are all cash. As such, any exchange movement would be accounted for in the profit and loss.

	Partnership Profit and loss			
	31 December 2021		31 December 2020	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of sterling exchange movement by 10%				
United States dollar	-	-	-	-
Euro	-	-	-	-
Canadian dollar	-	-	-	-
Australian dollar	-	-	-	-
Japanese yen	-	-	-	-
Other	-	-	-	-

7.8 Capital Management

Lloyd's capital setting process

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

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

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

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

The total Members' interests represent the capital which allows the Limited Liability Partnership to participate on the Syndicates.

The Partnership has complied with all externally imposed capital requirements during the year.

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8. Insurance Contracts

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

	2021			2020		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	656,999	222,852	434,147	267,310	98,489	168,821
Movements in the year	86,299	48,197	38,102	412,792	132,404	280,388
Other movements	621,096	195,240	425,856	(23,103)	(8,041)	(15,062)
At 31 December	1,364,394	466,289	898,105	656,999	222,852	434,147

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

	2021			2020		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	427,939	102,615	325,324	342,501	81,848	260,653
Movements in the year	(35,884)	(15,269)	(20,615)	96,690	23,537	73,153
Other movements	10,005	1,670	8,335	(11,252)	(2,770)	(8,482)
At 31 December	402,060	89,016	313,044	427,939	102,615	325,324

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

	2021 £	2020 £
At 1 January	109,065	89,865
Movements in the year	(13,107)	21,971
Other movements	644	(2,771)
At 31 December	96,602	109,065

8.1 Risks arising from Insurance Contracts

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

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

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8.1 Risks arising from Insurance Contracts (continued)

Claims development - gross								
	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	148,669	252,962	245,663	235,853	230,397	226,164	222,804	220,470
2014	146,377	243,572	246,993	238,762	244,357	239,797	238,142	238,013
2015	139,739	256,742	261,058	257,059	252,447	252,226	252,144	
2016	160,161	317,257	319,234	315,684	313,813	312,496		
2017	328,822	476,463	499,325	490,199	485,601			
2018	286,767	491,539	520,920	504,132				
2019	291,445	571,570	581,164					
2020	336,852	608,614						
2021	291,603							
	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received				
2012 & prior			75,674					
2013	219,643	207,299	12,344	(30,234)				
2014		213,690	24,323	(38,643)				
2015		215,983	36,161	(27,322)				
2016		258,690	53,806	(21,164)				
2017		387,846	97,755	(13,890)				
2018		354,897	149,235	(27,957)				
2019		291,433	289,731					
2020		225,695	382,919					
2021		49,157	242,446					
			1,364,394					
Claims development - net								
	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	122,607	216,275	209,708	203,052	197,935	194,164	191,374	189,087
2014	119,351	207,230	210,457	201,569	201,463	198,634	197,280	195,825
2015	114,516	214,821	218,783	215,818	210,783	209,070	206,855	
2016	122,857	249,055	252,478	248,934	245,679	244,128		
2017	195,918	314,209	329,910	326,484	318,778			
2018	188,337	334,314	353,527	344,734				
2019	189,151	392,755	402,261					
2020	219,117	401,125						
2021	190,233							

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8.1 Risks arising from Insurance Contracts (continued)

Claims development - net

	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received
2012 & prior			50,676	
2013	188,796	178,509	10,287	(27,526)
2014		177,557	18,268	(31,659)
2015		181,990	24,865	(24,511)
2016		207,109	37,019	(25,864)
2017		264,336	54,442	(11,024)
2018		243,395	101,339	(35,851)
2019		213,180	189,081	
2020		149,885	251,240	
2021		29,345	160,888	
			<u>898,105</u>	

Sensitivity analysis

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

- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the LLP's pre-tax profit/loss by £68,220 (2020: £32,850);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the LLP's pre-tax profit/loss by £44,905 (2020: £21,707).

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

9. Related Party Disclosure

There are no related party transactions other than those disclosed in the members interest statements. Related party loans and balances do not attract interest and are repayable on demand.

10. Ultimate Controlling Party

The ultimate controlling party of the Partnership is S E Cardozo.

11. Post Balance Sheet Event

There are no post balance sheet events to report.