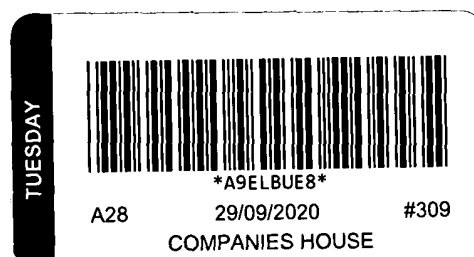


BRIT SYNDICATES LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

31 DECEMBER 2019



Registered No. 00824611

BRIT SYNDICATES LIMITED

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BRIT SYNDICATES LIMITED

Company Information

Directors

M A Allan
C R J Dart
M D J Gould
S P G Lee
A J Medniuk
C F Ramsay
A C N Welsch
M D Wilson
P Yetgin

Secretary

T Harmer

Registered Office

The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

Registered Number

00824611

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

BRIT SYNDICATES LIMITED

Strategic Report

The Directors present their Strategic Report on Brit Syndicates Limited (the Company) for the year ended 31 December 2019.

Principal activity and review of the business

The Company is an approved Lloyd's Managing Agent, managing the affairs of Syndicate 2987 and Syndicate 2988.

The result for the year after taxation is a loss of £2.1m (2018: profit of £9.2m).

During the year the company received a fee of £102.0m (2018: £105.0m) from Syndicate 2987 and £9.3m (2018: £9.4m) from Syndicate 2988 in return for providing all necessary resources to manage each syndicate. The company also received £2.5m (2018: £1.1m) of consortium management fee income.

During 2019, the underwriting capacity for Syndicate 2987 was £1,360.0m (2018: £1,400.0m) and Syndicate 2988 was £98.0m (2018: £98.5m).

The ratio of expenses to turnover was 102.3% (2018: 90.1%).

The above items are considered to be the financial key performance indicators for the Company.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory.

Future developments of the business

During 2019, the underwriting capacity for 2020 was agreed with Lloyd's to be £1,440m for Syndicate 2987 and £149.0m for 2988.

The Directors do not envisage any changes to the company business model in 2020.

United Kingdom's exit from the European Union (Brexit)

Following the UK's exit from the EU on 31 January 2020, significant uncertainties remain surrounding the UK's future relationship with the EU, with potentially unknown economic and political implications for the UK. Developments continue to be monitored closely.

Coronavirus (COVID-19) outbreak

The Board have been closely monitoring the Coronavirus (COVID-19) outbreak as it continues to evolve, with outbreaks being reported across the globe. Potential risks from the virus include not only insurance risk, but also investment and solvency risk following the capital market's response to the outbreak.

Brit is committed to and focused on the potential impact on its customers, capital providers and employees. We remain responsive to the needs of our customers and have contingency plans in place to ensure we can continue to provide the right level of customer service and to protect the health and well-being of our employees. We continue to monitor the situation and will adapt our plans as necessary to ensure we act in the best interests of all our stakeholders.

Principal risks and uncertainties

The Company is contracted to manage Syndicates 2987 and 2988 in return for a fee. Therefore the Company takes the risk that the cost of the required resources exceeds the fee being received. The Company manages this risk by setting budgets, monitoring actual performance against these on a monthly basis and taking action to reduce costs where appropriate. The Company is regulated by Lloyd's in its role as a Managing Agent. Therefore, the Company takes the risk that it will not meet the qualifying net asset solvency requirements set by Lloyd's for Managing Agents. The Company manages this risk by setting budgets, monitoring actual performance against these on a monthly basis, taking action to reduce costs where appropriate and regularly reviewing its capital position.

BRIT SYNDICATES LIMITED

Strategic Report (Continued)

Stakeholder engagement

The Board recognises the importance of engaging with the Company's key stakeholders.

Why we engage	Form of engagement	Impact of engagement
<p>Clients and Intermediaries</p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with our intermediaries is crucial to source business and deliver the best service and products.</p> <p>When a client has a claim, their life or business has been disrupted, or even put in peril, and they expect their insurance to deliver. We have to fulfil that commitment.</p>	<p>Engagement by Brit underwriters takes a number of forms, including face to face and via electronic means. To maximise our relationships, Brit has entered into agreements with six of our largest brokers, which gives access to a range of services.</p> <p>When a client has a claim we adopt a proactive approach, engaging directly with them or their intermediary to expedite matters and to ensure their needs are met.</p>	<p>Such engagement allows us to provide a risk service that helps clients prepare for, manage and mitigate risk. They allow us to quickly take advantage of new opportunities and understand and satisfy changing customer needs.</p> <p>Engagement with our clients, intermediaries and service providers reinforces our provision of a risk service. It helps people move on from an event and helps them move forward with confidence.</p>
<p>Reinsurers</p> <p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency. We also engage when we make recoveries under the cover we have purchased.</p>	<p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise. Brit also engages directly with reinsurers, such as when there is a need to achieve broader strategic aims which would involve more than one broker.</p>	<p>This engagement allows Brit to access up to date market information and to access a broad range of reinsurance counterparties and products, thereby managing its risk appetite effectively. When we make recoveries, such engagement helps to expedite the recovery process.</p>
<p>Investment managers</p> <p>We are responsible for managing the syndicates' assets. We implement our investment strategy using the expertise of investment managers. We engage with them to monitor performance and to ensure guidelines are adhered to.</p>	<p>We have regular discussions with our managers to monitor performance and assess market outlook. We also receive regular reports and have regular ad-hoc calls and meetings. Managers regularly present to the Board and Investment Committee.</p>	<p>Such engagement ensures assets are managed within risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our managers enhance our investment strategy and performance.</p>
<p>Capital providers</p> <p>Working with capital providers within the Brit Group ensures our objectives and strategy are aligned, and that our core philosophies are embedded in our underwriting and claims services.</p> <p>Working with third party capital providers creates the opportunity to increase Brit's proposition to clients and leverages our operational infrastructure resulting in a more efficient model.</p>	<p>There is significant ongoing engagement. BSL executive Directors also sit on other Brit Boards and Brit's Executive Committee. BSL participates in Brit's strategy days.</p> <p>Brit engages with capital providers to understand their appetite and capacity. Brit formally meets each provider regularly to discuss performance, outlook and other relevant matters.</p>	<p>This engagement helps ensure that the strategy of BSL is aligned to and supported by both the wider Brit Group and our ultimate shareholders.</p> <p>The success of Syndicate 2988 is dependent on developing strong relationships with third party capital providers. Such engagement helps facilitate this and helps ensure that our propositions can continuously evolve in line with investor appetite.</p>

BRIT SYNDICATES LIMITED

Strategic Report (Continued)

Regulators Regulators are key stakeholders for any regulated business and Brit's Board is pro-active in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.	Brit engages with its principal regulators through: <ul style="list-style-type: none">• Regular face-to-face meetings including at Director level;• Sharing of key business updates and internal documents;• Responding to thematic reviews and information requests;	Engagement with regulators: <ul style="list-style-type: none">• Allows Brit to respond promptly to areas of regulatory focus;• Enables us to contribute to their understanding of the market and best practice;• Assists Brit to meet the prudential and conduct standards required;• Ensures all staff understand their regulatory responsibilities.
Key suppliers We rely on a number of key suppliers to help us meet the needs of our customers' and those of other stakeholders. On-going engagement helps us ensure that those needs are met and standards are maintained. Such suppliers include Brit Group Services Limited and providers of claims management services.	Brit has a rigorous on-boarding process for new suppliers. Partnerships with critical suppliers are fostered by a range of activities including ongoing dialogue and face to face meetings. We also engage in areas such as technical and product roadmaps, integration planning and disaster recovery.	Such engagement helps us to: <ul style="list-style-type: none">• Provide a better service to and satisfy stakeholders needs;• Enhance operational processes, leading to efficiencies and increased competitive advantage;• Comply with laws and regulations;• Improve technological resilience;• Ensure supplier robustness and integrity.

Section 172(1) Statement

Introduction

As Directors of Brit Syndicates Limited, our key responsibility is to promote the success of the Company. This principle is embodied in our terms of reference and is the cornerstone of our discussions and our decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to matters set out in s172(1) (a-f) of the Companies' Act. The Directors of Brit Syndicates Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company.

The Board's approach to section 172(1) and decision making

The Board's terms of reference, which are reviewed annually, clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. They also set out which of the Board's powers and responsibilities may be delegated to other committees and the governance mechanisms by which the Board monitors those committees' activities and performance. The Chair ensures that these terms of reference are adhered to and, by doing so, ensures that Directors have due regard for all appropriate factors during the decision-making process.

Our strategy

The Board is responsible for a number of key strategic decisions. The Company's strategy and business plans, and for those of the Syndicates it manages, are approved annually by the Board. The Board assesses how the strategy underpins long term value creation. Such matters are discussed at the Group's annual strategy day, in which the Directors of the Company participate. On-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Company's and Syndicates' resilience. They determine and monitor underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances. They ensure the Company has an effective risk management framework in place, approve the annual 'own risk and solvency assessment' (ORSA) of the Lloyd's Syndicates it manages.

BRIT SYNDICATES LIMITED

Strategic Report (Continued)

Board information

The Board receives regular information on a range of relevant topics and receives information on other areas as requested by the Directors from time to time.

The Board receives regular formal updates on the operations and performance of the Company and the Syndicates it manages, from senior officers including the Group Chief Executive Officer, the Group Chief Financial Officer, the Chief Underwriting Officer, the Chief Operating Officer, the Chief Actuary and Chief Risk Officer and the Group Head of Claims. In addition, the Board receives and considers a number of annual reports, such as the 'Whistleblowing Annual Report'. From time to time the Board also receives detailed reports on specific areas for it to consider. During 2019, such reports included a 'Thematic Review of Acquisition Costs' and a 'Climate Change Risk Report'.

Our policies and practices

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference. The Board also ensures that appropriate consideration is given to relevant factors by the committees to which it delegates responsibilities. The Board reviews the terms of reference of such committees on an annual basis and receives regular updates and reports from those committees' chairs.

The Board also reviews the Company's key policies on an annual basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

The Board reviews its key stakeholder map on an annual basis. New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

Training

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues. For the wider workforce, there is a comprehensive staff development programme tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

Our culture

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture and in our new brand purpose, launched in October 2019. The Company also maintains a 'Code of Conduct' setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

Our stakeholders

The Board recognises the importance of engaging with its broader stakeholder base. Key stakeholders are set out above, together with why and how we engage with them and the outcomes of that engagement.

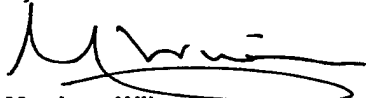
BRIT SYNDICATES LIMITED

Strategic Report (Continued)

Key decisions made by the Directors during the year

<p>2018 Syndicate financial statements and reserving position</p> <p>The Directors approved the financial statements for the year ended 31 December 2018, on 12 March 2019. As part of this process, the Directors considered and approved the underwriting reserves held by the Syndicates it manages. In considering these key factors and in approving the final reserving position, the Directors were mindful of the importance of maintaining the policy of reserving on a conservative best estimate basis. This policy provides robust security to our policyholders, while ensuring the long-term financial strength of the Syndicates in the long-term, thereby protecting the interests of our key stakeholders including our clients, capital providers and employees.</p>
<p>2020 business plan, capital requirements and ORSA</p> <p>The Directors selected and approved the 2020 Syndicate business plans. The plan included the Group's underwriting and investment strategy, together with the capital needed to support the plan. The Directors considered the Company's immediate and longer-term strategic priorities, together with the risks facing the business. They also considered the needs and expectations of the Company's shareholder, the interest of its clients and employees, and those of the wider stakeholder group. After due discussion, the Directors concluded that the plans and attaching capital requirements positioned the Company well for 2020 and the longer term. The Directors also approved the annual 'own risk and solvency assessment' (ORSA) of the Lloyd's Syndicates it manages.</p>
<p>Risk Tolerance framework</p> <p>The Directors considered the risk tolerance and appetite frameworks of the Company and the Syndicates it manages. The Directors looked in detail at aspects of the frameworks and considered their performance during 2019 and 2018. In granting approval, the Directors considered that the frameworks were aligned to the strategic objectives of Brit and those of its wider stakeholder group.</p>
<p>Broker agreements</p> <p>During 2019, the Directors approved a number of significant broker agreements. The Board assessed their commercial value to Brit, the Syndicates it manages, and our clients, and concluded that entering into them supported the long-term strategy and success of the Company.</p>
<p>Approval of policies</p> <p>During 2019, the Directors reviewed and approved the Company's key policies, including the whistleblowing Policy and the Fit and Proper Policy. In approving these policies, the Directors considered whether they support the strategic aims of the Company, and whether all relevant considerations were satisfactorily embedded in the key operations of the business. Such integration helps ensure the Group's approved operational practices are clearly articulated to and understood by all relevant employees, ensuring our reputation for high standards of business conduct is maintained. Such practices in turn will help ensure our longer-term strategic aims are delivered, in the interests of all our stakeholders.</p>

By Order of the Board



Matthew Wilson
Director
03 March 2020

BRIT SYNDICATES LIMITED

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal Activities

The Company is an approved Lloyd's Managing Agent, managing the affairs of Syndicate 2987 and Syndicate 2988.

Result and Dividend

The result for the year after taxation is a loss of £2.1m (2018: profit of £9.2m).

No interim dividend was paid during the year (2018: £nil). The Directors do not recommend a final dividend for the year ended 31 December 2019 (2018: £nil).

Going Concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The names of the Directors from 1 January 2019 through to the date of this report are listed on page 2.

Employee and Environmental Matters

All staff in the United Kingdom are employed by the Group services company, Brit Group Services Limited, and the full staff cost disclosures are included in the notes to those financial statements. Further information on the Group's employment policies can be found in the financial statements of the intermediate holding company Brit Limited, in which Brit Syndicates Limited's result is consolidated.

Brit Group is committed to managing and reducing its environmental impact in a cost effective and responsible way.

BRIT SYNDICATES LIMITED

Directors Report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

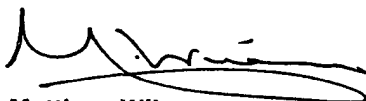
The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



Matthew Wilson

Director

03 March 2020

BRIT SYNDICATES LIMITED

Independent auditors' report to the member of Brit Syndicates Limited

Opinion

In our opinion, Brit Syndicates Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

BRIT SYNDICATES LIMITED

Independent Auditor's Report to the member of Brit Syndicates Limited (Continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

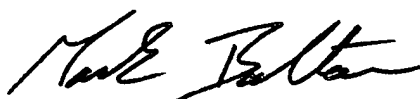
Other required reporting:

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
03 March 2020

BRIT SYNDICATES LIMITED

Income Statement

For the year ended 31 December 2019

		2019 £'000	2018 £'000
	Note		
Turnover	2	113,759	115,511
Administrative expenses		(116,376)	(104,102)
Operating profit	3	(2,617)	11,409
Interest receivable and similar income	4	-	1
(Loss) / Profit on ordinary activities before taxation		(2,617)	11,410
Taxation on profit on ordinary activities	8	488	(2,184)
(Loss) / Profit on ordinary activities after taxation		(2,129)	9,226

The Company has no recognised gains and losses other than those included in the Income Statement above and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 15 to 19 form part of these financial statements.

BRIT SYNDICATES LIMITED

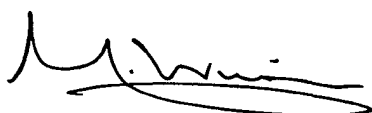
Statement of Financial Position

As at 31 December 2019

		2019 £'000	2018 £'000
	Note		
Current assets			
Debtors	9	19,206	22,037
Prepayments and accrued income		15	14
Cash at bank and in hand		-	53
		19,221	22,104
Creditors: Amounts falling due within one year	10	(2)	(756)
Total assets less current liabilities		19,219	21,348
Net assets		19,219	21,348
Capital and reserves			
Called up share capital	11	1,000	1,000
Capital reserve		1	1
Retained Earnings		18,218	20,347
Total Shareholder's funds		19,219	21,348

The notes on pages 15 to 19 form part of these financial statements.

The financial statements on pages 12 to 14 were approved by the Board of Directors on 3 March 2020 and signed on their behalf by:



Matthew Wilson
Director



Mark Allan
Director

BRIT SYNDICATES LIMITED

Statement of Changes in Equity

For the year ended 31 December 2019

	Called Up Share capital £'000	Capital Reserve £'000	Retained Earnings £'000	Total Shareholder's Funds £'000
At 1 January 2019	1,000	1	20,347	21,348
Loss for the financial year	-	-	(2,129)	(2,129)
At 31 December 2019	1,000	1	18,218	19,219

	Called Up Share capital £'000	Capital Reserve £'000	Retained Earnings £'000	Total Shareholder's Funds £'000
At 1 January 2018	1,000	1	11,121	12,122
Profit for the financial year	-	-	9,226	9,226
At 31 December 2018	1,000	1	20,347	21,348

The notes on pages 15 to 19 form part of these financial statements.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements

For the Year Ended 31 December 2019

1. Principal Accounting policies

(a) Statement of Compliance and Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice and Companies Act 2006 and associated amendments). The accounting policies of the Company have been applied consistently to all the years presented, unless otherwise stated.

The financial statements are presented in Sterling, which is the Company's functional currency, and all values are rounded to the nearest £'000 except where otherwise indicated. Items included in the financial statements are measured using the functional currency which is the primary economic environment in which the Company operates.

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

(b) Turnover

Turnover consists of a fee receivable in return for providing all of the necessary Lloyd's managing agency services and consortium management fee income. It also comprises variable profit commission which is dependent on the performance of Syndicate 2988.

The Company enters into management agreements on an annual basis, with the number of services to be provided specified. All the services provided are in relation to 'effectively managing and operating' the syndicates, and are therefore provided continuously throughout the year. As a result, these services are treated as a single performance obligation. The price is fixed with no variable element and is matched against the single performance obligation. Consequently, the passage of time is used to measure the amount of fees and commission to be recognised.

The Company receives fees in respect of the costs and expenses of establishing and administering Lloyd's consortia and conducting the underwriting on their behalf. The services provided are classed as 'establishing and administering' the consortium and are provided continuously throughout the year. As a result this is treated as a single performance obligation and measured in accordance with the measurement bases set out in the relevant consortium agreement.

(c) Expenses

All expenses are accounted for on an accruals basis.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

(d) **Current Taxation and Deferred Taxation**

(i) **Current Taxation**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) **Deferred Taxation**

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

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

(e) **Financial Assets and Financial Liabilities**

(i) **Financial assets**

Basic financial assets, including debtors and cash at bank and in hand balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) **Financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Turnover

	2019 £'000	2018 £'000
Syndicates' management fee income	111,261	114,357
Consortium management fee income	2,498	1,154
Total fee income	113,759	115,511

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

Turnover is attributable to the Company's principal activity as a Lloyd's managing agency and arises from the UK.

3. Operating profit

This is arrived at after charging:

Auditors' remuneration

2019 £'000	2018 £'000
15	15

Operating lease costs are met by the Group services company, Brit Group Services Limited, and the full operating lease cost disclosures are included in the notes to those financial statements. The Company is recharged an appropriate amount by Brit Group Services Limited for the operating lease costs incurred at a Group level.

The Company is exempt from disclosing fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company as non-audit fees have been disclosed in the consolidated financial statements of Brit Limited, the intermediate holding company. The parent company is required to comply with this statutory disclosure requirement.

4. Interest receivable and similar income

Interest receivable

2019 £'000	2018 £'000
-	1

5. Staff costs

All staff in the UK are employed by the Group services company, Brit Group Services Limited, and the full staff cost disclosures are included in the notes to those financial statements. The Company is recharged an appropriate amount by Brit Group Services Limited for the services it receives from those staff.

6. Pensions

Brit Group Services Limited provides pension benefits to Group staff. These benefits are provided by a defined benefit scheme which closed to future accrual of benefits on 31 December 2011 and a defined contribution group personal pension plan. The Company is recharged an appropriate amount by Brit Group Services Limited for the cost of providing these pension benefits. There is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit plan. Disclosure relating to the defined benefit scheme is included in the notes to the financial statements of Brit Group Services Limited.

7. Directors' remuneration and transactions involving Directors

The Executive Directors did not receive any remuneration for their services as Directors to the Company during the year ended 31 December 2019 (2018: nil).

The Non-Executive Directors received fees from the Group for their services to the Company for being Non-Executive Directors of Brit Syndicates Limited and for membership of Group committees. The total aggregate remuneration received by the Non-Executive Directors was £437k (2018: £493k) which includes £170k (2018: £250k) paid to the highest paid director.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

8. Taxation

	2019 £'000	2018 £'000
(i) Tax credit / (charge) on profit on ordinary activities		
Current taxation:		
Current tax credit / (charge) on result for the year UK corporation tax rate tax at 19% (2018: 19%)	490	(2,177)
Adjustments in respect of prior years	(2)	(7)
Total tax credited / (charged) to income statement	488	(2,184)
(ii) Tax reconciliation		
(Loss) / Profit on continuing ordinary activities before tax	(2,617)	11,410
Tax credit / (charge) calculated at standard rate of tax on income UK corporation tax at 19% (2018: 19%)	497	(2,168)
Adjustments in respect of prior years	(2)	(7)
Disallowable expenses	(7)	(9)
Total tax credited / (charged) (Note 8(ii))	488	(2,184)

(iii) Effect of post balance sheet rate changes

UK legislation was substantively enacted on 9 September 2016 to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020. The reduction in rate from 19% to 17% has been used in the calculation of any UK deferred tax assets and liabilities as at 31 December 2019, of which the Company currently has none.

9. Debtors

	2019 £'000	2018 £'000
Due within one year:		
Amounts owed by Group undertakings	15,357	20,698
Amounts due from managed syndicates	246	125
Other debtors	3,603	1,214
	19,206	22,037

10. Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Corporation tax	-	490
Accruals and deferred income	2	266
	2	756

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

11. Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
1,000,100 Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

12. Ultimate and intermediate holding company

The Company is a private company, limited by shares and is incorporated in England. The Company is a wholly owned subsidiary of Brit Insurance Holdings Limited, a company registered in the United Kingdom.

The intermediate holding company, in which Brit Syndicates Limited's result is consolidated, is Brit Limited, a company registered in the United Kingdom. Copies of Brit Limited's consolidated financial statements are available at www.britinsurance.com or can be obtained by writing to The Leadenhall Building, 122 Leadenhall street, London EC3V 4AB.

The ultimate parent undertaking at the year-end is Fairfax Financial Holdings Limited (Fairfax), a company registered in Canada and listed on the Toronto Stock Exchange. Copies of Fairfax financial statements can be obtained by writing to 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7 or from the website at www.fairfax.ca.

13. Disclosure exemptions

The Company has taken advantage of the disclosure exemptions provided by paragraph 1.12 of Financial Reporting Standard 102. Accordingly, these financial statements do not include the following:

- Statement of Cash Flows;
- A reconciliation of shares outstanding at the beginning and end of the period;
- Specific information relating to financial instruments that is included within equivalent disclosures for the Group; and
- Disclosure of key management personnel compensation.

The Company has been consolidated into the consolidated financial statements of Brit Limited, copies of whose financial statements are available at www.britinsurance.com or can be obtained from The Leadenhall Building, 122 Leadenhall street, London EC3V 4AB.

14. Related party transactions

The Company has taken advantage of the exemption in FRS102 not to disclose transactions with other wholly owned subsidiaries within the Group. This is by virtue of the entity being wholly owned within a group whose consolidated financial statements are publicly available.