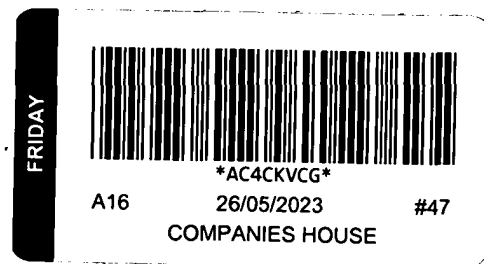


BRIT SYNDICATES LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

31 DECEMBER 2022



Registered No. 00824611

BRIT SYNDICATES LIMITED

Contents

Page

2	Company Information
3	Strategic Report
9	Directors' Report
11	Independent Auditors' Report to the Members of Brit Syndicates Limited
14	Income Statement
15	Statement of Financial Position
16	Statement of Changes in Equity
17	Notes to the Financial Statements

BRIT SYNDICATES LIMITED

Company Information

Directors

M A Allan
C R J Dart
S P G Lee
A J Medniuk (resigned 26 July 2022)
C F Ramsay
M G Thompson
A C N Welsch
G Wilkinson
M D Wilson (resigned 15 November 2022)
P Yetgin

Secretary

T J 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' or 'BSL') for the year ended 31 December 2022.

Principal activities and review of the business

The Company is an approved Lloyd's Managing Agent, managing the affairs of Syndicate 2987, Syndicate 2988, and Ki Syndicate 1618.

The result for the year after taxation is a profit of £22.8m (2021: loss of £0.2m). The net assets of the Company increased from £6.8m at 31 December 2021 to £29.6m at 31 December 2022.

During the year the company received a fee of £114.1m (2021: £107.0m) from Syndicate 2987, £37.0m (2021: £19.5) from Syndicate 1618, and £14.2m (2021: £12.9m) from Syndicate 2988 in return for providing all necessary resources to manage each syndicate. The company also received £3.6m (2021: £3.4m) of consortium management fee income.

During 2022, the underwriting capacity was £1,838.6m (2021: £1,725.0m) for Syndicate 2987, £508.0m (2021: £243.0) for Ki Syndicate 1618, and £211.0m (2021: £173.5m) for Syndicate 2988.

The ratio of expenses to turnover was 83.3% (2021: 100.1%).

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 2022, the underwriting capacity for the 2023 underwriting year was agreed with Lloyd's to be £2,345.8m for Syndicate 2987, £809.1m for Ki Syndicate 1618, and £255.3m for Syndicate 2988, as part of the annual planning process which concluded in Q4 2022.

The Directors do not envisage any further changes to the company business model in 2023.

Principal risks and uncertainties

The Company is contracted to manage Brit Syndicates 2987, 2988 and Ki Syndicate 1618 in return for a fee. Therefore, the Company takes the risk that the cost of the required resources exceeds the fee being received. Furthermore, the Company is regulated by Lloyd's in its role as a Managing Agent. Therefore, the Company faces the risk that it will not meet the qualifying net asset solvency requirements set by Lloyd's for Managing Agents. The Company manages these risks 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. As Managing Agent of Syndicates 2987, 2988 and 1618, the Company's stakeholders align to those of the underlying syndicates.

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, with a mix of electronic and in person meetings in 2022.</p> <p>To maximise our relationships, Brit has entered into agreements with seven 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 other service providers reinforces our provision of a risk service. It helps people move on from an event and helps them move forward rapidly 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 assets are managed within the restrictions set out in investment management agreements (IMAs).</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>We also perform annual due diligence meetings to review the operational aspects of the investment managers' processes.</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>Engagement also allows us to assess investment managers' ESG related skills, which helps implement our own ESG investment strategy.</p>

BRIT SYNDICATES LIMITED

Strategic Report (continued)

Stakeholder engagement (continued)

Why we engage	Form of engagement	Impact of engagement
<p>Capital providers</p> <p>Working with capital providers within Brit 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 Ki Syndicate 1618 and 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>
<p>Regulators</p> <p>Regulators are key stakeholders for any regulated business and BSL's Board is pro-active in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p>	<p>The company engages with its principal regulators through:</p> <ul style="list-style-type: none"> • Regular meetings including at Director level; • Sharing of key business updates and internal documents; <p>Responding to thematic reviews and information requests;</p>	<p>Engagement with regulators:</p> <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.
<p>Key suppliers</p> <p>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.</p>	<p>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.</p>	<p>Such engagement helps us to:</p> <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.

BRIT SYNDICATES LIMITED

Strategic Report (continued)

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 2006. 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 Brit'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.

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 of the Brit Limited Group including the Group Chief Executive Officer, the Group Chief Financial Officer, the Chief Underwriting Officer, the Chief Actuary and Chief Risk Officer and the Group Head of Claims and Operations. 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.

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 a regular 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.

BRIT SYNDICATES LIMITED

Strategic Report (continued)

Section 172(1) Statement (continued)

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 program 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. Our brand purpose informs everything we do, from how we communicate, to how we develop and deliver our services, to how we work together. 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.

Key decisions made by the Directors during the year

2023 Business Planning and Capital

The Directors reviewed and approved the 2023 Syndicate Business Plan's for Syndicates 2987, 2988 and 1618, together with the capital required to support those plans. In reviewing those items, the Directors considered the short and long-term strategic priorities and key risks of each syndicate, along with the expectations of key stakeholders.

Financial Reporting and Reserving

On the 3 March 2022, the Directors approved the 2021 Syndicate Report and Accounts for Syndicates 2987, 2988 and 1618 (and the 2019 Syndicate Underwriting Year Accounts for Syndicate 2988). As part of that process, the Directors considered the technical provisions for each Syndicate, having particular regard to the policy to prepare technical provisions on a best estimate basis. Further strengthening the position, the Directors also considered at quarterly intervals the quantum of an explicit risk margin to be held above and beyond that best estimate.

Solvency II Technical Provisions and Solvency Capital Returns

Again, having regards to the policy to prepare reserves on a best estimate basis, the Directors reviewed and approved on a quarterly basis the technical provisions prepared on a Solvency II basis. Related to that process the Directors also reviewed and approved (or ratified where appropriate) the quarterly and annual solvency returns to be submitted to the Corporation of Lloyd's.

BRIT SYNDICATES LIMITED

Strategic Report (continued)

Key decisions made by the Directors during the year (continued)

Risk Management The Directors reviewed and approved the risk management framework and the key outcomes from the annual ORSA process for each Syndicate – making amendments and/or recommendations where appropriate. In reviewing the items, the Directors considered the need to maintain alignment of the risk management framework to the strategic objectives of the Syndicates.
Syndicate 2988 Reinsurance to Close (RITC) As part of the 2021 year-end process, the Directors approved the RITC for the 2019 year of account for Syndicate 2988. In approving the RITC, the Directors concluded that it was appropriate to close the year of account and that the approach was consistent with both market practice and Brit's standard reserving approach. The Directors also confirmed that equity between members have been maintained.
Governance On the 26 July 2022, the Board appointed Mr Simon Lee as the Chairman of the company in succession of Mr Tony Medniuk. Additionally, Mr Martin Thompson was appointed as the Chief Executive Officer on the 10 November 2022 in succession of Mr Matthew Wilson. Both appointments were subject to regulatory consent which was granted on the 26 January 2023 and 20 February 2023, respectively.
Compliance In addition to the annual review of the compliance plan and policy, the Board made various decisions relating to the FCA's new Consumer Duty standards – including the approval of an implementation plan and the appointment of a Consumer Duty Champion. Supporting those decisions, the Board received formal training on the new standards and maintains oversight of the implementation process via the Audit Committee, whose members benefit from regular deep-dive implementation updates from management.
Cash Call The directors approved the issuance of a cash call to Brit UW Limited (BUWL) in respect of Syndicate 2987. In approving the cash call, the Directors considered the liquidity of Syndicate 2987, future cash movements, and the ability of BUWL to fund the cash call.
Strategic Broker Agreements During the year, the Directors approved a number of significant broker agreements – having regard to their individual commercial value and alignment to the long-term strategic objectives of the Syndicates.
Policies During the year the Directors approved various policies applicable to the company, including the Whistleblowing policy. In reviewing each, the Directors considered its application to the long-term strategic objectives of the Syndicates.
Inclusion & Diversity (I&D) The directors approved the annual Board diversity statement and reviewed the vision and action plan for I&D across the business.

By Order of the Board



M G Thompson
Director
18 May 2023

BRIT SYNDICATES LIMITED

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal Activities

The Company is an approved Lloyd's Managing Agent, managing the affairs of Syndicate 2987, Syndicate 2988 and Ki Syndicate 1618.

The Directors do not envisage any changes to the current business model.

Result and Dividend

The result for the year after taxation is a profit of £22.8m (2021: loss of £0.2m).

No interim dividend was paid during the year (2021: £nil). The Directors do not recommend a final dividend for the year ended 31 December 2022 (2021: £nil).

Future developments of the company are discussed within the strategic report on page 3.

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 directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 2.

Employee and Environmental Matters

All staff in the United Kingdom are employed by the Brit Limited 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 Limited Group is committed to managing and reducing its environmental impact in a cost effective and responsible way. BSL is exempt from disclosures related to streamlined energy and carbon reporting framework ('SECR'). Brit Group's disclosures can be found in the Brit Limited Annual Report.

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

BRIT SYNDICATES LIMITED

Directors' Report (continued)

- 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.

Director impartiality and conflict management

The Directors are aware of their responsibility to act in the best interests of each Syndicate under the Company's management and those of their capital providers, in accordance with the terms of its managing agency agreements. Directors are required to disclose any conflicts of interest in accordance with company law and the group's conflict of interests policy. Each syndicate has a distinct strategy and market position which mitigates the scope for conflicts between them. Each syndicate also has its own active underwriter and governance framework, ensuring that the activities of one syndicate cannot affect or influence underwriting decisions made on behalf of the other syndicates. Each syndicate's annual business plan is separately assessed and approved by the Board, and its ongoing performance monitored against that plan.

Statement of Disclosure of Information to Auditors

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.

Independent Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to have been reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The review of the business, principal risks and uncertainties and stakeholder engagement information is not shown in the Report of the Directors because it is shown in the strategic report instead under s414C(11).

By Order of the Board



M G Thompson
Director
18 May 2023

BRIT SYNDICATES LIMITED

Independent auditors' report to the members of Brit Syndicates Limited

Report on the audit of the financial statements

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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; 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

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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.

BRIT SYNDICATES LIMITED

Independent auditors' report to the members of Brit Syndicates Limited (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2022 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

BRIT SYNDICATES LIMITED

Independent auditors' report to the members of Brit Syndicates Limited (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk of fraud in management override of controls. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, internal audit and the compliance function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters reported on the whistleblowing helpline and the results of the investigation of such matters;
- Reviewing relevant meeting minutes, including those of the Board, the Risk Oversight Committee, the Reserving Committee, and the Audit Committee, and correspondence with regulatory authorities, including the Council of Lloyd's, the Prudential Regulatory Authority, and the Financial Conduct Authority;
- Identifying and testing journal entries identified as potential indicators of fraud, in particular, those with unexpected account combinations, those posted by unexpected users or with unusual words, and post close or backdated journal entries; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.



Paul Pannell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 May 2023

BRIT SYNDICATES LIMITED

Income Statement

For the year ended 31 December 2022

		2022 £'000	2021 £'000
	Note		
Turnover	2	168,917	142,715
Administrative expenses		(140,750)	(142,929)
Operating profit/(loss)	3	28,167	(214)
Profit/(loss) before taxation		28,167	(214)
Taxation	7	(5,334)	23
Profit/(loss) after taxation		22,833	(191)

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 17 to 22 form part of these financial statements.

BRIT SYNDICATES LIMITED

Statement of Financial Position

As at 31 December 2022

		2022 £'000	2021 £'000
	Note		
Current assets			
Debtors	8	49,456	23,911
Prepayments and accrued income		29	33
Cash at bank and in hand		160	720
		49,645	24,664
Creditors: Amounts falling due within one year	9	(20,014)	(17,866)
Total assets less current liabilities		29,631	6,798
Net assets		29,631	6,798
Capital and reserves			
Called up share capital	10	1,000	1,000
Capital reserve		1	1
Retained earnings		28,630	5,797
Total Shareholder's funds		29,631	6,798

The notes on pages 17 to 22 form part of these financial statements.

The financial statements on pages 14 to 22 were approved by the Board of Directors on 17 May 2023 and signed on their behalf by:



M G Thompson
Director
18 May 2023



G Wilkinson
Director
18 May 2023

Registered No. 00824611

BRIT SYNDICATES LIMITED

Statement of Changes in Equity

For the year ended 31 December 2022

	Called Up Share capital £'000	Capital Reserve £'000	Retained Earnings £'000	Total Shareholder's Funds £'000
At 1 January 2022	1,000	1	5,797	6,798
Profit for the financial year	-	-	22,833	22,833
At 31 December 2022	1,000	1	28,630	29,631

	Called Up Share capital £'000	Capital Reserve £'000	Retained Earnings £'000	Total Shareholder's Funds £'000
At 1 January 2021	1,000	1	5,988	6,989
Loss for the financial year	-	-	(191)	(191)
At 31 December 2021	1,000	1	5,797	6,798

The notes on pages 17 to 22 form part of these financial statements.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements

For the Year Ended 31 December 2022

1. Accounting policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention 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 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 Company is a private company, limited by shares and is incorporated in the United Kingdom. The address of its registered office is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB.

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, which was nil (2021: nil).

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.

(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.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

(d) Current Taxation and Deferred Taxation (continued)

(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.

The Company applies sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

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.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

2. Turnover

	2022 £'000	2021 £'000
Syndicate and corporate member management fee income	165,289	139,357
Consortium management fee income	3,628	3,358
Total fee income	168,917	142,715

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

3. Operating profit/(loss)

This is arrived at after charging:	2022 £'000	2021 £'000
Auditors' remuneration – audit fees	18	16
Auditors' remuneration – audit related fees	3	3
Auditors' remuneration – fees in respect of agreed-upon procedures	-	8

Operating profit/(loss) is arrived at after deducting the Company's administrative expenses from its turnover. The total administrative expenses of £140,750k (2021: £142,929k) presented on the income statement includes £156,790k (2021: £131,225k) of recharges from the Group services company, 'Brit Group Services Limited ('BGS'), for services provided to the Company, including those related to staffing and accommodation costs. Included in administrative expenses is £33,362k of foreign exchange gains (2021: loss £1,013k), which principally arose from retranslation of transactions and balances, including lending to other Brit group companies, in currencies other than sterling.

Lease costs are met by BGS, and the full lease cost disclosures are included in the notes to those financial statements. The Company is recharged an appropriate amount by BGS for the 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. Staff costs

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

5. Pensions

BGS 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 BGS 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 BGS.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

6. Directors' remuneration and transactions involving Directors

The Executive Directors have not received any remuneration for their services as Directors to the Company during the year ended 31 December 2022 (2021: 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 £374k (2021: £380k) which includes £100k (2021: £100k) paid to the highest paid Director.

7. Taxation

	2022 £'000	2021 £'000
(i) Tax (charge)/credit on loss on ordinary activities		
Current taxation:		
Current tax (charge)/credit on result for the year UK corporation tax rate tax at 19% (2021: 19%)	(5,112)	34
Adjustments in respect of prior years	(222)	(11)
Total tax (charged)/credited to income statement	(5,334)	23

(ii) Tax reconciliation

The tax on the entity's losses before tax differs from the theoretical amount that would arise based on the standard rate of tax as follows:

Profit/(Loss) before tax	28,167	(214)
Tax (charge)/credit calculated at standard rate of tax on income UK corporation tax at 19% (2021: 19%)	(5,352)	41
Adjustments in respect of prior years	(222)	(11)
Disallowable expenses	240	(7)
Total tax (charged)/credited (Note 7(i))	(5,334)	23

(iii) Effect of post balance sheet rate changes

The main rate of UK corporation tax has increased to 25% from 1 April 2023 under Finance Act 2021 which was substantively enacted on 24 May 2021. The rate of 25% has been used in the calculation of the UK deferred tax assets and liabilities, of which the Company currently has none.

8. Debtors

	2022 £'000	2021 £'000
Due within one year:		
Amounts owed by Group undertakings	10,644	3,322
Amounts due from managed syndicates	31,349	17,219
Other debtors	7,463	3,370
	49,456	23,911

Amounts owed by Group Undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. All other debtors are due within one year.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

9. Creditors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Accruals and deferred income	447	258
Corporation tax	-	10
Amounts owed to Group undertakings	19,567	17,598
	20,014	17,866

Amounts owed to Group Undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Called up share capital

	2022 £'000	2021 £'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.

11. Ultimate and intermediate holding company

The Company is a private company, limited by shares and is incorporated in the United Kingdom. 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.

12. 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.

BRIT SYNDICATES LIMITED

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

13. 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.

While not a direct related party transaction, it is disclosed that at 31 December 2022, \$0.2m (2021: \$0.4m) was recorded in the statement of financial position of Ki Financial Limited in respect of an unsecured loan to a certain Director of Brit Syndicates Limited. The loan was recognised during 2020, is expected to be settled in cash, carries an annual interest charge of 2.25%, and has no fixed maturity date. The loan facilitated the purchase by the Director of G class shares in Ki Financial Limited, the holding company of the Ki sub-group and indirect capital provider to Syndicate 1618. This transaction is known and fully disclosed. On the occurrence of a liquidity event, the G shareholders will receive an amount as determined in accordance with the Ki Financial Limited articles of association.