Company No: 2860390

ATRIUM UNDERWRITING GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2020

DIRECTORS
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JD Carey
AGK Hamilton
RdWW Harries
JRF Lee
PJ O'Shea
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STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2020.

Results

The profit after tax for the year amounted to $23.4m (2019: $6.4m).

Principal activities and review of the business

Atrium Underwriting Group Limited (AUGL or the Company) is ultimately owned by Northshore Holdings Limited (Northshore), a company domiciled in Bermuda.

AUGL is the parent company of the Atrium Group of Companies (Atrium Group). AUGL is a limited liability company and participates in underwriting at Lloyd's on Syndicate 609 (the Syndicate) through its subsidiaries, Atrium 5 Limited (Atrium 5) for the 2020 and prior years of account and Atrium Corporate Capital Limited (ACCL) for the 2021 year of account onwards. With effect from 1 January 2017 Atrium 5 leased its capacity on the Syndicate to SGL No 1 Limited (SGL1), a company within the Enstar Group. Atrium 5 receives a lease premium equal to the SGL1 share of underwriting profits on the Syndicate net of the quota share reinsurance contract with Arden Re Limited (Arden Re). The lease capacity agreement was terminated on 31 December 2020. AUGL earns dividend income from investment in its subsidiaries.

Atrium Group also contains a Lloyd's Managing Agency, Atrium Underwriters Limited (AUL), which manages the Syndicate, and Atrium Insurance Agency Limited (AIAL), which manages a consortium of syndicates underwriting space risks. Atrium Group earns profits from the lease activities of Atrium 5, and fees and profit commission from the businesses of AUL and AIAL.

The ultimate parent company as at the balance sheet date was Enstar Group Limited (Enstar). On 13 August 2020, Enstar announced an exchange transaction with Stone Point Capital LLC, involving Atrium (the Stone Point transaction). The Stone Point transaction was completed on 1 January 2021 which transferred ultimate ownership to Northshore.

The Company measures the following Key Performance Indicators:

	2020 $m	2019 $m	Change %
Profit before tax	22.3	5.2	328.8
Net assets	53.6	72.4	(26.0)

The profit before tax of $22.3m is higher than the 2019 profit before tax of $5.2m, mainly due to higher dividend income received from subsidiaries. AUGL has received dividends of $36.3m from Atrium 5, $6.1m from AUL and $0.3m from Atrium Risk Management Services (British Colombia) Limited. Atrium 5 distributed a significant level of dividends to AUGL during 2020 following the release of the funds at Lloyd's it held. These funds have been used as part of the capital reorganization which is discussed later on in this report.

Strategy

The Company's strategy is to build book value through the management of underwriting operations.

Capital and funds at Lloyd's

The Atrium Group has capital requirements to meet solvency rules that apply to its regulated subsidiaries and to maintain sufficient shareholders funds to meet these requirements. It must also ensure that sufficient funds are available to support its level of underwriting capacity at Lloyd's.

On 15 November 2016 Atrium 5 entered into an interavailable Lloyd's Security and Trust Deed enabling some of the Company's funds at Lloyd's to be made interavailable to SGL1 to support its underwriting on the 2017 and subsequent years of account.

The Stone Point transaction has led to a capital reorganisation across the group. Arden Re has been approved as a third party funds at Lloyd's provider and will be providing the capital to support the underwriting of the 2019 and 2020 years of account through SGL1 and the 2021 year of account through ACCL.

On 24 September 2020, AUGL entered into a deed of indemnity with Lloyd's in respect of Atrium 5. Atrium 5 underwrote insurance business at Lloyd's through its participation on the Syndicate and such insurance business may give rise to, inter alia, US Federal Income and Federal Excise tax liabilities as well as other tax liabilities in those jurisdictions where Atrium 5 underwrote insurance business. Therefore, in order for Lloyd's to release all remaining funds at Lloyd's in respect of Atrium 5, it required an undertaking from AUGL that it would meet all such potential tax liabilities. AUGL has agreed to pay to Lloyd's an amount equivalent to any tax liability of Atrium 5 arising in respect of, by reference to or in consequence of the insurance business underwritten by Atrium 5 at Lloyd's together with any reasonable costs and expenses incurred.

On 27 October 2020, as part of the capitalisation restructure connected with the Stone Point transaction, the Trust Deed relating to Atrium 5 was extinguished and the funds at Lloyd's was released. Similarly, on 27 October 2020, the Letter of Credit supporting the funds at Lloyd's requirement was cancelled.

The Atrium Group increased its underwriting capacity, through a pre-emption of capacity, for the 2020 year of account to £133.5m (2019: £114.7m) equating to \$182.3m (2019: \$152.2m) at year end exchange rates.

Atrium's space venture

AIAL, a UK coverholder business authorised by the Financial Conduct Authority (FCA), manages the Atrium Space Insurance Consortium (ASIC). ASIC is led by the Syndicate with a further nine Lloyd's syndicates delegating underwriting authority for ASIC to underwrite on their behalf. The consortium benefits from a line of up to \$45.0m (2020: \$38.8m) for any one satellite or launch with the Syndicate taking a \$11.8m line for 2021 (2020: \$10.0m).

Atrium's overseas operations

The Group has a service company in Washington State, USA, to support the marketing and client service activities of the Syndicate.

Principal risks & uncertainties

The Board of AUGL is responsible for the Group's systems and internal controls and for reviewing their effectiveness.

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. Within the Atrium Group there is an established risk management framework encompassing a risk register, a programme of internal control testing and the risk policies which set out the risk appetite, controls and business conduct standards in order to manage the risks to which the Atrium Group is exposed.

The principal risks and uncertainties facing the Company are as follows:

Income risk
The Company is exposed to income risk through loss of dividend income from its subsidiaries. This risk arises if the underwriting results, and resulting profit commission receipts of the subsidiaries are worse than expected due to higher frequency or severity of insured events (referred to as insurance claims risk). The Group monitors its exposures to insured events using the Lloyd's prescribed Realistic Disaster Scenarios.

Market risk
This risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The key aspect of market risk is that the Company could incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. This risk is mitigated as the majority of the Company's business is denominated in US dollars and the majority of assets are maintained in US dollars.

Liquidity risk
This is the risk that the Company will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk, cashflow projections are reviewed on a regular basis. The need for group borrowings or overdraft facilities in case of an unprojected cash flow deficit is also reviewed regularly.

Operational risk
This is the risk that errors caused by people, processes or systems lead to losses to the Company. The Atrium Group seeks to manage this risk by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review. Regular reviews are performed by internal audit to ensure that deviations from Atrium Group's policies are identified and reported to the appropriate level of management when considered necessary.

Regulatory risk
Subsidiary companies are required to comply with the requirements of the FCA and the PRA. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Atrium Group has a Compliance Officer and a team who monitor regulatory developments and assess the impact on group policy. They also carry out a compliance monitoring programme.

Brexit

AUGL, through its underwriting activities carried out by AIAL and leasing activities carried out by Atrium 5, is exposed to risks arising out of Brexit.

The UK left the European Union (EU) on 31 January 2020 and the associated transitional arrangements ended on 31 December 2020, with Lloyd's Underwriters officially ceasing to have trading rights in the European Economic Area (EEA) for Direct Insurance and cross border German Reinsurance business. Lloyd's members will continue to be able to provide reinsurance to cedants in the EEA (with the exception of Germany) on a cross-border basis, provided relevant local requirements are complied with.

In order to provide this continued access to Lloyd's for policyholders within the EEA, Lloyd's established a subsidiary insurance and reinsurance company incorporated in Belgium, Lloyd's Insurance Company S.A. (LIC). Atrium worked closely with Lloyd's on this contingency arrangement. LIC is authorised in Belgium by the National Bank of Belgium (NBB) and regulated by the NBB and the Financial Services and Markets Authority (FSMA) of Belgium. It is capitalised according to the Solvency II standard formula and benefits from the same financial ratings as the Lloyd's market, which are provided by A.M.Best (A "excellent"); Standard & Poor's (A+"strong"); and Fitch Ratings (AA- "very strong"). LIC has 18 branches across the EEA and a branch in the United Kingdom (UK).

LIC writes all classes of non-life insurance business and non-life reinsurance business from EEA countries. The establishment of LIC ensures that Lloyd's European intermediaries and policyholders still have access to the combined scale, expertise, capacity and claims service of the Lloyd's market through a single insurance company based at the heart of Europe. Whilst it is only a small proportion of its overall business, the Syndicate has incorporated the essential changes required by Lloyd's throughout the organisation, enabling us to uphold the Syndicate's reputation by providing the best possible service to brokers, coverholders and ultimately policyholders.

From 1 January 2019 onwards, with a few minor exceptions, all new EEA non-life direct insurance policies have been written by Atrium on behalf of LIC (under the terms of an outsourcing agreement) and 100% reinsured back to the Syndicate. All renewing EEA non-life direct insurance policies have transferred to LIC on their renewal under the same structure. It continues to be Lloyd's policy that all non-life EEA insurance risks are written by LIC and not Lloyd's Syndicates.

COVID-19

As the parent company of the Atrium Group, the Company is reliant upon dividend income from its subsidiary companies for its own going concern assessment and long term existence. The income that generates these dividends is driven by profit flows from the Syndicate in the form of the lease capacity agreement in Atrium 5 for 2020 and prior underwriting years, participation in the Syndicate via ACCL for the 2021 underwriting year and profit commission receipts from the Syndicate in AUL.

COVID-19 and the subsequent societal, Government and market response to the global pandemic had a substantial impact on the world in 2020. The impact on the Syndicate affected multiple risk categories.

The Syndicate has established reserves of $74.5m in relation to COVID-19. $70.9m was recognised as earned reserves as at 31 December 2020. There were contributions from several classes of business, but the largest impact relates to event cancellation exposures. As with any event, particularly with one that is unprecedented, there is uncertainty around what the ultimate loss will be. The uncertainties that exist include impending or existing litigation. The Syndicate does not have material anticipated reinsurance recoveries for our COVID-19 claims so are spared that uncertainty. The Board of AUL believe that the Syndicate is robustly reserved for extended business interruption (BI) claims in the UK, Australia and New Zealand. On 15 January 2021, the UK Supreme Court delivered its judgement on the FCA's business interruption test case. The aim of the test case was to obtain clarity on insurance contract wording and determine whether certain Business Interruption clauses were triggered by the COVID-19 pandemic. For the insurance industry, this means that in certain instances, policyholders will now have their COVID-19 related business interruption claims paid where previously these claims may have been denied. It may also impact the reinsurance industry as insurers will seek to recover from the reinsurance protection they have in place. In light of the UK Supreme Court ruling, the Syndicate has performed a detailed review of the business interruption clauses in its insurance and reinsurance contracts and concluded that there is no material impact on the COVID-19 best estimate loss booked for the year ended 31 December 2020.

In addition, the lockdowns and recessionary impacts have led to some reduction in premiums over 2020 across multiple classes.

The operational impact caused by Governmental responses to COVID-19 presented significant challenges to all of society. Atrium transitioned smoothly to remote working and was able to continue servicing its clients and continued to pay claims in an expeditious manner over this period. Atrium has paid particular attention to the wellbeing of its staff and has made significant investment in trying to support its staff. It has undertaken regular surveys over the period to proactively identify any concerns. The Risk Management and Internal Audit Functions carried out an assessment of the impact of COVID-19, and remote working conditions, on the Syndicate, and wider Atrium Group, risks and internal controls. These reviews did not raise any issues or material concerns to the Board.

The Syndicate's investment portfolio is a conservative portfolio primarily comprising cash and high credit quality fixed income investments. As a result, the Syndicate's portfolio performed well during 2020. Whilst the investment strategy remains unchanged, we would expect future returns to be lower due to the global decline in yield curves.

The Directors have reviewed the impact of COVID-19 on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern under plausible severe scenarios relating to the ongoing impacts of COVID-19. The Syndicate continues to closely monitor the impact on its operations, employees, customers, underwriting, investments and capital requirements. The Syndicate's growth plans are not materially impacted by COVID-19. The Directors have concluded that the profit flows from the Syndicate which generate the Company's income are sufficient to meet its liabilities as they fall due over the going concern period.

Bv order of the board

RdWW Harries
Chief Executive Officer
29 April 2021

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2020.

Dividends

The Directors do not recommend a final dividend, making the total dividends paid in the year $42.0m (2019: $21.0m).

Directors and officers of the Company

The current Directors of the Company are disclosed on page 1. New appointments and resignations during the year and up to the date of this report are shown below. None of the Directors have any financial interest in the Company.

J Shettle	Resigned on 15 September 2020
SJ Cook	Resigned on 31 December 2020
DA Baird	Appointed on 1 January 2021
JD Carey	Appointed on 1 January 2021
CM Stooke	Appointed on 1 January 2021
GTA Bowker	Resigned on 1 January 2021
O Gregory	Resigned on 1 January 2021
BRA Merriman	Resigned on 1 January 2021

Future developments

The Directors intend that the Company, through its subsidiaries, will continue to participate in underwriting at Lloyd's on its managed syndicate.

Events since the balance sheet date

The ultimate holding company as at the balance sheet date was Enstar. On 13 August 2020, Enstar announced an exchange transaction with Stone Point Capital LLC, involving Atrium. The transaction was completed on 1 January 2021 which transferred ultimate ownership to Northshore.

The completion of the Stone Point transaction and recapitalisation of Northshore constitutes a vesting event for the cash schemes. On completion of the transaction, the Matching Cash Plan (MCP) schemes vested in full. Employees who participate in the long term cash based incentive scheme were offered the option for their 2019 awards to vest in full on close of the transaction or to roll them forward to a future vesting date, but with the added benefit of a 40% uplift on their awards

Following the Stone Point transaction, Atrium introduced a number of new long-term cash-based incentive schemes and a new MCP. The new long-term cash-based plans operate with the same features as the previous cash plans, whereby awards are made to employees, and linked to the book value of Northshore Holdings Limited. The new MCP also operates with the same features as the previous MCP with the only difference under the new 2021 MCP being that employees may invest up to £10,000 per annum, (the limit previously was £8,000 per annum).

Going concern

Following consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

As the parent company of the Atrium Group, the Company is reliant upon dividend income from its subsidiary companies for its own going concern assessment and long term existence. The income that generates these dividends is driven by profit flows from the Syndicate in the form of the lease capacity agreement in Atrium 5 for 2020 and prior underwriting years, participation in the Syndicate via ACCL for the 2021 underwriting year and profit commission receipts from the Syndicate in AUL.

COVID-19 and the subsequent societal, Government and market response to the global pandemic had a substantial impact on the world in 2020. The impact on the Syndicate affected multiple risk categories.

The Syndicate has established reserves of $74.5m in relation to COVID-19. $70.9m was recognised as earned reserves as at 31 December 2020. There were contributions from several classes of business, but the largest impact relates to event cancellation exposures. As with any event, particularly with one that is unprecedented, there is uncertainty around what the ultimate loss will be. The uncertainties that exist include impending or existing litigation. The Syndicate does not have material anticipated reinsurance recoveries for our COVID-19 claims so are spared that uncertainty. The Board of AUL believe that the Syndicate is robustly reserved for extended business interruption (BI) claims in the UK, Australia and New Zealand. On 15 January 2021, the UK Supreme Court delivered its judgement on the FCA's business interruption test case. The aim of the test case was to obtain clarity on insurance contract wording and determine whether certain Business Interruption clauses were triggered by the COVID-19 pandemic. For the insurance industry, this means that in certain instances, policyholders will now have their COVID-19 related business interruption claims paid where previously these claims may have been denied. It may also impact the reinsurance industry as insurers will seek to recover from the reinsurance protection they have in place. In light of the UK Supreme Court ruling, the Syndicate has performed a detailed review of the business interruption clauses in its insurance and reinsurance contracts and concluded that there is no material impact on the COVID-19 best estimate loss booked for the year ended 31 December 2020.

In addition, the lockdowns and recessionary impacts have led to some reduction in premiums over 2020 across multiple classes.

The operational impact caused by Governmental responses to COVID-19 presented significant challenges to all of society. Atrium transitioned smoothly to remote working and was able to continue servicing its clients and continued to pay claims in an expeditious manner over this period. Atrium has paid particular attention to the wellbeing of its staff and has made significant investment in trying to support its staff. It has undertaken regular surveys over the period to proactively identify any concerns. The Risk Management and Internal Audit Functions carried out an assessment of the impact of COVID-19, and remote working conditions, on the Syndicate, and wider Atrium Group, risks and internal controls. These reviews did not raise any issues or material concerns to the Board.

The Syndicate's investment portfolio is a conservative portfolio primarily comprising cash and high credit quality fixed income investments. As a result, the Syndicate's portfolio performed well during 2020. Whilst the investment strategy remains unchanged, we would expect future returns to be lower due to the global decline in yield curves.

The Directors have reviewed the impact of COVID-19 on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern under plausible severe scenarios relating to the ongoing impacts of COVID-19. The Syndicate continues to closely monitor the impact on its operations, employees, customers, underwriting, investments and capital requirements. The Syndicate's growth plans are not materially impacted by COVID-19. The Directors have concluded that the profit flows from the Syndicate which generate the Company's income are sufficient to meet its liabilities as they fall due over the going concern period.

Political donations

The Company made no political donations during the year (2019: $nil).

Financial risk management

The risk management of the Company has been detailed within the Strategic Report on page 2.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

RdWW Harries
Chief Executive Officer
29 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM UNDERWRITING GROUP LIMITED

Opinion

We have audited the financial statements of Atrium Underwriting Group Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is composed of income from shares in group undertakings and interest income which has limited complexity.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We also performed the following procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with descriptions containing key words or phrases.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

David Maddams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
30 April 2021

INCOME STATEMENT
For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Administrative expenses	3,4,5	**(5,602)**	(6,113)
Operating loss		**(5,602)**	(6,113)
Interest income		**143**	357
Income from shares in group undertakings		**42,665**	11,000
Impairment loss on investment in subsidiaries		**(14,907)**	—
Profit on ordinary activities before tax		**22,299**	5,244
Tax credit on profit on ordinary activities	6	**1,062**	1,142
Profit on ordinary activities after tax		**23,361**	6,386

All results are derived from continuing activities.

The attached notes form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2020

	Notes	2020 $'000	2019 $'000
Fixed assets			
Investments in subsidiaries	8	**52,016**	67,225
Current assets			
Debtors: due within one year	9	**3,997**	13,228
Cash and cash equivalents		**637**	58
		4,634	13,286
Non-current assets			
Debtors: due after more than one year	9	**400**	400
Current liabilities			
Creditors: amounts falling due within one year	10	**(3,500)**	(8,467)
Net assets		**53,550**	72,444
Capital and reserves			
Called up share capital	11	**24,702**	24,702
Share premium account		**2,160**	2,160
Revaluation reserve		**24,890**	40,052
Retained earnings		**1,798**	5,530
Shareholder's funds		**53,550**	72,444

The attached notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 29 April 2021 and were signed on its behalf by:

RdWW Harries
Chief Executive Officer

KH Steward
Chief Financial Officer

Company No: 2860390

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2019	24,702	2,160	40,847	20,144	87,853
Profit for the year	—	—	—	6,386	6,386
Dividends	—	—	—	(21,000)	(21,000)
Disposal of investment in subsidiary	—	—	(795)	—	(795)
Balance as at 31 December 2019	24,702	2,160	40,052	5,530	72,444
Profit for the year	—	—	—	23,361	23,361
Dividends	—	—	—	(42,000)	(42,000)
Disposal of investment in subsidiary	—	—	(255)	—	(255)
Impairment loss on investment in subsidiaries	—	—	(14,907)	14,907	—
Balance as at 31 December 2020	24,702	2,160	24,890	1,798	53,550

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

1. GENERAL INFORMATION

The principal activity of the Company during the year remained as a parent company of the Atrium Group of Companies.

The Company is limited by shares and is incorporated in the United Kingdom. The address of its registered office is Room 790, Lloyd's, 1 Lime Street, London, EC3M 7DQ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and section 396 of, and schedule 4 to, the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2 (m).

Management has taken advantage of the exemption available in Section 401 of Companies Act 2006 allowing AUGL to prepare and submit company only accounts on the basis that the Company and its subsidiaries were included within the consolidated accounts of Enstar, the ultimate parent company as at the balance sheet date.

(b) Change in accounting policy/prior period adjustment

There have been no changes in accounting policies or any prior period adjustments.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. AUGL is a qualifying entity as its results are consolidated into the financial statements of Enstar Group Limited which are publicly available.

As a qualifying entity, the Company has taken exemption from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Going Concern

The Company produces annual forecasts which take account of possible changes to the revenue streams and expense base of the Company. These forecasts show that the Company will have sufficient financial resources in order to continue trading for the foreseeable future. Following consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

As the parent company of the Atrium Group, the Company is reliant upon dividend income from its subsidiary companies for its own going concern assessment and long term existence. The income that generates these dividends is driven by profit flows from the Syndicate in the form of the lease capacity agreement in Atrium 5 for 2020 and prior underwriting years, participation in the Syndicate via ACCL for the 2021 underwriting year and profit commission receipts from the Syndicate in AUL.

COVID-19 and the subsequent societal, Government and market response to the global pandemic had a substantial impact on the world in 2020. The impact on the Syndicate affected multiple risk categories.

The Syndicate has established reserves of $74.5m in relation to COVID-19. $70.9m was recognised as earned reserves as at 31 December 2020. There were contributions from several classes of business, but the largest impact relates to event cancellation exposures. As with any event, particularly with one that is unprecedented, there is uncertainty around what the ultimate loss will be. The uncertainties that exist include impending or existing litigation. The Syndicate does not have material anticipated reinsurance recoveries for our COVID-19 claims so are spared that uncertainty. The Board of AUL believe that the Syndicate is robustly reserved for extended business interruption (BI) claims in the UK, Australia and New Zealand. On 15 January 2021, the UK Supreme Court delivered its judgement on the FCA's business interruption test case. The aim of the test case was to obtain clarity on insurance contract wording and determine whether certain Business Interruption clauses were triggered by the COVID-19 pandemic. For the insurance industry, this means that in certain instances, policyholders will now have their COVID-19 related business interruption claims paid where previously these claims may have been denied. It may also impact the reinsurance industry as insurers will seek to recover from the reinsurance protection they have in place. In light of the UK Supreme Court ruling, the Syndicate has performed a detailed review of the business interruption clauses in its insurance and reinsurance contracts and concluded that there is no material impact on the COVID-19 best estimate loss booked for the year ended 31 December 2020.

In addition, the lockdowns and recessionary impacts have led to some reduction in premiums over 2020 across multiple classes.

The operational impact caused by Governmental responses to COVID-19 presented significant challenges to all of society. Atrium transitioned smoothly to remote working and was able to continue servicing its clients and continued to pay claims in an expeditious manner over this period. Atrium has paid particular attention to the wellbeing of its staff and has made significant investment in trying to support its staff. It has undertaken regular surveys over the period to proactively identify any concerns. The Risk Management and Internal Audit Functions carried out an assessment of the impact of COVID-19, and remote working conditions, on the Syndicate, and wider Atrium Group, risks and internal controls. These reviews did not raise any issues or material concerns to the Board.

The Syndicate's investment portfolio is a conservative portfolio primarily comprising cash and high credit quality fixed income investments. As a result, the Syndicate's portfolio performed well during 2020. Whilst the investment strategy remains unchanged, we would expect future returns to be lower due to the global decline in yield curves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Directors have reviewed the impact of COVID-19 on the Syndicate and have concluded that the Syndicate will be able to operate as a going concern under plausible severe scenarios relating to the ongoing impacts of COVID-19. The Syndicate continues to closely monitor the impact on its operations, employees, customers, underwriting, investments and capital requirements. The Syndicate's growth plans are not materially impacted by COVID-19. The Directors have concluded that the profit flows from the Syndicate which generate the Company's income are sufficient to meet its liabilities as they fall due over the going concern period.

(e) Foreign currencies

The Company's functional and presentation currency is US dollars.

Foreign currency transactions are translated into the functional currency using the quarterly average rate in effect at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the retranslation at the period-end, are recognised in the income statement.

Foreign currency rates of exchange to the functional currency (US dollars) are shown in the table below.

	Closing rate at 31 December 2020	Average rate Quarter 1 2020	Average rate Quarter 2 2020	Average rate Quarter 3 2020	Average rate Quarter 4 2020
Sterling	1.3654	1.2785	1.2399	1.2912	1.3199
Canadian dollar	0.7832	0.7445	0.7211	0.7503	0.7671
Euro	1.2228	1.1022	1.0999	1.1684	1.1917

(f) Employee benefits

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Pensions

The Company incurs pension costs from a defined contribution scheme, which is operated by Atrium Group Services Limited (AGSL), a fellow subsidiary company. Certain Directors and staff have personal pension arrangements to which the Company contributes. Contributions are charged to the income statement as they become payable in accordance with rules of the schemes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Employee benefits *(continued)*

iii) Share based incentive schemes

Enstar operates a number of executive and employee share based incentive schemes in the shares of Northshore. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which it was granted. The expense is recognised in the income statement over the performance period of the share based incentive scheme.

The fair value of the equity-settled transactions granted was set by the Board of Directors of Northshore.

iv) Cash based incentive schemes

During 2018, AUGL introduced a new long term cash based incentive scheme. The new plan was put in place to replace the share based incentive schemes and operates with the same features as the previous share plans, whereby awards are made to employees, pegged to the net book value of Northshore. The only difference with the new plan is, the award is cash settled by Atrium as opposed to the delivery of actual shares in Northshore.

The cost of the cash settled transactions with employees is measured by reference to Northshore's net book value at the reporting date. The expense is recorded in AGSL and subsequently recharged to the Company and recognised in the income statement over the performance period of the cash based incentive scheme.

During 2019, the Atrium Group introduced a new Matching Cash Plan (MCP). Under the terms of the MCP, staff may invest funds to purchase cash units. Staff are granted a Matching Award to acquire Matching Cash Units on a 1-for-1 basis which will be settled in cash after three years, subject to a number of conditions. The cash units are pegged to the net book value of Northshore. Interest is accrued on these monies over the three year period in line with the prevailing bank interest rate.

(g) Taxation

The tax credit represents the sum of the current tax and the deferred tax.

Current tax: the current tax charge or credit is based on the taxable profit or loss for the year. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's group relief receipt is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax: deferred tax is generally provided in full on timing differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. Deferred tax is measured on an undiscounted basis using tax rates enacted or substantively enacted at the balance sheet date and which are expected to apply when the related tax is payable or receivable.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

(h) Operating lease assets

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(i) Investment income and expenses

Dividends are included as investment income when the investments to which they relate are declared "ex-dividend". Interest income and investment expenses are recognised on an accruals basis.

Realised investment gains and losses are calculated as the difference between net proceeds on disposal and their purchase price.

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and their valuation at the last balance sheet date or purchase price, if acquired during the year. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years that have been realised during the year and are reported as realised gains and losses in the income statement.

(j) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss recognised in the income statement. Where an asset had previously recognised positive value adjustments within the revaluation reserve, these gains would transfer from the revaluation reserve into retained earnings within the statement of changes in equity.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of the impairment loss is recognised in the income statement.

(k) Cash and cash equivalents

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

(l) Financial instruments

Financial assets

Basic financial assets, including debtors and cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All such financial 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 immediately.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement immediately.

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) 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.

Financial liabilities

Basic financial liabilities, including trade creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

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

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. There were no significant accounting judgements made during the year.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(n) Investment in subsidiaries

AUGL acts as the holding company for a number of companies within the Atrium Group. See note 8 for a full listing of the subsidiaries.

The investment in subsidiaries are stated at cost less provision for any impairment. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is immediately recognised in the income statement.

Prior to the implementation of FRS 102 Investments in subsidiary undertakings were stated at the directors' valuation, being the cost of the investment, adjusted for the movement in underlying net assets applicable to the investments since their date of acquisition, with positive value adjustments dealt with through the revaluation reserve.

Under a transitional arrangement set out in paragraph 35.10 (f) (ii) of FRS 102, the standard permits deemed cost to be used at the date of implementing FRS 102, which was the carrying amount at the date of transition as determined under the entity's previous GAAP. Subsequent to the date of transition the revaluation reserve would be utilised upon impairment or disposal of an asset that had previously recognised positive value adjustments; these would then be reversed and, where relevant, any additional gains or losses recognised through the income statement.

3. ADMINISTRATIVE EXPENSES

	2020	2019
These include:	$'000	$'000
Auditors' remuneration - statutory audit	26	9
Auditors' remuneration - audit related assurance services	71	57
Operating lease rentals	37	35

4. EMPLOYEE BENEFITS

The Company does not have any employees, however it uses the services of employees of the Atrium Group, for which it is recharged $4,207,579 (2019: $4,767,887). $2,317,532 (2019: $3,013,825) relating to share based and cash based incentive schemes is included within this recharge.

5. DIRECTORS' REMUNERATION

The Directors of the Company are all remunerated by Atrium Group Services Limited (AGSL), the employing company within the Atrium Group. Their remuneration is disclosed in the financial statements of AGSL. In 2020, $2,776,568 (2019: $3,517,637) was recharged to the Company for the use of these services.

The amount recharged from AGSL for key management personnel includes share-based payments under FRS 102.

6. TAXATION

(a) Tax on income statement

The tax credit is made up as follows:	2020	2019
Current tax:	**$'000**	**$'000**
Group relief received	**(1,037)**	(1,068)
Tax (over)/under provided in previous years	**(56)**	(74)
Withholding tax	**31**	—
Tax credit on ordinary activities	**(1,062)**	(1,142)

(b) Reconciliation of tax credit

	2020 $'000	2019 $'000
Profit on ordinary activities before tax	**22,299**	5,244
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**4,237**	996
Effect of:		
Amounts (over)/under provided in previous years	**(56)**	(74)
Expenses not deductible for tax purposes and other permanent differences	**2,832**	26
Intragroup dividends	**(8,106)**	(2,090)
Withholding tax	**31**	—
Tax credit on ordinary activities	**(1,062)**	**(1,142)**

(c) Factors affecting future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the Company's future current tax charge accordingly.

7. DIVIDENDS

	2020	2019
	$'000	$'000
Declared and paid during the year	**42,000**	21,000

8. INVESTMENTS IN SUBSIDIARIES

	2020	2019
	$'000	$'000
Cost:		
At 1 January	**27,173**	27,209
Disposal of Subsidiary	**(47)**	(36)
At 31 December	**27,126**	27,173
Value adjustments:		
At 1 January	**40,052**	40,847
Disposal of Subsidiary	**(255)**	(795)
Impairment loss	**(14,907)**	—
At 31 December	**24,890**	40,052
Net book value at 31 December	**52,016**	67,225

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of the investments in which the Company (unless indicated) holds 20% or more of the nominal value of any class of share capital is as follows (in the case of Atrium Nominees Limited the holding is via AGSL):

Name of subsidiary	Address	Description of shares held	Business	Share interest	Economic/ voting rights in shares
Atrium Group Services Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Service company	100%	100%/100%
Atrium Insurance Agency Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Lloyd's coverholder	100%	100%/100%
Atrium Underwriters Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Lloyd's managing agency	100%	100%/100%
Atrium Underwriting Holdings Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Dormant holding company	100%	100%/100%
Atrium 5 Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Lloyd's corporate member	100%	100%/100%
Atrium Corporate Capital Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Lloyd's corporate member	100%	100%/100%
Atrium Risk Management Services (Washington) Limited (incorporated in Washington, United States of America)	Corporation Service Company 300 Deschutes Way SW Suite 304 Tumwater Washington 98501 USA	Ordinary shares	US service company	100%	100%/100%
Atrium Nominees Limited (incorporated in England & Wales)	Room 790, Lloyd's 1 Lime Street London EC3M 7DQ	Ordinary shares	Nominee for Atrium group staff shares	100%	100%/100%

On 1 September 2020, Atrium Corporate Capital Limited was registered to participate on the Syndicate from the 2021 year of account onwards.

On 28 September 2020, Atrium Risk Management (British Columbia) Limited was dissolved.

9. DEBTORS

	2020	2019
	$'000	$'000
Due within one year:		
Amounts due from group undertakings	3,997	8,658
Loan to subsidiary undertaking	—	4,570
	3,997	13,228
Due after more than one year:		
Subordinated loan to subsidiary undertaking	400	400
	400	400

The subordinated loan will be repaid by AIAL when it has sufficient resources to do so. Interest is charged on the loan at a rate of 2.75% above 3 month LIBOR. The loan to Atrium 5 for $4.6m was settled on 4 November 2020.

10. CREDITORS

	2020	2019
	$'000	$'000
Due within one year:		
Amounts owed to group undertakings	2,864	4,138
Corporation tax payable	632	4,325
Accruals and deferred income	4	4
	3,500	8,467

11. AUTHORISED AND ISSUED SHARE CAPITAL

	2020	2019	2020	2019
	No.	No.	$'000	$'000
Allotted, called up and fully paid ordinary shares	17,060,405	17,060,405	24,702	24,702

12. LEASING COMMITMENTS

	Land and buildings	
	2020	2019
	$'000	$'000
At 31 December 2020 operating leases with payables as follows:		
- less than one year	8	8
- between one and five years	11	19
	19	27

Of the commitments due under operating leases as at 31 December 2020, $19k (2019: $27k) will be reimbursed by AIAL.

13. CONTINGENT LIABILITIES

Charge over assets

At 1 January 2020, the Atrium Group's participation in underwriting at Lloyd's is £133.5m (2019: £114.7m), equating to $182.3m (2019: $152.2m) at year end exchange rates, through ownership of its underwriting subsidiary, Atrium 5. With effect from 1 January 2021, following the Stone Point transaction, ACCL will participate on the Syndicate from the 2021 year of account onwards. Atrium 5 ceased participating on the Syndicate after the 2020 year of account.

Effective 1 January 2017 Atrium 5 ceased to underwrite new business at Lloyd's, with the Syndicate capacity being reallocated to a fellow Enstar group company, SGL1, under a capacity lease agreement.

On 15 November 2016 Atrium 5 entered into an interavailable Lloyd's Security and Trust Deed enabling some of the company's funds at Lloyd's to be made interavailable to SGL1 to support its underwriting on the 2017 and subsequent years of account. Consequently Atrium 5 will be exposed to potential losses as a result of the risk that the funds at Lloyd's which are made interavailable as funds at Lloyd's of SGL1 may in future be applied in respect of obligations of SGL1 referable to business written after 31 December 2016, including on other syndicates.

On 24 September 2020, AUGL entered into a deed of indemnity with Lloyd's in respect of Atrium 5. Atrium 5 underwrote insurance business at Lloyd's through its participation on the Syndicate and such insurance business may give rise to, inter alia, US Federal Income and Federal Excise tax liabilities as well as other tax liabilities in those jurisdictions where Atrium 5 underwrote insurance business. Therefore, in order for Lloyd's to release all remaining funds at Lloyd's in respect of Atrium 5, it required an undertaking from AUGL that it would meet all such potential tax liabilities. AUGL has agreed to pay to Lloyd's an amount equivalent to any tax liability of Atrium 5 arising in respect of, by reference to or in consequence of the insurance business underwritten by Atrium 5 at Lloyd's together with any reasonable costs and expenses incurred.

As part of the Stone Point transaction, a new Lloyd's corporate member, ACCL, has been formed. ACCL will participate on the Syndicate from the 2021 year of account onwards. As a result, on 27 October 2020, the above Trust Deed was extinguished and the funds at Lloyd's was released. Also, on 27 October 2020, the Letter of Credit supporting the funds at Lloyd's requirement was cancelled.

14. RELATED PARTIES

The Company is a wholly owned subsidiary of Alopuc Limited, the financial statements of which are publicly available. Accordingly, the Company has taken advantage of the exemption in Section 33.1A of FRS 102 'Related party disclosures' from disclosing transactions with wholly owned members of the Alopuc Group.

See note 5 for disclosure of the Directors' remuneration. These Directors are deemed to be key management personnel of the entity.

15. EVENTS SINCE THE BALANCE SHEET DATE

The ultimate holding company as at the balance sheet date was Enstar. On 13 August 2020, Enstar announced an exchange transaction with Stone Point Capital LLC, involving Atrium. The transaction was completed on 1 January 2021 which transferred ultimate ownership to Northshore.

The completion of the Stone Point transaction and recapitalisation of Northshore constitutes a vesting event for the cash schemes. On completion of the transaction, the MCP schemes vested in full. Employees who participate in the long term cash based incentive scheme were offered the option for their 2019 awards to vest in full on close of the transaction or to roll them forward to a future vesting date, but with the added benefit of a 40% uplift on their awards.

Following the Stone Point transaction, Atrium introduced a number of new long-term cash-based incentive schemes and a new MCP. The new long-term cash-based plans operate with the same features as the previous cash plans, whereby awards are made to employees, and linked to the book value of Northshore. The new MCP also operates with the same features as the previous MCP with the only difference under the new 2021 MCP being that employees may invest up to £10,000 per annum, (the limit previously was £8,000 per annum).

16. ULTIMATE HOLDING COMPANY

The Company's immediate parent and controlling party is Alopuc Limited, incorporated in Great Britain.

The Company's ultimate parent undertaking, at the balance sheet date, Enstar Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Enstar Group Limited are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), are available to the public and may be obtained from the US Securities and Exchange Commission (www.sec.gov). Refer to notes 2(c) and 2(f) for exemptions claimed in relation to the preparation of the financial statements under FRS 102. The registered office address of Enstar is Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda.