Registered number: 2973436

XL Insurance Reinsurance

CATLIN (ONE) LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended
31 December 2022

Catlin One Limited - Company No. 2973436

CONTENTS

COMPANY INFORMATION

Directors and officers at the date that the report is signed:

Directors	M Cummings S McGovern S Hearn
Company secretary	M L Rees
Registered number	2973436
Registered office	20 Gracechurch Street London EC3V 0BG
Independent auditor	Ernst and Young LLP 25 Churchill Place, Canary Wharf London E14 5EY

STRATEGIC REPORT
YEAR ENDED 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The company acted as a corporate member at Lloyd's and is the sole member of Syndicate 3002 ('the Syndicate") for the 2014 and subsequent years of account.

The result for the year is a loss of £2,461k *(2021: profit of £8,182k)*. The result is attributable to an underwriting loss before tax of £3,932k *(2021: underwriting profit before tax of £9,395k)*.

The Company's participation in the capacity of Syndicate 3002 by year of account is as follows:

	2021	**2022**	**2023**
Capacity provided by the Company (£m)	32	26	26
Percentage of total syndicate capacity	100%	100%	100%

FINANCIAL HIGHLIGHTS

The Company's key financial performance indicators during the year were as follows:

	2022	*2021*
Gross premiums written (£m)	**29.8**	*26.0*
Net Premium written (£m)	**26.4**	*25.5*
Earned premium, net of reinsurance (£m)	**25.8**	*25.5*
Underwriting profit/(loss) (£m)	**(3.9)**	*9.4*
Profit/(loss) for the financial year (£m)	**(2.4)**	*8.2*
Net claims ratio (%)	**85.3%**	*30.2%*
Expense ratio (%)	**28.8%**	*33.0%*
Combined ratio (%)	**114.1%**	*63.2%*
Investment return (%)	**-0.6%**	*0.1%*

Note 1 : The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned. A lower combined ratio represents better performance.

Note 2 : Underwriting result is earned premium and change in the long term business provision *minus claims incurred & operating expenses.*

Note 3 : Net claims ratio is the ratio of claims incurred(net of reinsurance) and change in the long term business provision to net premium earned.

Note 4 : Expense ratio is the ratio of Net operating expenses to net premium earned.

Note 5 : Investment return is the ratio of investment income to net premium earned.

STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 December 2022

STATEMENT BY THE DIRECTORS OF THEIR PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF COMPANIES ACT 2006

The Board of Directors of the Company consider that both individually and collectively, they have discharged their statutory duties under Section 172 of the Companies Act 2006 by acting in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the Company's relevant stakeholders and matters set out in Section 172 of the Companies Act) in the decisions taken during the year ended 31 December 2022.

When discharging their duties and making decisions, Section 172 of the Companies Act requires the directors to have regard, amongst other things, to the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct;
- need to act fairly between different members of the company.

The Company's key stakeholders are diverse and include Syndicate 3002 and its managing agent AXA XL Underwriting Agencies Limited ("AXUAL"), its shareholder, regulators, brokers and other intermediaries with which it does business.

The Company operates within the framework of AXA XL's service company model and is the recipient of services provided by one of its sister companies. The Company has no direct employees. Board meetings are held periodically when the directors consider the Company's activities and make decisions.

The Company follows the policies and procedures of the AXA XL division of the AXA SA group of companies, including those relating to the community and the environment, standards of business conduct and its interactions with key stakeholders. However, while being a member of the AXA XL division, the Company makes autonomous Board decisions on each transaction's own merits after due consideration of the long-term success of the Company, Section 172 factors and the stakeholders impacted. The views and the impact of the Company's stakeholders are an important consideration for the directors when making relevant decisions.

PEOPLE

The Company, in line with the AXA XL Division is committed to providing equal opportunities to all employees (irrespective of gender, marital status, creed, colour, race, age, ethnic origin or disability). The Company supports inclusion and diversity and is committed to building a global workplace that works for everyone, and one in which all employees are treated with dignity and respect and where individual differences are encouraged and valued.

COMMUNITY AND THE ENVIRONMENT

Striving to achieve a balance between environmental, social and governance ("ESG") activity is in the long-term interests of the Company, the wider AXA XL division, and the communities in which the Company operates. In alignment with other entities in the AXA XL Division, the Company considers the impact that its operations have on the community and the environment.

SHAREHOLDER

The Company's ultimate shareholder is AXA SA, a company incorporated in France. Within the AXA XL division, various initiatives were pursued throughout the year, including working with colleagues at AXA General Insurance (GI) in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth.

SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

As part of the AXA XL division, the Company believes that fostering business relationships with these stakeholders is important to the Company's success. The Company strives to build trusted relationships with clients and to always treat them fairly, providing commitment to its clients that the business delivers on its purpose, to "act for human progress by protecting what matters". Delivering on this purpose helps to enhance AXA's reputation, both in the eyes of the client, and other external stakeholders such as regulators and media.

STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 December 2022

The Company is committed to acting conscientiously and advancing processes to ensure that responsible procurement is central to all its purchases. As part of the AXA XL Division, the Company benefits from the use of the AXA Core Values and ethics (Guidelines), that are adopted by AXA XL and embedded into the AXA XL Procurement Policy.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The reputation of the Company is fundamental to its long-term success. The Company is committed to maintaining the highest standards of ethical conduct, and this is reflected in the AXA Values: Customer First, Integrity, Courage and One AXA. Having a clear set of values and ethics guide behaviours, which drive good outcomes for all stakeholders.

The Company's commitment to ethical conduct is set out in more detail in the AXA Group Compliance and Ethics Code and AXA XL Division's Code Supplement ("Code of Conduct"). Policies contained in the Code of Conduct include treating customers fairly and professionally, anti-bribery and corruption, speaking up (whistleblowing) and dignity at work. Code of Conduct violations, or other misconduct, is taken very seriously and may result in disciplinary action, including dismissal.

PRINCIPAL RISK AND UNCERTAINTIES

The Company's risk framework is applied after consideration of the risks related to its participation in Syndicate 3002. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The Company has developed a risk and control framework in line with the wider Group, which is built on an Enterprise Risk Management Model that aims to integrate existing risk programmes into a more holistic, embedded Group wide risk and capital management framework. This is reviewed annually as part of the Syndicate Business Forecast ("SBF") and Solvency Capital Requirement

All policies are approved by management and subject to ongoing review by the risk management and internal audit teams. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team and the finance department take on an important oversight role in this regard. The Board of the managing agent is responsible for satisfying itself that a proper internal control framework exists to manage all risks and ensuring the controls operate effectively.

Key risks are considered both within the control framework and within the assessment of capital requirements. The Company conducts in depth stochastic modelling across all insurance risk categories.

Insurance risk

Insurance risk includes the risks of inappropriate underwriting, inadequate pricing and ineffective management of underwriting delegated to third parties. The insurance risks are mitigated by a robust underwriting control framework and through underwriting and reinsurance plans, which are approved by the Board and communicated clearly throughout the business. Insurance risk is discussed further in note 2.

Reserving risk

Reserves for unpaid losses represent the largest single component of the Company liabilities. Loss reserve estimates are inherently uncertain. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the Balance Sheet.

AXA SA("AXA") has a large, experienced team of actuaries and other actuarial staff. They work closely with the underwriting and claims staff to ensure understanding of the Company exposures and loss experience.

Analysis of the reserve requirements are initially developed by actuaries embedded within the business with close knowledge of local underwriting activities. Final reserves are produced by the actuarial team, supported by an independent Statement of Actuarial Opinion, and reviewed and approved by the Board.

Other risk categories

Market risk including interest rate risk, currency risk, credit risk and liquidity risk is discussed further in note 2.

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, or from people and systems, or from external events.

Group risk is the possibility that the operation of one part of the Group adversely affects another. Group risk includes: negative publicity; inadequate communication within the organisation; undue influence from fellow subsidiaries, holding companies or stakeholders; financial pressure to make funds available to the Group; and financial restraint leading to shortcomings in core activities. Group risk is managed by ensuring that there are clear lines of authority and communication between related parties, and that intra-Group agreements are formed objectively and clearly understood by all parties.

The strategy for managing other business and operational risks includes:
- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit the Company's business objectives; and
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

This report was approved by the Board and signed on its behalf by:

M Cummings
Director
26 September 2023

DIRECTORS' REPORT
YEAR ENDED 31 December 2022

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

Having assessed the principal risks, the Directors consider it appropriate to adopt a going concern basis of accounting in preparation of these reports and accounts. The directors have completed an assessment of the going concern position of the Company over the period to 30 September 2024. The assessment considered the Company's business activities, liquidity and solvency along with current underwriting market trends and pricing expectations. Further consideration was given to the evidence of the Division's support, solvency, and collateral provided for the Company in respect of reinsurance recoveries due. The going concern assessment included consideration of the Company's current and forecast solvency. Finally, a review of non-technical items such as investment returns, and also economic and financial outlooks are examined.

In conclusion the Company's management believe that the entity has the ability to continue to operate as a going concern and there is no intention to liquidate the entity or cease trading. The directors have concluded further that there are no material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's financial ability to continue as a going concern. Assessments of the current and future capital requirements of the Syndicate in particular have been considered, and a range of evidence and sensitivities surrounding the Syndicate's projections are discussed internally as part of the Own Risk and Solvency Assessment (ORSA) process.

The directors have a reasonable expectation that the Company will have adequate resources to continue in operation and be able to meet its liabilities as they fall due. For these reasons, it is considered appropriate to continue to adopt the going concern basis for preparing the financial statements.

The annual 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 Financial Reporting Standard 103, "Insurance Contracts" (FRS 103).

DIRECTORS

The directors who held office during the year and up to the date of signing the annual financial statements were :

M Cummings	
R Littlemore	Resigned on 10 May 2022
L Prato	Resigned on 22 June 2023
S McGovern	Appointed on 22 June 2023
S Hearn	Appointed on 22 June 2023

COMPANY SECRETARY

M L Rees is the Company secretary at the date of this report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Information on the use of financial instruments by the Company and its management of financial risk and in particular its exposure to interest rate risk, equity price risk, currency risk, credit risk and liquidity risk is disclosed in note 2 to the financial statements.

INDEPENDENT AUDITORS

On 30 June 2022, the Board of Directors agreed to appoint Ernst & Young LLP as auditor to the Company with effect from 1 July 2022, following a competitive tender process. PriceWaterhouseCoopers LLP resigned as auditor on 30 June 2022. Ernst & Young LLP have expressed their willingness to be reappointed as auditors to the Company and have been invited to do so.

DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 December 2022

RESULTS AND DIVIDENDS

The Loss for the year amounted to £2.4m *(2021: Profit of £8.2m).*

During the year, through its participation on Syndicate 3002, the Company wrote £29.8m in gross premiums *(2021: £26.0m)*.The Company incurred a net claims ratio of 85.3% *(2021: 30.2%)*. The Company held total Funds at Lloyd's on behalf of the Syndicate 3002. As at 31 December 2022, the value of assets supporting FAL for the 2022 underwriting year is £38.4m *(2021 underwriting year at 31 December 2021: £39.5m)*. These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The Directors do not recommend a final dividend *(2021: £nil).*

FUTURE DEVELOPMENTS AND STRATEGY

Catlin One's strategy is to leverage the inherent strengths of the Lloyd's market to write a portfolio of business in Syndicate 3002 that provides a better return than the market over the underwriting cycle. We aim to differentiate ourselves through offering underwriting excellence in specialised areas of insurance and reinsurance. Our objective to support our underwriters with a flexible underwriting environment, superior analytics, efficient claims handling and a robust Enterprise Risk Management framework continues.

The focus of the Company through its participation in Syndicate 3002 is to continue sustainable and disciplined growth across the business it writes. An enhanced focus is being placed on portfolio analysis and optimization actions to exit or re-underwrite poor performers and grow better performing lines. The Syndicate is an important part of the AXA business model transformation to anticipate the evolving needs of the customer and match this through its preferred-segments.

The Syndicate continues to provide AXA with a diversified and scalable operation to service international based risks and clients.

The Syndicate will continue to transact term life insurance business. Disciplined development of the business will continue to be encouraged and supported by the Board.

For the 2023 underwriting year, the Syndicate will continue to purchase intra group reinsurance with XL Bermuda Ltd.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance 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"), Financial Reporting Standard 103 - "Insurance Contracts" ("FRS 103"), both issued by the Financial Reporting Council.

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 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 accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its business.

DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 December 2022

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.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are a director at the date of this report confirms that:

- so far as each director is aware, there is no relevant audit information for which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf by:

M Cummings
Director
26 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (ONE) LIMITED

Opinion

We have audited the financial statements of Catlin (One) Limited (the "company") for the year ended 31 December 2022 which comprise the Statement of Profit or Loss, the Statement of Changes in Equity, the Statement of Financial Position, and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice or "UK GAAP").

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as of 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (ONE) LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to the financial reporting framework (UK GAAP and the Companies Act 2006), and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company and regulatory bodies, reviewed minutes of the Board of the company, and gained an understanding of the company's approach to governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (ONE) LIMITED (CONTINUED)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud. We tested manual journals, including segregation of duties, and tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. These procedures were designed to provide reasonable assurance that the financial statements were materially free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; inquiring about the company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with regulatory bodies.

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

Use of our report

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

DocuSigned by:
Ernst & Young LLP
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Michael Purrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 September 2023

STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 December 2022

	Note	2022 £000's	*2021 £000's*
TECHNICAL ACCOUNT			
Gross premiums written	4	**29,782**	*25,973*
Outward reinsurance premiums		**(3,337)**	*(475)*
Net premiums written		**26,445**	*25,498*
Change in the gross provision for unearned premiums	9	**(1,379)**	*1,432*
Change in the provision for unearned premiums, reinsurers' share	9	**717**	*(1,480)*
Change in the net provision for unearned premiums		**(662)**	*(48)*
Earned premiums net of reinsurance		**25,783**	*25,450*
Allocated investment return transferred from the non-technical account		**(283)**	*31*
Total technical income		**25,500**	*25,481*
Claims paid			
Gross amount		**(18,373)**	*(13,559)*
Reinsurers' share		**9,120**	*3,888*
Net of reinsurance		**(9,253)**	*(9,671)*
Change in the provision for claims			
Gross amount	9	**1,599**	*(186)*
Reinsurers' share	9	**—**	*—*
Net of reinsurance		**1,599**	*(186)*
Claims incurred, net of reinsurance		**(7,654)**	*(9,857)*
Change in the long term business provisions			
Gross amount	9	**(7,923)**	*6,864*
Reinsurers' share	9	**(6,420)**	*(4,690)*
Net of reinsurance		**(14,343)**	*2,174*
Net operating expenses	6	**(7,435)**	*(8,403)*
Balance on the technical account		**(3,932)**	*9,395*

STATEMENT OF PROFIT OR LOSS(CONTINUED)
YEAR ENDED 31 December 2022

	Note	2022 £000's	*2021 £000's*
NON-TECHNICAL ACCOUNT			
Balance on the technical account		**(3,932)**	*9,395*
		(3,932)	*9,395*
Investment income		**(283)**	*31*
Allocated investment income transferred to the general business technical account		**283**	*(31)*
Gains on realisation of investments		—	—
Foreign exchange gains/(losses)		**568**	*96*
Profit/(loss) on ordinary activities before tax		**(3,364)**	*9,491*
Tax (charge)/credit on profit on ordinary activities	8	**903**	*(1,309)*
Profit/(loss) for the financial year		**(2,461)**	*8,182*

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts; therefore no statement of other comprehensive income has been prepared.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 December 2022

	Called up share capital £000's	Share premium account £000's	Capital contribution account £000's	Profit and loss account £000's	Total Shareholders' fund £000's
Balance as at 1 January 2021	*320*	*2,880*	*5,472*	*(1,598)*	*7,074*
Profit for the financial year	—	—	—	*8,182*	*8,182*
Balance as at 31 December 2021	***320***	***2,880***	***5,472***	***6,584***	***15,256***
Loss for the financial year	—	—	—	**(2,461)**	**(2,461)**
Balance as at 31 December 2022	**320**	**2,880**	**5,472**	**4,123**	**12,795**

STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2022

	Note	2022 £000's	*2021 £000's*
Financial Investment			
Shares and other variable yield securities and unit trusts		582	*789*
		582	*789*
Reinsurers' share of technical provisions			
Provision for unearned premiums	9	1,040	*306*
Long term business provision	9	644	*6,507*
		1,684	*6,813*
Debtors : amounts falling due within one year			
Debtors arising out of direct insurance operations	11	25,254	*24,239*
Deposits with ceding undertakings	12	11,112	*1,594*
Deferred tax asset	16	1,917	—
Other debtors	13	1,458	*166*
		39,741	*25,999*
Other assets			
Cash at bank and in hand		58,994	*62,630*
Overseas deposits		3	*36*
		58,997	*62,666*
Prepayments and accrued income			
Deferred acquisition costs	14	2,946	*2,247*
		2,946	*2,247*
TOTAL ASSETS		103,950	*98,514*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 December 2022

	Note	2022 £000's	2021 £000's
Capital and reserves			
Called up share capital	17	**320**	*320*
Share premium account		**2,880**	*2,880*
Capital contribution account		**5,472**	*5,472*
Profit and loss account		**4,123**	*6,584*
Total shareholders' funds		**12,795**	*15,256*
Technical provisions			
Provision for unearned premiums	9	**14,357**	*12,049*
Long term business provision	9,10,18	**35,813**	*26,214*
		50,170	*38,263*
Provisions for other risks and charges		—	—
Creditors : amounts falling due within one year			
Creditors arising out of direct insurance operations	15	**38**	*41*
Creditors arising out of reinsurance operations	15	**13,105**	*13,136*
Amounts owed to group undertakings	15	**12,011**	*14,222*
Other creditors	15	**2**	*26*
Deferred tax liability	16	—	*236*
Amounts owed to credit institutions	15	**15,668**	*17,300*
		40,824	*44,961*
Accruals and deferred income		**161**	*34*
TOTAL LIABILITIES AND CAPITAL		**103,950**	*98,514*

The financial statements on pages 12 to 40 were approved by the Board of Directors and signed on its behalf by:

M Cummings
Director
26 September 2023

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 December 2022

1 ACCOUNTING POLICIES

1.1 Statement of Compliance

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 Financial Reporting Standard 103, "Insurance Contracts" (FRS 103).

1.2 Basis of preparation

Catlin (One) Limited ('Catlin one" or the "Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is given on Page 1.The financial statements have been prepared on the going concern basis, and in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of certain investments, in compliance with The Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008 ("SI2008/410") relating to insurance companies, and other requirements of the Companies Act 2006.

All accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1.3 Critical accounting judgements and estimation uncertainty

Significant judgement is required when allowing for risk and uncertainty within claims outstanding. This is discussed in detail in accounting policy 1.8.

The managing agent makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

- The estimation of the ultimate liability arising from claims made under insurance contracts is the syndicate's most critical accounting estimate. This is discussed in detail in accounting policy 1.8.
- The managing agent makes an estimate of premiums written during the year that have not yet been notified by the financial year end ('pipeline premiums') based on prior year experience and current year business volumes. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision and an estimate of claims incurred but not reported in respect of the earned element.
- Management's view that losses, both realised and unrealised for tax purposes, arising in the entity for the period ended 31 December 2022 should be fully recognised as a deferred tax asset.

1.4 Going Concern

Having assessed the principal risks, the Directors consider it appropriate to adopt a going concern basis of accounting in preparation of these reports and accounts. The directors have completed an assessment of the going concern position of the Company over the period to 30 September 2024. The assessment considered the Company's business activities, liquidity and solvency along with current underwriting market trends and pricing expectations. Further consideration was given to the evidence of the Division's support, solvency, and collateral provided for the Company in respect of reinsurance recoveries due. The going concern assessment included consideration of the Company's current and forecast solvency and evaluated the results of stress and scenario testing. The Syndicate's stress and scenario testing considers the Company's capacity to respond to a series of relevant financial, insurance and operational shocks should future circumstances differ from the current assumptions in the business plans. Several reverse stress tests have been analysed in relation to severe catastrophes such as wind-storms and cyber events, combined with a material reserve deterioration and the impact to the Company and Division overall. Finally, a review of non-technical items such as investment returns, and also economic and financial outlooks are examined.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Going Concern (Continued)

In conclusion the Company's management believe that the entity has the ability to continue to operate as a going concern and there is no intention to liquidate the entity or cease trading.

The directors have concluded further that there are no material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's financial ability to continue as a going concern. Assessments of the current and future capital requirements of the Syndicate in particular have been considered, and a range of evidence and sensitivities surrounding the Syndicate's projections are discussed internally as part of the Own Risk and Solvency Assessment (ORSA) process.

The directors have a reasonable expectation that the Company will have adequate resources to continue in operation and be able to meet its liabilities as they fall due. For these reasons, it is considered appropriate to continue to adopt the going concern basis for preparing the financial statements.

1.5 Exemption from preparing cash flow statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

1.6 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with wholly-owned entities which form part of the AXA SA group.

1.7 Insurance and investment contracts – classification

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The Company has not issued any investment contracts, as set out above, in this or prior years and has only issued insurance contracts.

The results of the Company are determined on an annual basis, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(i) Premiums written

Premiums written represent premiums on business incepting during the year. They include estimates for pipeline premiums and adjustments to the prior year and are stated before deduction of commissions and other related acquisition costs. Cancellations of premium policies are excluded from gross premiums written.

Single premium contracts consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals. Additional single premiums paid in respect of existing individual contracts shall be included in gross premiums written.

1 ACCOUNTING POLICIES (CONTINUED)

1.7 Insurance and investment contracts - classification (continued)

(ii) Outward reinsurance premiums ceded

Outward reinsurance premiums ceded represents premiums for contracts incepting during the financial year together with adjustments to outwards reinsurance premiums ceded in previous years. They are allocated to the appropriate accounting period on bases which fairly reflect the allocation of the underlying business being protected.

(iii) Unearned premiums written

Premiums written are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of risk. The provision for unearned premiums represents the portion of premiums written that relate to unexpired terms of policies in force at the Statement of Financial Position date, and is calculated on a daily pro rata basis. The unearned premium provision is recognised separately from the long term business provision.

(iv) Claims incurred

Claims incurred comprise claims and related expenses paid during the year and changes in the provisions for outstanding claims, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

(v) Claims provisions and related reinsurance recoveries

The outstanding claims comprise amounts set aside for claims notified and claims incurred but not yet reported ("IBNR").

Notified claims are estimated on a case by case basis. In estimating the cost of these the Syndicate has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in a previous period. Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortion of the development and incidence of these large claims.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

The provision for claims includes amounts in respect of internal and external claims handling costs. The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR having regard to the reinsurance programme in place for the class of business and the claims experience for the year. It is net of estimated irrecoverable amounts having regard to the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making the above estimates.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

1 ACCOUNTING POLICIES (CONTINUED)

1.7 Insurance and investment contracts - classification (continued)

- changes in Syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

The directors of Catlin One consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimate made, are reviewed regularly.

The amount of any salvage and subrogation recoveries is separately identified and where material, reported as an asset.

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported to the Syndicate. The estimated cost of claims includes expenses to be incurred in settling claims. The Syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later years.

(vi) Deferred acquisition costs

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

(vii) Unexpired risks provision

Provisions are made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the Statement of Financial Position date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

(viii) Reinsurance to close (RITC)

Each Lloyd's Syndicate underwriting account is normally closed at the end of the third year by means of reinsurance into the following year, which reinsurer's all future liabilities for the closed year and all previous years in return for a premium which is approved by the managing agent. The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle the outstanding claims.

1 ACCOUNTING POLICIES (CONTINUED)

The directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account.

1.8 Long term business provision

The long term business provision is determined in accordance with the requirements of the EU Third Life Directive 92/96/EEC, under which certain contingency and other reserves required by insurance company regulations are excluded from the long term business provision.

The basis of the calculation is as follows:
Provision is made at year end for the cost of claims incurred but not yet reported to the Company. The estimated cost of claims includes expenses to be incurred in settling plus a provision for future administrative expenses relating to existing business. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

1.9 Investment return

Investment return consisting solely of bank interest is transferred to the technical account from the non-technical account as all investment assets relate to the technical account.

1.10 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pounds Sterling, which is the Company's functional currency. The level of rounding used is the nearest thousand.

Transactions in foreign currencies are revalued into the functional currency using average rates of exchange as a proxy for the transactional rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items.

1.11 Pension costs

Staff working on the Company are employed by a divisional service company, XL Catlin Services SE ('XLCSSE"),an approved Central Bank of Ireland regulated intermediary. Pension contributions relating to staff working on the affairs of the Company are charged to the Company and included within net operating expenses.

1.12 Overseas deposits

Investments and overseas deposits are stated at current value at the balance sheet date. For this purpose listed investments are stated at bid value and deposits with credit institutions are stated at cost. All other financial instruments are designated as at fair value through profit and loss.

1.13 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1 ACCOUNTING POLICIES (CONTINUED)

1.14 Dividends

Dividends payable are recognised when approved by the Board.

1.15 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the year. Tax is recognised in the profit or loss account, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, tax is also recognised in comprehensive income or directly in equity, respectively.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax liabilities are recognised on all timing differences at the reporting date. 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.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Offsetting
Current tax assets and current tax liabilities are offset only if a legally enforceable right exists to set off those amounts and there is an intention to either settle the assets and liabilities on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are offset only if current tax assets and current tax liabilities are able to be offset and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

2 MANAGEMENT OF FINANCIAL RISK

Financial risk management objectives

The Company, principally through its participation in Syndicate 3002, is exposed to a range of financial risks through its financial assets, insurance liabilities and reinsurance assets. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are insurance risk (including reinsurance risk), market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate, equity price risk and currency risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. It manages these positions within a risk management framework ("the framework") that has been developed to ensure that investment proceeds and returns are in excess of obligations under insurance contracts. The Company produces regular reports that are circulated to the management of the Managing Agency. The principal technique of the Company's framework is to match assets and liabilities from insurance contracts by reference to the type of benefits payable to contract holders. The Company's framework is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance liabilities.

The notes that follow explain how financial risks are managed using the categories utilised in the Company's framework.

(a) Insurance risk

Insurance risk arises from the Company's long term insurance business and refers to the risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and reserving assumptions. Examples of such risks include unexpected losses arising from fluctuations in the timing, frequency and severity of claims compared to expectations and inadequate reinsurance protection. The Company's underwriting and reinsurance strategies are set within the context of the overall AXA SA ("AXA") strategies, approved by the Board and communicated clearly throughout the business through policy statements and guidelines.

Capital resource sensitivities

The capital position is sensitive to market conditions due to changes in the value of the assets, and to assumptions and experience in respect of the value of the liabilities. The most significant risks to the Company are as follows:

Event risk
The risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing.

Pricing risk
The risk that the level of expected loss is understated in the pricing process.

Reinsurance risk
Reinsurance risk to the Company occurs where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, prove inadequate in terms of the vertical or horizontal limits purchased or result in coverage disputes.

Cycle risk
The risk that business is written in a soft market without full knowledge as to the adequacy of rates, terms and conditions.

Expense risk
The risk that the allowance for expenses and inflation in pricing is inadequate.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(a) Insurance risk (continued)

Underwriting risks are continually monitored through, for example, the established peer review process, underwriting authority limits imposed, round table review and audits, as well as via exception reporting. Formal price monitoring procedures form part of the standard monthly management information. These contribute to the quarterly actuarial review whereby the loss outcome of the underwriting activity is continually re-assessed and considered by the Reserving actuaries. There is a dedicated Catastrophe and Aggregation management function independent of Underwriting management, whose responsibility is to model aggregate risk and support pricing decisions, providing a key control to the underwriting process.

(b) Market risk

Market risk is the impact arising from the uncertainty of asset prices, interest rates, foreign exchange rates, and other factors related to financial markets and investment asset management.

The group imposes restrictions on the external investment managers' investment strategies. Strict limits, by trust fund, are set for types of assets held, concentration limits and average investment grade ratings. Investments are typically investment grade bonds and investment grade asset backed securities. Guidelines and benchmarks are set annually and approved by the board.

The performance of the investment managers is monitored constantly by AXA SA ("AXA") investment specialists and reported monthly to AXA XL Underwriting Agencies Limited ("AXUAL") (managing agent of the Syndicate) management and reviewed quarterly by the AXUAL Board of directors. The Company aims to manage exchange rate exposure in US dollar terms and asset and liabilities are duration matched.

Market risk includes:

(i) Interest rate risk

The Company holds immaterial investments, and its cash holdings are not materially sensitive to changes in interest rates. As such, the Company is not considered to be materially subject to interest rate risk.

(ii) Equity price risk

As the Company holds no equities, it is not subject to equity price risk.

(iii) Currency risk

The Company manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Pound Sterling. The most significant currencies to which the Company is exposed are US Dollar and Euro. The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(b) Market risk (continued)

(iii) Currency risk (continued)

2022	**GBP**	**USD**	**EUR**	**TOTAL**
	£000's	**£000's**	**£000's**	**£000's**
Financial Investments (Excluding overseas deposits)	**582**	**—**	**—**	**582**
Overseas deposits	**2**	**1**	**—**	**3**
Reinsurer's share of technical provisions	**792**	**877**	**15**	**1,684**
Insurance and Reinsurance receivables	**3,183**	**32,637**	**546**	**36,366**
Cash at bank and in hand	**18,663**	**37,783**	**2,548**	**58,994**
Other assets	**2,033**	**2,356**	**15**	**4,404**
Total assets	**25,255**	**73,654**	**3,124**	**102,033**
Technical provisions	**(10,174)**	**(39,572)**	**(424)**	**(50,170)**
Insurance and reinsurance payables	**(3,164)**	**(9,768)**	**(211)**	**(13,143)**
Other creditors	**(7,992)**	**(17,729)**	**(204)**	**(25,925)**
Total Liabilities	**(21,330)**	**(67,069)**	**(839)**	**(89,238)**

2021	*GBP*	*USD*	*EUR*	*TOTAL*
	£000's	*£000's*	*£000's*	*£000's*
Financial Investments (Excluding overseas deposits)	*789*	*—*	*—*	*789*
Overseas deposits	*35*	*1*	*—*	*36*
Reinsurer's share of technical provisions	*535*	*6,422*	*(144)*	*6,813*
Insurance and Reinsurance receivables	*6,791*	*18,957*	*85*	*25,833*
Cash at bank and in hand	*20,240*	*40,215*	*2,175*	*62,630*
Other assets	*4,420*	*1,371*	*24*	*5,815*
Total assets	*32,810*	*66,966*	*2,140*	*101,916*
Technical provisions	*(16,817)*	*(17,749)*	*(3,697)*	*(38,263)*
Insurance and reinsurance payables	*(4,613)*	*(8,299)*	*(265)*	*(13,177)*
Other creditors	*(13,206)*	*(18,549)*	*(63)*	*(31,818)*
Total Liabilities	*(34,636)*	*(44,597)*	*(4,025)*	*(83,258)*

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(b) Market risk (continued)

(iii) Currency risk (continued)

Sensitivity analysis

Fluctuations in the Company's trading currencies against the sterling would result in a change to profit after tax and net assets value.

The table below gives an indication of the impact on profit after tax and net assets of a percentage change in the relative strength of the Pound sterling against the value of the Euro, the Canadian dollar and the US dollar, simultaneously. The analysis is based on current information.

	Impact on result		**Impact on net assets**	
	2022	*2021*	**2022**	*2021*
Changes to Euro, Canadian dollar and US dollar relative to pounds sterling	**£000's**	*£000's*	**£000's**	*£000's*
GBP weakens 20% against other currencies	**1,033**	*3,414*	**1,033**	*3,414*
GBP weakens 10% against other currencies	**459**	*1,862*	**459**	*1,862*
GBP strengthens 20% against other currencies	**(689)**	*(5,121)*	**(689)**	*(5,121)*
GBP strengthens 10% against other currencies	**(376)**	*(2,276)*	**(376)**	*(2,276)*

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and monitoring its exposure to regions, countries and industries. Such risks are subject to regular review.

Changes to the limits on the level of credit risk by category and territory are approved annually by the managing agency Board of Directors. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an ongoing basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(c) Credit risk (continued)

The table below provides information on the credit quality of financial assets of the Company that are neither past due nor impaired:

2022	**AAA**	**AA**	**A**	**BBB or less**	**Not rated**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Shares and other variable yield securities and unit trusts	—	—	**582**	—	—	**582**
Overseas deposits	**1**	**1**	**1**	—	—	**3**
Reinsurers' share of claims outstanding	—	—	**641**	**3**	—	**644**
Reinsurance debtors	—	—	**9,775**	**438**	—	**10,213**
Cash at bank and in hand	—	—	**42,770**	**16,220**	**4**	**58,994**
Insurance Debtors	—	—	—	—	**25,254**	**25,254**
Other Debtors	—	—	—	—	**6,343**	**6,343**
Total	**1**	**1**	**53,769**	**16,661**	**31,601**	**102,033**

2021	*AAA*	*AA*	*A*	*BBB or less*	*Not rated*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*	*£000's*
Shares and other variable yield securities and unit trusts	—	—	*789*	—	—	*789*
Overseas deposits	—	—	—	—	*36*	*36*
Reinsurers' share of claims outstanding	*2,444*	—	*4,063*	—	—	*6,507*
Reinsurance debtors	*293*	—	*341*	—	—	*634*
Cash at bank and in hand	—	—	*49,735*	*12,895*	—	*62,630*
Insurance Debtors	—	—	—	—	*24,238*	*24,238*
Other Debtors	—	—	—	—	*7,082*	*7,082*
Total	*2,737*	—	*54,928*	*12,895*	*31,356*	*101,916*

The Company has no reinsurance debtors that are past due but not considered to be impaired. The Company does not currently hold any impaired assets *(2021: No impaired assets held)*.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(c) Credit risk (continued)

2022	**Neither due nor impaired**	**Up to three months**	**Three to six months**	**Six months to one year**	**Greater than one year**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Shares and other variable yield securities and unit trusts	**582**	**—**	**—**	**—**	**—**	**582**
Overseas deposits	**3**	**—**	**—**	**—**	**—**	**3**
Reinsurers' share of claims outstanding	**644**	**—**	**—**	**—**	**—**	**644**
Reinsurance debtors	**10,213**	**—**	**—**	**—**	**—**	**10,213**
Cash at bank and in hand	**58,994**	**—**	**—**	**—**	**—**	**58,994**
Insurance debtors	**24,639**	**424**	**—**	**191**	**—**	**25,254**
Other debtors	**6,343**	**—**	**—**	**—**	**—**	**6,343**
Total credit risk	**101,418**	**424**	**—**	**191**	**—**	**102,033**

2021	*Neither due nor impaired*	*Up to three months*	*Three to six months*	*Six months to one year*	*Greater than one year*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*	*£000's*
Shares and other variable yield securities and unit trusts	*789*	—	—	—	—	*789*
Overseas deposits	*36*	—	—	—	—	*36*
Reinsurers' share of claims outstanding	*6,507*	—	—	—	—	*6,507*
Reinsurance debtors	*634*	—	—	—	—	*634*
Cash at bank and in hand	*62,630*	—	—	—	—	*62,630*
Insurance debtors	*23,393*	*465*	—	*380*	—	*24,238*
Other debtors	*7,082*	—	—	—	—	*7,082*
Total credit risk	*101,071*	*465*	—	*380*	—	*101,916*

The Company has no insurance and reinsurance debtors that are past due but not considered to be impaired *(2021: £Nil)*.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the Company is the obligation to pay claims as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The Company manages this risk by maintaining sufficient liquid assets to meet expected cash flow requirements.

The following tables analyse financial liabilities by maturity date:

2022	**No Stated maturity £000's**	**0-1 year £000's**	**1-3 years £000's**	**3-5 years £000's**	**>5 years £000's**	**Total £000's**
Creditors	—	**40,824**	—	—	—	**40,824**
Claims outstanding	—	**24,396**	**9,860**	**1,061**	**496**	**35,813**
Financial liabilities	—	**65,220**	**9,860**	**1,061**	**496**	**76,637**

2021	*No Stated maturity £000's*	*0-1 year £000's*	*1-3 years £000's*	*3-5 years £000's*	*>5 years £000's*	*Total £000's*
Creditors	—	*44,961*	—	—	—	*44,961*
Claims outstanding	—	*17,636*	*7,015*	*1,022*	*542*	*26,215*
Financial liabilities	—	*62,597*	*7,015*	*1,022*	*542*	*71,176*

(e) Fair value estimation

The fair values of cash and cash equivalents, premiums and other receivables, and accounts payable approximate their carrying value due to the immediate or short term maturity of these financial instruments.

The categorising of these assets is defined as follows:

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

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

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

Other assets and liabilities

The fair values of cash and cash equivalents, premiums and other receivables, and accounts payable approximate their carrying value due to the immediate or short term maturity of these financial instruments.

2 MANAGEMENT OF FINANCIAL RISK (CONTINUED)

(e) Fair value estimation (CONTINUED)

The following tables present the Company's holdings of assets measured at fair value:

2022	**Level 1 £000's**	**Level 2 £000's**	**Level 3 £000's**	**Total £000's**
Shares and other variable yield securities and unit trusts	—	—	**582**	**582**
Loans and Deposits with credit institution	—	**3**	—	**3**
Total	—	**3**	**582**	**585**

2021	*Level 1 £000's*	*Level 2 £000's*	*Level 3 £000's*	*Total £000's*
Shares and other variable yield securities and unit trusts	—	—	*789*	*789*
Loans and Deposits with credit institution	*27*	*9*	—	*36*
Total	*27*	*9*	*789*	*825*

3 MANAGEMENT OF CAPITAL

(a) Capital Framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000 and in accordance with Solvency II legislation.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements applies at overall and member level respectively, not at syndicate level. See notes 19 for details of the syndicate's FAL requirement.

(b) Lloyd's Capital Setting Process

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it participates but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, license and ratings objectives. The capital uplift applied for 2022 was 35% *(2021: 35%)* of the member's SCR 'to ultimate'.

(c) Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), held within and managed within a Syndicate (Funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates.

The level of FAL/FIS that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. The capital requirement is based on a number of factors including the nature and amount of risks to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten.

Resources available to meet members' and Lloyd's capital requirements are separately identified in the Statement of Changes in Member's Balances within Syndicate financial statements.

4 SEGMENTAL ANALYSIS

In the opinion of the directors, the Company operates in a single business segment, being that of long-term insurance business.

2022	**Gross Premiums Written**	**Gross Premiums Earned**	**Gross Claims Incurred**	**Gross Operating Expenses**	**Reinsurance Balance**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Total	**29,782**	**28,403**	**(24,697)**	**(7,193)**	**87**	**(3,400)**

2021	*Gross Premiums Written*	*Gross Premiums Earned*	*Gross Claims Incurred*	*Gross Operating Expenses*	*Reinsurance Balance*	*Total*
	£000's	*£000's*	*£000's*	*£000's*	*£000's*	*£000's*
Total	*25,973*	*27,405*	*(6,881)*	*(8,376)*	*(2,750)*	*9,398*

All business written is considered to be single premium business and renewable on an annual basis.

The Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the UK.

The geographical analysis of gross premiums written by risk location is as follows:

	2022	*2021*
	£000's	*£000's*
United Kingdom	**10,467**	*11,130*
EU countries	**—**	*1,020*
US	**903**	*960*
Latin America	**16,199**	*10,550*
Other Worldwide	**2,213**	*2,313*
	29,782	*25,973*

5 MOVEMENT IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING

An unfavourable run off deviation (prior accident year strengthening driven by COVID-19 losses of £1.9m *(2021: £4.1m release)* was experienced during the year.

6 NET OPERATING EXPENSES

	2022	*2021*
	£000's	*£000's*
Acquisition costs	**7,217**	*7,700*
Change in deferred acquisition costs	**(568)**	*412*
	6,649	*8,112*
Administration expenses	**793**	*297*
Reinsurers' commissions and profit participations	**(7)**	*(6)*
	7,435	*8,403*

Included within acquisition costs are amounts relating to commissions on direct insurance business of £3.7m *(2021: £5.1m)*.

6 NET OPERATING EXPENSES (CONTINUED)

Administrative expenses include:

	2022	*2021*
	£000's	*£000's*
Auditors' remuneration		
Audit services:		
Fees payable to the Company's auditors for the audit of the statutory financial statements	**16**	*11*
Fees payable to the Syndicate's auditors for the audit of the Syndicate annual financial statements	**150**	*111*
Other services		
Fees payable to the Syndicate's auditors and its associates for other services: Other services pursuant to legislation, including the audit of the regulatory return	**92**	*47*

7 EMPLOYEES & DIRECTORS

The Company has no direct employees. Staff workings on the affairs of the Company are employed by a service company. The recharge of the expenses from the service company to the Company is through a recharge model across the international network, including UK domiciled entities, and the recharge of the costs are dependent on the nature of the services performed for each Company.

Directors' costs for the Company are £3,542.94.

8 TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2022	*2021*
	£000's	*£000's*
Analysis of tax charge/(credit) in the year		
Current tax charge/(credit):		
UK corporation tax on profit/(loss) for the year at 19% *(2021: 19%)*	**1,255**	*(360)*
Adjustments in respect of prior periods	**0**	—
Double tax relief	**(86)**	—
Total current tax credit for the year	**1,169**	*(360)*
Foreign corporation tax on profit/(loss) for the year	**50**	*(372)*
	50	*(372)*
Total current tax charge/(credit) for the year	**1,219**	*(732)*
Deferred tax charge/(credit)		
Origination and reversal of timing differences	**(1,836)**	*2,041*
Adjustment in respect of prior periods	—	—
Impact of changing UK tax rates	**(286)**	—
Total deferred tax (credit)/charge	**(2,122)**	*2,041*
Tax (credit)/charge on profit/(loss) on ordinary activities	**(903)**	*1,309*

Factors affecting the tax charge/(credit) for the year:
The tax assessed for the year is lower *(2021:lower)* than the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

	2022	*2021*
	£000's	*£000's*
(Loss)/profit on ordinary activities before taxation	**(3,364)**	*9,491*
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19% *(2021 : 19%)*	**(639)**	*1,803*
Adjustment in respect of prior periods	—	—
Change in UK tax rates	**(286)**	*(123)*
Foreign tax (credit)/charge	**(35)**	*(372)*
Permanent differences	**57**	*1*
Tax (credit)/charge for the year	**(903)**	*1,309*

Tax Rate Changes
In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. The updated rate has been reflected in the deferred tax balances at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 December 2022

9 INSURANCE LIABILITIES AND REINSURANCE ASSETS

2022	**Provision for unearned premium £000's**	**Long Term Business Provision £000's**
Gross Technical Provisions		
As at January 1, 2022	**12,049**	**26,214**
Movement in the provision	**1,379**	**6,324**
Foreign exchange movements	**929**	**3,275**
As at 31 December 2022	**14,357**	**35,813**
Reinsurers' share of technical provisions		
As at January 1, 2022	**306**	**6,507**
Movement in the provision	**717**	**(6,420)**
Foreign exchange movements	**17**	**557**
As at 31 December 2022	**1,040**	**644**
Net technical provisions		
As at January 1, 2022	**11,743**	**19,707**
As at 31 December 2022	**13,317**	**35,169**

2021	*Provision for unearned premium £000's*	*Long Term Business Provision £000's*
Gross Technical Provisions		
As at January 1, 2021	*13,410*	*32,968*
Movement in the provision	*(1,432)*	*(6,678)*
Foreign exchange movements	*71*	*(76)*
As at 31 December 2021	*12,049*	*26,214*
Reinsurers' share of technical provisions		
As at January 1, 2021	*1,808*	*11,240*
Movement in the provision	*(1,480)*	*(4,690)*
Foreign exchange movements	*(22)*	*(43)*
As at 31 December 2021	*306*	*6,507*
Net technical provisions		
As at January 1, 2021	*11,602*	*21,728*
As at 31 December 2021	*11,743*	*19,707*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 December 2022

10 CLAIMS DEVELOPMENT TRIANGLES

To illustrate the robustness of our reserves, the loss development tables below provide information about historical claims development by the pure underwriting year.

Some business is not off risk after the first 12 months. Therefore we would anticipate cumulative claims to increase in the second year as this business is earned.

Gross claims development

	2012 and Prior	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
12 months		3,488	1,639	15,448	9,294	11,136	13,344	12,442	10,978	10,048	8,936	
24 months		5,998	5,475	14,106	17,087	27,373	33,812	35,289	17,829	17,274		
36 months		5,243	4,885	14,719	18,623	31,510	34,719	19,645	20,278			
48 months		5,034	4,942	16,528	18,033	32,714	34,160	24,234				
60 months		5,180	4,804	15,734	18,811	36,849	33,437					
72 months		4,917	5,066	15,974	19,077	33,750						
84 months		4,927	5,259	15,546	18,413							
96 months		4,926	5,009	15,449								
108 months		4,909	5,018									
120 months		5,002										
Estimated total losses	8,533	5,002	5,018	15,449	18,413	33,750	33,437	24,234	20,278	17,274	8,936	190,324
Paid claims	(8,556)	(4,913)	(5,030)	(15,398)	(18,346)	(33,598)	(30,706)	(20,748)	(14,965)	(1,743)	(508)	(154,511)
Gross reserves	**(23)**	**89**	**(12)**	**51**	**67**	**152**	**2,731**	**3,486**	**5,313**	**15,531**	**8,428**	**35,813**

10 CLAIMS DEVELOPMENT TRIANGLES (CONTINUED)

Net Claims :

	2012 and Prior	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
12 months		3,483	1,615	6,512	6,784	6,051	7,806	6,547	9,063	9,614	8,936	
24 months		5,937	5,433	9,912	10,241	14,462	15,645	26,633	16,287	17,128		
36 months		5,229	4,899	10,939	10,985	13,765	17,474	13,091	18,259			
48 months		5,035	4,964	11,673	7,958	17,304	18,005	17,761				
60 months		5,183	4,826	10,713	9,297	19,844	17,452					
72 months		5,175	5,116	11,051	9,385	17,610						
84 months		4,927	5,264	10,629	9,797							
96 months		4,926	5,024	10,530								
108 months		4,910	5,032									
120 months		5,002										
Estimated total losses	8,533	5,002	5,032	10,530	9,797	17,610	17,452	17,761	18,259	17,128	8,936	136,040
Paid claims	(8,556)	(4,913)	(5,044)	(10,478)	(9,476)	(18,188)	(14,326)	(13,901)	(13,738)	(1,743)	(508)	(100,871)
Net Reserves	**(23)**	**89**	**(12)**	**52**	**321**	**(578)**	**3,126**	**3,860**	**4,521**	**15,385**	**8,428**	**35,169**

11 DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2022 £000's	2021 £000's
Due from intermediaries within one year	25,254	24,239

12 DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2022 £000's	2021 £000's
Deposits with ceding undertakings	11,112	1,594

13 OTHER DEBTORS

	2022 £000's	2021 £000's
Amounts owed from group undertakings	36	12
Other debtors	1,422	154
	1,458	166

Amounts owed from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 DEFERRED ACQUISITION COSTS

	2022 £000's	2021 £000's
Opening balance	2,247	2,644
Change in gross deferred acquisition costs	568	(412)
Currency translation difference	131	15
Closing balance	2,946	2,247

15 CREDITORS:
Amounts falling due within one year

	2022 £000's	*2021 £000's*
Creditors arising out of Direct insurance operations	**38**	*41*
Creditors arising out of reinsurance operations	**13,105**	*13,136*
Amounts owed to group undertakings	**12,011**	*14,458*
Other creditors	**2**	*26*
Amounts owed to credit institutions	**15,668**	*17,300*
	40,824	*44,961*

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

16 PROVISION FOR OTHER RISKS AND CHARGES:
Deferred Tax (Assets)/Liabilities

	2022 £000's	*2021 £000's*
Deferred tax (asset)/liability relating to:		
Untaxed (losses)/profits on the Company results	**(1,887)**	*236*
Foreign tax paid less credits utilised	**(30)**	*—*
Deferred tax (asset)/liability at 31 December	**(1,917)**	*236*
Balance as at 1 January	**236**	*(1,805)*
Deferred tax (credit)/charge in profit or loss account for the financial year	**(1,837)**	*2,164*
Change in UK tax rates	**(286)**	*(123)*
Foreign tax paid less credits utilised in the year	**(30)**	*—*
Balance as at 31 December	**(1,917)**	*236*

The Company recognized deferred tax (assets)/liabilities of (£1,887k) at 31 December 2022 (*2021: £236k*) in respect of untaxed profits on syndicate results as there is sufficient evidence of future taxable profits against which the losses would be recoverable. The unused losses of the Company are also available for group relief against the profits of other UK legal entities. An amount of £912k of the deferred tax asset balance is expected to reverse in 2023 with no expiry date on the remaining balance.

17 CALLED UP SHARE CAPITAL

	2022 £000's	*2021 £000's*
Ordinary shares		
Allotted, called-up and fully paid		
3,200,000 *(2021: 3,200,000)* Ordinary shares of £0.10 each	**320**	*320*

18 LONG TERM BUSINESS PROVISION

The following methodology has been used in valuing the long term business provision:

i) A development pattern based on historic reported claims has been used to determine the incurred but not reported claim provision. Reinsurance recoveries are separately recognised.
ii) An explicit provision to cover future expenses of £1k *(2021: £0.1m)* has been set. This has been calculated by analysing the costs that are likely to be incurred in running off the current book of business.

19 FUNDS AT LLOYD'S

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). As at 31 December 2022, the value of assets supporting FAL for the 2022 year of account is £38.4m *(2021 year of account at 31 December 2021: £39.5m)*.Currently FAL includes cash held within the premiums trust fund at Lloyd's on behalf of the Company. These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. The managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses.

20 RELATED PARTY TRANSACTIONS

The Company's related party balances as at 31 December 2022 were as follows:

	2022	*2021*
	£	*£*
Entities with control, joint control or significant influence		
AXA XL Underwriting Agencies Limited	**(4,016,259)**	*(3,468,960)*
AXA XL Syndicate Limited	—	*(3,782,466)*
Syndicate 2003	—	*(1,284,122)*
XL Insurance (Bermuda) Ltd	—	*13,730*
	(4,016,259)	*(8,521,818)*
Other related parties		
XL RE Ltd	**(5,826,367)**	*(5,520,788)*
Other	**(251,730)**	*(415,325)*
	(6,078,097)	*(5,936,113)*
	(10,094,356)	*(14,457,931)*

21 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Catlin (North American) Holdings Limited, a company registered in England and Wales. The company's ultimate parent undertaking is AXA SA, a company incorporated in France.

The smallest undertaking for which the company is a member and for which group financial statements are prepared is XL Bermuda Limited (XLB), a company registered in Bermuda, and the largest group is AXA SA. The results of the Company are consolidated within the financial statements of AXA SA and XLB. Copies of the audited consolidated financial statements of XLB can be obtained from XL House, One Bermudiana Road, Hamilton HM 11, Bermuda. Copies of the audited consolidated financial statements of AXA SA can be obtained from 25 Avenue Matignon, 75008 Paris, France.