

AmTrust Syndicates Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 04434499

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AmTrust Syndicates Limited (Registered number 04434499)
Annual Report and Financial Statements
For the Year ended 31 December 2021

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**AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021**

Directors and Officers

Directors

P Dewey
N C T Pawson

Company secretary

P A Cockburn

Registered office

Exchequer Court, 33 St Mary Axe, London EC3A 8AA

Company number

04434499

Auditor

KPMG LLP, 15 Canada Square, London E14 5GL

Bankers

Lloyds Bank PLC
Barclays Bank PLC

**AmTrust Syndicates Limited Annual Report and Financial Statements
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Strategic Report

The Directors present the strategic report together with the audited financial statements for the year ended 31 December 2021.

Principal activities, review of the business and future developments

The principal activity of AmTrust Syndicates Limited (the "Company") is that of administering broker accounts as an approved Lloyd's managing agent. The Company was a managing agent for the Syndicates 1861, 44, 5820, and 1206 ("the Syndicates") until 2 October 2019. The managing agency business was novated to Canopus Managing Agents Limited ("CMAL") on this date. Since the novation, the Company's only remaining business activity is the management of broker funds related to the Syndicates that are held in separately designated bank accounts. It is the intention of the Company to negotiate the transfer of this activity to CMAL.

Once the transfer has completed the Company will seek to cancel its regulatory approvals. Subsequent to this, it is the intention of the Directors to place the Company into voluntarily liquidation. These financial statements therefore have not been prepared on a going concern basis.

Future developments

COVID-19

Over the last few years, since the outbreak of COVID 19, the Company has taken steps to alter or reduce normal business activity to help control the spread of the outbreak so as to minimise the impact to the Company. Some of the steps which the Company has taken since involve:

- The implementation of business continuity plans. Following on from a change in Government advice in 2021 offices have reopened and a flexible working system is in place allowing staff members to work from home on some days and work in the office on others;
- Continued communication and coordination with the Company's stakeholders and shared service partners; and
- Enhanced IT controls to mitigate cyber risk.

Given the nature of the Company's business, the greatest risk to the Company is that fellow group companies may not be able to settle intercompany balances when due.

The Directors have performed a sensitivity test to assess the impact on the Company's resources including the following key stresses. Based on the impact of COVID 19 on the 2021 actual results, the stress assumption applied below is considered prudent and conservative.

- Impairment of the Company's intercompany receivables equal to 20% of the carrying value generating an income statement impact but not an impact on cash resources.

The Directors believe the coronavirus pandemic will not materially impact the operations of the Company in the short term or impact the Company's strategy or financial results.

Russia/Ukraine war

The Directors believe that there is no exposure to the Company from individuals or business that have been sanctioned by the UK government.

AmTrust Syndicates Limited Annual Report and Financial Statements
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Strategic Report (continued)

Key performance indicators

The table below sets out key performance indicators that the Directors believe are appropriate to the Company in 2021.

Results

The results of the Company for the year are set out in the profit and loss account on page 11. The loss after taxation for the year was £0.1m (2020: profit of £0.6m).

	2021 £'000	2020 £'000
(Loss) / profit on ordinary activities before taxation	(68)	407
Net assets	12,183	12,238

Profit on ordinary activities before taxation

The decrease in profit in 2021 is mainly driven by the fact that the movement in FX was not as favourable as it was in 2020. This was a result of the conversion of a US dollar loan to a GBP loan in July 2020.

Managing Agency fees

There were no Managing Agency fees in 2021 (2020: £nil).

Net Assets

Net assets include an intercompany receivable amount of £12.4m due from AmTrust International Limited ("AIL"). This represents the value of shares in Fidentia Fortuna Holdings Ltd ("FFH") that were acquired by ASL at the time of the novation which were transferred to AIL at fair value as a loan. The loan is repayable on demand and carries an interest rate of 3-month LIBOR plus 1.75%.

Principal risks and uncertainties

Following the novation of business to CMAL, the Company is providing transitional services to the FFH Group in respect of the novated business. The service provided by the Company is the management of broker funds that are held in separately designated bank accounts. The risk associated to this service is minimal since the broker bank accounts are restricted. The following are therefore the key risks for the Company:

a) 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 liquid funds. To mitigate this risk, minimum levels of cash are maintained and cash flow is monitored. Cash advances may be received from group companies to meet liabilities.

b) Market risk

The key aspect of market risk is that the Company may incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The majority of assets and liabilities are denominated in GBP and US dollars. The Company's Finance department monitors mismatches and seeks to invoice fees in the currency in which the related cost was incurred.

c) Operational risk

The Company has limited operational risks as brokers balances are held in designated bank accounts and what risks remain are mitigated by close involvement of all Directors in key decision making.

d) Group risks

Group risk refers to risks arising in other parts of the group as well as those arising from the Company's own activities. The Company's exposure to other Group risk relates to AIL's possible failure to repay the loan to the Company.

Group risks are monitored and controlled by the Company and its parent.

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Strategic Report (continued)

Section 172 disclosures

A section 172 disclosure has not been included in the Strategic report on the basis that the Company meets the size exemption requirements.

Approval

This strategic report was approved on behalf of the Board on 27 May 2022.

A handwritten signature in black ink, appearing to read 'P Dewey', with a horizontal line extending from the end of the signature.

**P Dewey
Director**

**AmTrust Syndicates Limited Annual Report and Financial Statements
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Directors' Report

The Directors' present their report together with the audited financial statements for the year ended 31 December 2021.

Directors

The current Directors of the Company are shown on page 1. Since 1 January 2021 until the date of this report, there were no changes to the board of Directors.

Results and dividends

The income statement is set out on page 11 and shows the loss for the year.

The Directors do not recommend a dividend in 2021 (2020: £nil).

Future developments

The future development of the Company is discussed within the "Future developments" section of the Strategic report.

Political donations

The Company did not make any political donations during the year under review (2020 - £nil).

Financial risk management and objectives

The financial risk management and objectives is discussed within the "principal risks and uncertainties" section of the Strategic report.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006 KPMG LLP will be re-appointed as auditor.

Qualifying third party indemnity provisions

Directors' and officers' liability insurance in respect of the Company has been maintained throughout the year

Going concern

The Company's only remaining significant activity is that of administering broker accounts as an approved Lloyd's managing agent. It is the intention of the Company to negotiate the transfer of this activity to CMAL. Once the transfer has completed the Company will seek to cancel its regulatory approvals. Subsequent to this, it is the intention of the Directors to place the Company into voluntarily liquidation. These financial statements therefore have not been prepared on a going concern basis. This has not had any material impact on the amounts recognised in the financial statements.

**AmTrust Syndicates Limited Annual Report and Financial Statements
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Directors' Report (continued)

Disclosure of information to auditor

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'P Dewey', with a long horizontal stroke extending to the right.

**P Dewey
Director**

27 May 2022

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 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, the 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 they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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. (As explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.)

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.

**AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021**

Independent Auditor's Report to the Members of AmTrust Syndicates Limited

Opinion

We have audited the Financial Statements of AmTrust Syndicates Limited ("the Company") for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

Emphasis of matter- non going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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, internal audit, the legal, risk and compliance functions and inspection of policy documentation Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and other relevant committee meeting minutes.
- Using analytical procedures to identify any usual 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, 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 there are no revenue transactions.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorized user, identification of journals that have key words included within its description and duplicate entries.

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 and through discussion with the Directors and other management as required by auditing standards, and from inspection of the Company's regulatory and legal correspondence. We discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

**AmTrust Syndicates Limited Annual Report and Financial Statements
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**Independent Auditor's Report to the Member of AmTrust Syndicates Limited
(continued)**

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.

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, fraud, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. 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.

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021

Independent Auditor's Report to the Member of AmTrust Syndicates Limited
(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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.

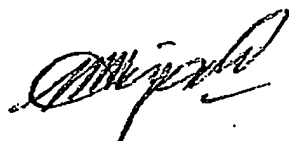
Auditor's responsibilities

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.



Umar Jamil (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square, London,
E14 5GL
27 May 2022

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021

Income Statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Administrative expenses	5	(304)	(356)
Operating (loss)		(304)	(356)
Interest receivable and similar income	9	236	237
Foreign currency exchange gain/(loss)	10	-	526
(Loss) / profit before taxation		(68)	407
Tax on (loss) / profit	11	13	222
(Loss) / profit for the financial year		(55)	629

All the amounts recognised in the Income Statement for the year ended 31 December 2021 above relate to discontinued activities.

There were no other amounts recognised in comprehensive income, either in the current or preceding year, other than those included in the Income Statement, therefore no Statement of Comprehensive Income has been presented.

The notes on pages 14 to 20 form part of these financial statements.

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021

Statement of Financial Position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Current assets			
Debtors	12	12,658	13,743
Cash at bank and in hand	13	904	3,547
		13,562	17,290
Creditors: amounts falling due within one year	14	(1,379)	(5,052)
Net current assets		12,183	12,238
Creditors: amounts falling due after more than one year	15	-	-
Net assets		12,183	12,238
Capital and reserves			
Called up share capital	16	400	400
Profit and loss account		11,783	11,838
Total shareholder's funds		12,183	12,238

The notes on pages 14 to 20 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2022.



P Dewey
Director

AmTrust Syndicates Limited Annual Report and Financial Statements
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Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Called up share capital £'000	Profit and loss account £'000	Shareholder's funds £'000
At 1 January 2021	16	400	11,838	12,238
Loss for the financial year			(55)	(55)
Total comprehensive income for the year			(55)	(55)
Balance as at 31 December 2021		400	11,783	12,183

	Note	Called up share capital £'000	Profit and loss account £'000	Shareholder's funds £'000
At 1 January 2020	16	400	11,209	11,609
Profit for the financial year			629	629
Total comprehensive income for the year			629	629
Balance as at 31 December 2020		400	11,838	12,238

The notes on pages 14 to 20 form part of these financial statements.

**AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021**

Notes to the Financial Statements

1 General information

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Exchequer Court, 33 St Mary Axe, London, EC3A 8AA. The Company is authorised by the PRA and regulated by the FCA.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and in compliance with the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008 ("SI 2008/410") and other requirements of the Companies Act 2006.

The financial statements have been prepared on an other than going concern basis.

The Company has adopted all the amendments to FRS 102 that are effective from 1 January 2021 during the year. These did not impact the Company.

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

a) Going concern

The Company's only remaining significant activity is that of administering broker accounts as an approved Lloyd's managing agent. It is the intention of the Company to negotiate the transfer of this activity to CMAL. Once the transfer has completed the Company will seek to cancel its regulatory approvals. Subsequent to this, it is the intention of the Directors to place the Company into voluntarily liquidation. These financial statements therefore have not been prepared on a going concern basis. As noted in the Directors' Report, this has not had any material impact on the amounts recognised in the financial statements.

b) Exemption from preparing a cash flow statement

The Company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary, whose intermediate parent company, AmTrust International Insurance Limited ('AIIL') (incorporated in Bermuda), prepares a group consolidated cash flow statement in its group consolidated financial statements. AIIL's group consolidated financial statements are publicly available.

c) Exemption from disclosing related party transactions

As the Company is a wholly owned subsidiary, it has taken advantage of the exemption contained in FRS 102 paragraph 33.1A from disclosing related party transactions with entities that are wholly owned within the Evergreen Parent GP LLC group.

d) Exemption from certain financial instruments disclosures

The Company has taken advantage of the exemption under FRS 102, paragraph 1.12(c) from making certain financial instruments disclosures on the grounds that equivalent disclosures are included in the consolidated financial statements of AIIL.

**AmTrust Syndicates Limited Annual Report and Financial Statements
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Notes to the Financial Statements (continued)

2 Basis of preparation (continued)

e) Use of estimates and judgements

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 accounting policies.

There are no sources of estimation or uncertainty at the statement of financial position date.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below

3.1 Turnover

There was no turnover in 2021 (2020: nil).

3.2 Taxation

Tax on ordinary activities comprises current tax.

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

3.3 Insurance Broking Account (IBA) debtors and creditors

The Company carries out claims and premium processing services on behalf of FFH Group under a transitional services agreement with the FFH Group supporting business novated to it. As such, the Company is not liable for amounts arising from such transactions. Notwithstanding this legal relationship, debtors and creditors arising from insurance intermediary transactions are shown as assets and liabilities on the Company's statement of financial position.

The Company's cash balance includes funds held in separately designated bank accounts through which insurance transactions for premiums, claims, commissions and other deductions are processed.

3.4 Financial assets

The Company classifies all of its financial assets as basic financial instruments under Section 11 FRS 102. Management determines the classification of its investments at initial recognition. All current financial assets are carried at amortised cost.

i) Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

When these assets are initially recognised, they are valued at the transaction price and subsequently measured at amortised cost using the effective interest method. This basis of valuation is viewed by the Directors as being appropriately prudent having regard to the likely realisable value.

AmTrust Syndicates Limited Annual Report and Financial Statements
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Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.4 Financial assets (continued)

ii) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and are carried at amortised cost in the statement of financial position.

iii) Impairment of financial assets

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement for the period. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the profit and loss account for the period.

3.5 Financial liabilities

Financial liabilities are recognised when contractual commitments arise.

Creditors are financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

3.6 Defined contribution pension plans

The Company does not have any employees. All employees working on the Company are employed by AmTrust Management Services Limited ("AMSL"). AMSL operates a defined contribution pension scheme.

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021

Notes to the Financial Statements (continued)

3 Significant accounting policies (continued)

3.7 Foreign currencies

The Company's financial statements are presented in pound sterling, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the respective historical rates applicable to each such asset or liability.

4 Turnover

The Company did not have any turnover in the year (2020: nil).

5 Administrative Expenses

Administrative expenses comprise the following:

	2021	2020
	£'000	£'000
Audit expense	-	14
Transition service expense	266	126
Irrecoverable VAT	16	54
Bad debts	22	161
Bank charges and subscriptions	-	1
	304	356

The 2021 audit expenses of £14k have been offset by the reversal of the 2020 audit accrual (£14k) which was ultimately borne by another group company.

6 Operating profit

Operating profit is stated after charging:

	2021	2020
	£'000	£'000
Remuneration for the audit of the financial statements	14	14

7 Employees

During 2021 the Company did not incur any employment costs and no employment costs were charged to the Company (2020: nil).

8 Directors' remuneration

The Directors are remunerated by AMSL, which charges the Company a management fee to recover these costs. This charge has been borne by another group company, as in the prior year.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes was nil, (2020 - nil).

AmTrust Syndicates Limited Annual Report and Financial Statements
For the Year ended 31 December 2021

Notes to the Financial Statements (continued)

9 Interest receivable and similar income

Interest and other income represents:

	2021 £'000	2020 £'000
Interest on loan to group undertakings (AIL)	236	229
Interest received on cash at bank	-	8
	236	237

10 Foreign currency exchange gain

	2021 £'000	2020 £'000
FX gain	-	526

The foreign currency exchange gain in 2020 relates to the £13.6m loan the Company has with AIL, part of which was denominated in US Dollars until June 2020. The USD portion of the loan was converted to a GBP loan of £8,086,866 in July 2020, eliminating any FX exposure in 2021.

11 Tax on profit from ordinary activities

	2021 £'000	2020 £'000
Current tax		
Current tax credit / charge on income for the year	(13)	77
Adjustment in respect of prior years	-	(299)
Total current tax	-	(222)
Tax recovery on profit from ordinary activities	(13)	(222)

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
(Loss) / profit on ordinary activities before tax	(67)	407
Tax on (loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(13)	77
Effects of:		
Adjustment in respect of prior years	-	(299)
'Utilisation of losses not previously recognised	-	-
Total tax charge for period	(13)	(222)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). These include increases to the main rate of corporation tax to 25% with effect from 01 April 2023.

The Company has unused tax losses in respect of which no deferred tax asset is recognised of £1,658,201.

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Notes to the Financial Statements (continued)

12 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed by group undertakings ¹	12,645	13,664
Other debtors	-	21
Corporation tax receivable	13	-
IBA debtors	-	58
	12,658	13,743

¹ Amounts owed by group undertakings includes a loan made to AIL of £12,429,407 (2020: £13,363,866) plus the interest accrued thereon of £114,080 (2020: £306,910). This loan is repayable on demand and carries interest at 3-month LIBOR plus 1.75%.

13 Cash at bank and in hand

	2021 £'000	2020 £'000
Insurance cash balances	896	3,088
Other cash balances	8	459
	904	3,547

Insurance cash balances represent funds held in separately designated bank accounts through which insurance transactions for premiums, claims, commissions and other deductions are processed.

14 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to group undertakings	328	101
IBA Creditors	896	3,146
Corporation tax payable	-	1,790
Accruals and deferred income	155	15
	1,379	5,052

15 Creditors: amounts falling due after more than one year

There were no amounts due to creditors falling due after more than one year in 2021 (2020 - £nil).

16 Share capital

	Allotted, called up and fully paid			
	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary class A shares of £1 each	10	10	-	-
Ordinary class B shares of £1 each	399,990	399,990	400	400

The Company has two classes of ordinary shares, neither of which carry any right to fixed income.

Both Class A and Class B shares carry variable voting rights. Class B shareholders are entitled to receive, at the discretion of the board of directors, preferential dividends out of the profits of the company available for distribution.

Subject to the satisfaction of any preferential dividend, both Class A and Class B shareholders are entitled to receive dividends out of the profits of the company available for distribution. On a winding up or other return of capital, A ordinary shareholders have a right to the amounts paid up on the A ordinary shares in issue and B ordinary shareholders have the normal entitlement to capital or other return of capital.

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Notes to the Financial Statements (continued)

17 Dividends

No dividends were paid in 2021 (2020 - £nil)

18 Related party transactions

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

19 Parent undertakings

The Company's immediate parent undertaking is AmTrust Lloyd's Holdings (UK) Limited, a company registered in England. Prior to this date, the immediate parent undertaking was ANV Syndicate Management Limited, a company registered in England.

The Company's intermediate parent company, AILL, a company registered in Bermuda is the smallest group in which the results of the Company are included. The Company's ultimate parent company and controlling party is Evergreen Parent GP LLC, a company registered in the USA and is the largest group in which the results of the Company are consolidated. Copies of the group financial statements of AmTrust International Insurance Ltd are available from Washington Mall 7 Reid Street Suite 400 Hamilton, HM 11, Bermuda. The address of the registered office of Evergreen Parent GP LLC is Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, United States.