ARK

Report & Financial Statements

Ark Syndicate Management Limited

Registered number: 05887810

2021

Contents

Directors and administration

Directors

C Atkin	(Non-executive Chairman)
I Beaton	(Chief Executive)
N Brothers	
M Burch	(Non-executive)
P Dawson	
N Fox	
P McIntosh	
M Raven	
M Rountree	(Non-executive)
N Smith	
J Wardrop	(Non-executive)
J Welman	(Non-executive)

Company secretary

J Masson

Registered office

30 Fenchurch Avenue
London
EC3M 5AD

Company registration number

05887810

Bankers

Lloyds Banking Group plc
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Registered auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Directors' report

The directors present their annual report and financial statements for the year to 31 December 2021.

Group structure

The key trading companies within the Ark group ("the group") are as follows:

Company name	Short name	Place of incorporation	Principal activity / function
White Mountains Insurance Group, Ltd	WTM	Bermuda	Ultimate holding company
Ark Insurance Holdings Limited	AIHL	Bermuda	Parent company of Ark subsidiaries
Ark Syndicate Management Limited	ASML	UK	Managing agent of Syndicate 4020 ("4020") and Syndicate 3902 ("3902")
Ark Corporate Member Limited	ACML	UK	Corporate member
Group Ark Insurance Limited	GAIL	Bermuda	Class IV reinsurer

Directors and Directors interests

The directors served from 1 January 2021 to the date of this report, unless stated otherwise. Shareholdings in AIHL are stated as at 31 December 2021.

Name	A1 Ordinary shares No.	A2 Ordinary shares No.	A3 Ordinary shares No.	B1 Ordinary shares No.	B3 Ordinary shares No.	Z Ordinary shares No.	Z1 Ordinary shares) No.	C1 Ordinary shares No.	C2 Ordinary shares No.
C Atkin	-	-	-	-	-	-	-	-	-
I Beaton	129,803	18,309	-	78,777	-	908,621	555,439	76,894	12,857
N Bonnar (resigned 31 December 2021)	129,803	18,309	-	78,777	-	908,621	555,439	76,894	12,857
N Brothers	-	-	6,970	-	4,230	-	-	12,726	2,127
M Burch (appointed 1 January 2022)	-	-	-	-	-	-	-	-	-
P Dawson	-	-	24,729	-	15,008	-	-	35,632	5,957
D Foreman (resigned 1 January 2021)	-	-	-	-	-	-	-	-	-
N Fox (appointed 4 August 2021)	-	-	18,079	-	10,972	-	-	22,906	3,830
P McIntosh	-	-	21,046	-	12,773	-	-	15,271	2,553
M Raven (appointed 4 August 2021)	-	-	18,079	-	10.972	-	-	22,906	3,830
M Rountree (appointed 4 February 2021)	-	-	-	-	-	-	-	-	-
N Smith	-	-	19,577	-	11,881	-	-	35,632	5,957
J Wardrop	-	-	-	-	-	-	-	-	-
C Watson (resigned 1 January 2021)	-	-	-	-	-	-	-	-	-
J Welman	-	-	-	-	-	-	-	-	-

On 1 January 2021 AIHL completed a subscription and purchase agreement ("SPA") with Bridge Holdings (Bermuda) Limited ("the Investor"), a subsidiary of White Mountains Insurance Group Limited. Further to the SPA, the Investor provided AIHL with an investment of USD600m as paid-up proceeds of AIHL issued share capital.

Directors' report

Disclosure of information to auditors

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

Auditors

The company has an elective resolution in place under Section 487(2) of the Companies Act 2006 to dispense with the obligation to appoint auditors annually.

Dividends

No dividends were paid in the year (2020: £Nil). No dividend is proposed for the year (2020: £Nil)

By order of the Board

J Masson, Company Secretary
25 May 2022

Strategic report

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014. ASML does not meet the criteria to report compliance with Section 172 of the Companies Act 2006.

Principal activity and review of the business

The principal activity is that of a Lloyd's managing agent. The principal sources of revenue for the company are managing agency fees, management fees charged to the managed syndicates to reflect expenses incurred by ASML on their behalf and profit commissions receivable based on the results of each YOA of the managed syndicates.

	2021 £'000	2020 £'000
Managing agency fee	3,615	3,120
Management fee	43,328	38,946
Profit commission	14,243	2,101
Total revenue	61,186	44,167

The profit for the year is £11.0m (2020: loss of £2.8m). The key performance indicators monitored by the board of directors are income and expenses against budget, liquidity and solvency. Revenue and expenditure for the year are within expectations given the underlying performance of the managed syndicates, sufficient funds have been retained to meet all of its obligations as they fall due, and the solvency requirements of the regulators have been met throughout the year.

Principal risks and uncertainties

ASML maintains a risk register within its risk management framework. Identified risk events are grouped into major risk categories according to the nature of the potential threat they pose to the business. The risk management framework allows risks to be identified and controls to be put in place as necessary, either to prevent the occurrence of the event or to mitigate its impact. The principal risks of the company are set out in note 2 of the accounts.

Going concern

The directors of ASML have reviewed the business plan, liquidity and operational resilience of the company, including the risks associated with the COVID-19 pandemic. They have concluded that there are no material uncertainties that could cast significant doubt over the company's ability to continue as a going concern for at least a year from the date of approval of the annual accounts. Management's assessment of going concern is set out in note 1 on page 13.

Future developments

The capacity of Syndicate 4020 for the 2022 YOA is £350.0m (2021 YOA: £350.0m), and for Syndicate 3902 is £150.0m (2021 YOA: £150.0m).

By order of the Board

J Masson, Company Secretary
25 May 2022

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.

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.

On behalf of the ASML board

Neil Smith
Finance Director
25 May 2022

Independent auditors' report to the members of Ark Syndicate Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ark Syndicate Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: Balance sheet as at 31 December 2021; Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Independent auditors' report to the members of Ark Syndicate Management Limited

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition and management override of controls. Audit procedures performed by the engagement team included:

- Discussions with senior management involved in the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of any matters reported on the company's whistleblowing helpline and fraud register and the results of management's investigation of such matters;
- Reading key correspondence with Lloyd's, the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board and Audit Committee;
- Testing journal entries identified in accordance with our risk assessment; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Independent auditors' report to the members of Ark Syndicate Management Limited

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 May 2022

Income statement

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	61,186	44,167
Bank interest receivable		-	2
Total revenue		61,186	44,169
Operating expenses	5	(48,697)	(47,559)
Results of operating activities and profit / (loss) before tax		12,489	(3,390)
Taxation charge	6	(1,494)	621
Profit / (loss) for the year after tax		10,995	(2,769)

Statement of comprehensive income

	Notes	2021 £'000	2020 £'000
Profit / (loss) for the year after tax		10,995	(2,769)
Other comprehensive income		-	-
		10,995	(2,769)

The notes on pages 13 to 19 form part of these accounts.

Balance sheet

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Fixed assets	7	255	350
Other receivables	8	52,815	29,712
Cash and cash equivalents		3,239	684
Deferred taxation	9	87	454
Total assets		56,396	31,200
Equity and liabilities			
Equity			
Called up share capital	10	400	400
Profit and loss account		15,385	4.390
Total equity		15,785	4.790
Liabilities			
Other payables	11	40,611	26,410
Total equity and liabilities		56,396	31,200

The notes on pages 13 to 19 form part of these accounts. The financial statements were approved by the Board of Ark Syndicate Management Limited on 25 May 2022 and signed on its behalf by

N Smith, Director
25 May 2022

Statement of changes in equity

	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2019	400	7,159	7,559
(Loss) for the year	-	(2,769)	(2,769)
At 31 December 2020	400	4,390	4,790
Profit for the year	-	10,995	10,995
At 31 December 2021	400	15,385	15,785

The notes on pages 13 to 19 form part of these accounts.

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice and Companies Act 2006 and associated amendments). All amounts presented are stated in Sterling, unless stated otherwise. The financial statements have been prepared on a going concern basis.

The directors of ASML have performed an assessment of the company's ability to continue as a going concern, including the impact of the COVID-19 pandemic. A going concern assessment has been undertaken, taking into consideration availability of capital, liquidity and stress testing. Capital has already been provided to support the 2022 YOA of the Syndicates. On the basis of this and the improvement in performance as a result of rate increases, ACML is also expected to have the ability and intention to form a 2023 underwriting year. The directors of ASML have therefore concluded that there are no material uncertainties that could have cast significant doubt over the ability of the company to continue as a going concern for at least a year from the date of approval of the financial statements.

Foreign currency translation

Items included in the financial statements are measured using Sterling, the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements are presented in Sterling, being the functional and presentation currency of the company.

Turnover

Turnover consists primarily of managing agency fees, management fees and profit commission receivable from insurance underwriting activities at Lloyd's. Managing agency fees and overriding commission are recognised in the year in which they are earned. A proportion of the fee charged to each YOA is deferred to reflect that the agency provides services to the managed syndicates throughout the three year period each YOA is open. Management fees are recognised in the same year in which the expenses are incurred. Profit commissions expected to arise on closure of a Lloyd's YOA are recognised on an accruals basis subject to an assessment of certainty over the year's profitability.

Financial assets

Financial assets are recognised in the balance sheet at such time as ASML becomes a party to the contractual provisions of the asset. Purchases and sales of financial assets are recognised on the trade date, which is the date ASML commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred, together with substantially all the risks and rewards of ownership. Financial liabilities are derecognised if ASML's obligations specified in the contract expire, are discharged or cancelled.

On acquisition of a financial asset, ASML is required to classify the asset into one of the following categories: financial assets at fair value through the income statement, loans and receivables, assets held to maturity and assets available for sale. Assets are designated as fair value through the income statement upon initial recognition because they are managed and their performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to ASML's key management. ASML's investment strategy is to invest and evaluate their performance with reference to their fair values. Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. ASML has measured the fair value of investments using the transaction price, i.e. the fair value of the consideration given or received.

Upon initial recognition, attributable transaction costs relating to financial instruments at fair value through profit or loss are recognised in the income statement when incurred. Financial assets at fair value through profit or loss are continually measured at fair value, and changes therein are recognised in the income statement. Net changes in the fair value of financial assets at fair value through profit or loss exclude interest and dividend income, as these items are accounted for separately as set out below.

1. Statement of accounting policies (continued)

Investment income

Investment income consists of dividends, interest, realised and unrealised gains and losses and foreign exchange gains and losses on financial assets at fair value through the income statement. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest is recognised separately on an amortised cost basis using the effective interest rate method for financial assets at fair value through the income statement. The realised gains or losses on disposal of an investment are the difference between the proceeds and the original cost of the investment. Unrealised investment gains and losses represent the difference between the carrying value at the reporting date, and the carrying value at the previous period end or purchase value during the period.

Depreciation

Depreciation has been provided on a straight line basis to write off the costs of fixed assets, less their residual values, over their estimated useful lives. The rates used are as follows - Computer equipment and software 33%; and Office equipment 33%.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items *recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the* expected tax payable or receivable on the UK taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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 is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account over the term of the lease.

Pensions

Contributions to defined contribution pension funds are charged to the profit and loss account when payable. The assets of all the schemes supported are held separately from those of the company in independently administered funds.

2. Management of risk

The company receives profit commission as a percentage of the profits of the managed syndicates. The key risk of the company is that it fails to manage the affairs of the managed syndicates appropriately which in turn impacts the level of profit commission the company receives.

The table below gives an indication of the impact on profit after tax and net assets of a five per cent increase or decrease in profit commission:

	2021 *Impact on profit* after tax £'000	2020 *Impact on profit* after tax £'000	2021 *Impact on net* assets £'000	2020 *Impact on net* assets £'000
5% increase in profit commission	712	105	712	105
5% decrease in profit commission	(712)	(105)	(712)	(105)

2. Management of risk (continued)

Ark's core business relies on the assumption of internal and external risk within the appetites and tolerances established by the Board. Primarily Ark's business is the assumption of Insurance Risk and Market Risk, with the additional categories of Credit Risk, Liquidity Risk, Operational Risk and Group Risk. Managing these risks in a manner that is consistent with the strategy, appetites and tolerances established by the Board requires that Ark has in place a systematic, objective, and robust set of governance arrangements and processes for identifying and quantifying the risks to which it is exposed. This enables Ark to determine appropriate strategies and approaches for prevention and mitigation. The ways in which these risks are managed by the company are disclosed in the financial statements of Syndicate 4020 and 3902.

3. Turnover

	2021 £'000	2020 £'000
Managing agency fee	3,615	3,120
Management fee	43,328	38,946
Profit commission	14,243	2,101
	61,186	44,167

4. Directors and employees

	2021 £'000	2020 £'000
Salaries	31,613	28,911
Social security costs	4,186	3,735
Pension costs	2,125	1,939
	37,924	34,585

The pension scheme is a defined contribution scheme. Outstanding employer contributions at the balance sheet date were £0.1m (2020: £0.1m).

The average number of employees (including directors) during the year was as follows:

	2021 Number	2020 Number
Underwriting	96	87
Claims administration	20	19
Other administration	45	41
	161	147

The directors received the following aggregate remuneration:

	2021 £'000	2020 £'000
Gross emoluments excluding pension contributions	5,119	4,606
Contributions to money purchase pension schemes	30	26
	5,149	4,632

4. Directors and employees (continued)

Included in the above are the emoluments of the highest paid director, as follows:

	2021 £'000	2020 £'000
Gross emoluments	1,254	1,065

ASML did not make any contributions to money purchase pension schemes in the year in respect of the highest paid director (2020: £Nil).

Retirement benefits are accruing to the following number of directors under:

	2021 Number	2020 Number
Money purchase pension schemes	8	6

5. Operating expenses

	2021 £'000	2020 £'000
Staff costs	39,173	35,585
Accommodation costs	3,327	3,003
Legal and professional fees	1,718	5,636
Other	4,479	3,335
	48,697	47,559

Other operating expenses include the following:

	2021 £'000	2020 £'000
Audit fees, of which £3k (2020: £3k) relates to the audit of regulatory returns	30	22
Depreciation	95	94

6. Taxation

	2021 £'000	2020 £'000
Current tax:		
Expense for the year	1,969	(263)
Adjustment in respect of prior years	(864)	37
Total current tax	1,105	(226)
Deferred tax	389	395
Total tax charged to the income statement	1,494	(621)

6. Taxation (continued)

There are no known factors that would significantly impact the future tax charge of the company. A reconciliation of the tax charge is set out below:

	2021 £'000	2020 £'000
Profit / (loss) on ordinary activities	12,489	(3,390)
UK corporation tax at 19.0% (2020: 19.0%) based on the UK profit / (loss) for the year	2,373	(644)
Taxation effect of:		
Expenses not deductible for tax purposes	33	381
Timing difference in respect of tax losses carried forward and capital allowances	-	(395)
Adjustment in respect of prior years	(864)	37
Other	(48)	-
Tax charge for the period	1,494	(621)

7. Fixed assets

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2021	631	2,553	3,184
Additions	-	-	-
At 31 December 2021	631	2,553	3,184
Depreciation			
At 1 January 2021	631	2,203	2,834
Charge for the year	-	95	95
At 31 December 2021	631	2,298	2,929
Net book value			
At 1 January 2021	-	350	350
At 31 December 2021	-	255	255

8. Other receivables

	2021 £'000	2020 £'000
Amounts due from other group companies	29,419	22,933
Prepayments and accrued income	23,187	809
Other debtors	209	5,970
	52,815	29,712

9. Deferred taxation

	2021 £'000	2020 £'000
At 1 January	454	59
Accelerated capital allowances	-	6
Tax losses carried forward	(389)	389
At 31 December	87	454

The UK corporation tax rate is 19% for the year ended 31 December 2021 (2020: 19%). The Finance Bill 2021 is now considered substantively enacted and confirmed an increase in the corporation tax rate to 25% from April 2023. In accordance with accounting standards the effect of these rate changes on deferred tax balances have been reflected in these accounts.

10. Share capital

	2021 Authorised Number	2020 Authorised £'000	2021 Allotted, issued and fully paid Number	2020 Allotted, issued and fully paid £'000
Ordinary shares of £1 each	2,000,000	2,000	400,000	400

11. Other payables, payable within one year

	2021 £'000	2020 £'000
Amounts due to other group companies	20,725	12,669
Accruals and deferred income	16,993	12,491
Other creditors	2,893	1,250
	40,611	26,410

12. Commitments under operating leases

Non-cancelable operating lease rentals are payable as follows:

	2021 Land & buildings £'000	2020 Land & buildings £'000
Within 1 year	741	692
Within 2 to 5 years	2,132	-
	2,873	692

During the year, £0.8m (2020: £0.8m) was recognised as an expense in the income statement in respect of operating leases.

13. Related parties

The registered office of the ultimate parent company, White Mountains Insurance Group, Ltd , is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The parent company of the Ark group is AIHL, and the immediate parent company of ASML is Group Ark Insurance Holdings Limited ("GAIHL").

C Watson is a director of Aquiline Capital Partners LLC ("Aquiline"). The Syndicates have invested funds totalling £15.4m (2020: £10.6m) in private equity funds managed by Aquiline.

13. Related parties (continued)

I Beaton, N Bonnar and D Foreman were formerly partners of Elvis Capital Partners ("ECP"). ECP owned Mercury Capital Limited ("Mercury"), a catastrophe risk manager. The Syndicates have made investments through Mercury in assets exposed to catastrophe insurance risk through various Industry Loss Warranty arrangements. In 2021, the investment was repaid in full to the Syndicates (2020: £4.4m). An investment loss of £0.1m (2020: £0.1m) was generated by these assets in the year. No fee was paid by the Syndicates to Mercury in respect of these arrangements.

I Beaton serves without fee as a director of Optio Group Limited ("Optio"), a managing general agent ("MGA") focused on emerging insurance risks. In 2021, Optio acquired Northcourt Limited, a specialty MGA. In 2021, gross premium income, excluding brokerage and commissions, due to the Syndicates under this binding authority amounting to £0.3m (2020: £0.3m). Commissions paid to Northcourt during the year were £0.1m. (2020: £0.1m).

N Fox serves without fee as a director of Ark Underwriting Inc. ("AUI"), a wholly owned subsidiary of ASML, which until cessation in 2020, facilitated the introduction of US reinsurance business into the Syndicates through a binding authority. In 2021 the amount paid by the Syndicates in commission to AUI was £0.3m (2020: £1.2m). All business written by the Syndicates was reinsured in full to another Lloyd's syndicate.

N Brothers serves without fee as a director of Accident & Health Underwriting Limited ("AHU"), a wholly owned subsidiary of GAIHL. The Syndicates underwrite business through AHU under a binding authority. Gross premium income, excluding brokerage and commissions, due to the Syndicates under this binding authority amounted to £5.8m (2019: £5.1m). Brokerage and commissions paid in the year by the Syndicates to AHU amounted to £3.9m (2020: £3.5m).

GAIHL is a member controlling 50% of Accident & Health Claims Services LLP ("AHC"), the other 50% being controlled by AHU. AHC provides claims handling services to the Syndicates. Fees paid in the year by the Syndicates in respect of these services amounted to £5.8m (2020: £0.3m).

N Bonnar serves without fee as a director of Solis Re Agency Inc. ("Solis Re"), an MGA and Lloyd's Coverholder. ASML holds shares in Solis Re giving 20% of the voting rights and 6% of the capital rights. The Syndicates entered into a binding authority agreement with Solis Re. Gross premium income, excluding brokerage and commissions, due to the Syndicates amounted to £2.0m (2020: £1.1m). Commissions paid by the Syndicate in the year to Solis Re amounted to £0.3m (2020: £0.2m).

On 24 July 2020, GAIHL sold its shareholding in Innova Re Investment Solutions Holdings Limited ("IRIS-H"), a company incorporated in Bermuda. Prior to this date, I Beaton served without fee as director of Innova Re Investment Services Limited ("IRIS"), a wholly owned subsidiary of IRIS-H. ASML entered into a contract with IRIS for the provision of investment advisory services. No fees were paid by ASML to IRIS in 2021 (2020: Nil). The Syndicates have also paid investment charges to GAIHL of £5.1m (2020: £2.3m).

Until 15 March 2021, J Wardrop was a director of Inigo Managing Agent Limited ("Inigo"), formerly Starstone Underwriting Limited. The Syndicates have purchased reinsurance protection on normal commercial terms and at arms length from Inigo. Premiums paid by the Syndicates in the year amounted to £0.6m (2020: £0.5m). Also, the Syndicate provided reinsurance under separate contracts to Inigo on normal commercial terms and at arms length. Gross premium income, excluding brokerage and commissions, due to the Syndicates under these contracts amounted to less than £0.1m (2020: less than £0.1m).

In 2020 N Bonnar acquired 8% of the share capital of Phenomen, a French MGA. The Syndicates have entered into a Binding Authority with Phenomen. Gross premium income, excluding brokerage and commissions, due to the Syndicates amounted to £0.2m (2020: £1.0m). Commissions paid by the Syndicates to Phenomen amounted to £0.1m (2020: less than £0.1m).

R Atkin serves as a director of Alwen Hough Johnson Limited ("AHJ"), a Lloyd's broker. During the year the Syndicates wrote business with premium of £2.0m (2020: £1.9m) through AHJ. Commissions paid to AHJ in the year totalled £0.4m (2020: £0.4m).

R Atkin serves as a director of AmWins Group Inc., which owns Thomson Heath & Bond Limited ("THB"), a Lloyd's broker. During the year the Syndicates underwrote business with premium of £9.4m through THB (2020: £9.3m). Commissions paid to THB in the year totalled £2.7m (2020: £2.6m).

R Atkin serves as a director of Whitespace Software Limited ("Whitespace"), a software company providing a Lloyd's recognised electronic placing system. The Syndicates use Whitespace to accept risks from brokers. License fees paid to Whitespace during the year are less than £0.1m (2020: less than £0.1m)