

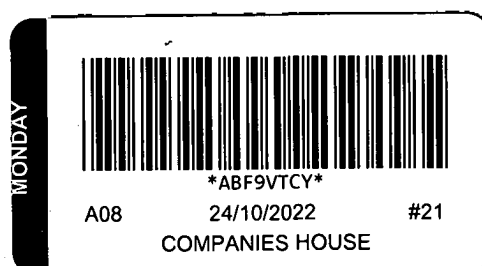
**Company Registration Number: 8684427**

**NCMIC Corporate Member No.1 Limited**

**Annual Report  
31 December 2021**

**Contents:**

<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Independent Auditor's Report</b>	<b>6</b>
<b>Statement of Comprehensive Income – Technical Account – general business</b>	<b>9</b>
<b>Statement of Comprehensive Income – Non Technical Account</b>	<b>10</b>
<b>Statement of Financial Position</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>13</b>
<b>Statement of Cash Flows</b>	<b>14</b>
<b>Analysis of Net Debt</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16</b>



## **NCMIC Corporate Member No.1 Limited**

### **Company Information**

#### **Directors**

M R Gustafson  
P E McNerney  
D C Bowles

#### **Members' Agent**

Argenta Private Capital Limited  
(Regulated by the Financial Conduct Authority)

#### **Company Secretary**

Argenta Secretariat Limited

#### **Registered Office**

5th Floor, 70 Gracechurch Street  
London  
EC3V 0XL

#### **Auditor**

PKF Littlejohn LLP  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

# NCMIC Corporate Member No.1 Limited

## Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2021.

### Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's Corporate Capital Member.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Company participates for The 2019 year closed at 31 December 2021 with a result of £(3,134,802) (2018 - £-). The 2020 and 2021 open underwriting accounts will normally close at 31 December 2022 and 2023 respectively.

### Results and Dividends

The results for the year are set out on pages 9 to 10 of the Financial Statements. Dividends totalling £Nil were paid in the year (2020 - £Nil). The results are after taking into account the amount (payable)/recoverable under corporate member level reinsurance arrangements of £(2,219,340) (2020: £4,169,026). These arrangements are disclosed as one line in the technical P&L.

### Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.

### Key Performance Indicators

	2021	2020
Capacity (youngest underwriting year)	£ 37,983,333	£ 40,483,333
Gross premium written as a % of capacity	116.6%	121.3%
Underwriting result of latest run-off/closed year:		
as a % of capacity	-6.2%	0.0%
Run-off years of account movement	£ (411,363)	£ -
Combined ratio	93.2%	113.9%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

### Section 172(1) Statement

The Directors have considered the matters set out in Section 172(1)(a) to (f) when performing their duties and comments as follows:

- The Company continues to operate in the Lloyd's insurance market. The majority of its activities are carried out by the syndicates on which it participates. The Company is not involved directly in the management of the syndicates' activities, as these are the responsibility of the Managing Agents.
- Other than the Directors the Company has no employees. The Directors do not receive any remuneration from the Company.
- The Company's only suppliers are those who provide services for the administration of the Company. The Directors ensure supplier invoices are paid on time in line with any agreed terms.
- The Company's operations do not by their very nature produce significant environmental emissions.
- The Company and the syndicates are required to operate within the guidelines and code of conduct of the Lloyd's market. Behind the Lloyd's market is the Lloyd's Corporation, an independent organisation and regulator that acts to protect and maintain the market's reputation and provides services and original research, reports and analysis to the industry's knowledge base. The Directors ensure compliance with relevant legislation and promote high standards of business conduct.

## **NCMIC Corporate Member No.1 Limited Strategic Report (continued)**

### **Section 172(1) Statement (continued)**


- f) The Directors work very closely with the Members of the Company to discuss all significant decisions including the level of participation on the syndicates.

More information on this can be found at [www.argentagroup.com/Section172](http://www.argentagroup.com/Section172).

### **Streamlined Energy and Carbon Reporting**

The Directors have considered the Streamline Energy and Carbon Reporting (SECR) requirements and have taken the decision not to disclose their consumption under the exemption that they do not consume more than 40,000 kWh of energy.

Approved by the Board on 23/09/2022  
and signed on its behalf by:

  
Matt Gustafson (Sep 23, 2022 05:17 CDT)

M R GUSTAFSON  
Director

## **NCMIC Corporate Member No.1 Limited**

### **Report of the Directors**

The Directors submit their Report together with the audited Financial Statements of the Company for the year ended 31 December 2021.

#### **Principal Activities**

The principal activity of the Company is that of trading as a Lloyd's Corporate Capital Member. The Company continues to underwrite for the 2022 year of account.

#### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, Report of the Directors' 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 elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting 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 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 in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They 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.

#### **Directors**

The Directors who served at any time during the year and to the date of this report were as follows:

M R Gustafson  
P E McNerney  
D C Bowles (Appointed 15 August 2022)  
M W Webb (Resigned 15 August 2022)

## **NCMIC Corporate Member No.1 Limited Report of the Directors (continued)**

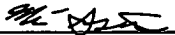
### **Auditor**

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**In the case of each of the persons who are Directors at the time this report is approved, the following applies:**

- a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 23/09/2022  
and signed on its behalf by:

  
Matt Gustafson (Sep 23, 2022 05:17 CDT)

M R GUSTAFSON

Director

# **NCMIC Corporate Member No.1 Limited**

## **Independent Auditor's Report**

### **Independent Auditor's report to the Members of NCMIC Corporate Member No.1 Limited**

#### **Opinion**

We have audited the Financial Statements of NCMIC Corporate Member No.1 Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements, 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" (United Kingdom Generally Accepted Accounting Practice).

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 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 director's 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 a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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 Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **NCMIC Corporate Member No.1 Limited**

### **Independent Auditor's Report (continued)**

#### **Matters on which we are required to report by exception**

In 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 the Report of the Directors.

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 specific 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 Statement of Directors' responsibilities set out on page 4, 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 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.

#### **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.

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 procedures we have undertaken to detect irregularities, including fraud, are detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussion with management and the application of our knowledge and experience of the sector in which the company operates in. We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Lloyd's byelaws as they relate to the company and UK taxation legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - discussion with management of any known, or suspected instances, of non-compliance by the company with those laws and regulations;
  - discussion with management of any, or suspected, incidence of fraud;
  - review of the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
  - review of the minutes of the board of directors and other correspondence as we deemed appropriate; and
  - review and testing of the system of controls established by management to ensure the accuracy of the financial statements.
- We identified the risks of material misstatement of the Financial Statements due to fraud as being those arising from management override of controls. We have addressed this risk by performing audit procedures which included, but were not limited to, the testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business that came to our attention.



## **NCMIC Corporate Member No.1 Limited Independent Auditor's Report (continued)**

### **Auditor's responsibilities for the audit of the Financial Statements (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Financial Statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit 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.

*TUE Seaman*

**Thomas Seaman (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

Date: 27/09/2022

**NCMIC Corporate Member No.1 Limited**  
**Statement of Comprehensive Income**  
**Technical Account – general business**  
**For the year ended 31 December 2021**

	Note	2021 £	2020 £
<b>Premiums</b>			
Gross premiums written	1	44,295,927	49,112,495
Outward reinsurance premiums	1	(21,908,152)	(17,699,293)
<b>Net premiums written</b>		<u>22,387,775</u>	<u>31,413,202</u>
<b>Change in the provision for unearned premiums</b>			
Gross provision	1	2,562,979	5,558,276
Reinsurers' share	1	228,791	1,138,761
<b>Earned premiums, net of reinsurance</b>		<u>25,179,545</u>	<u>38,110,239</u>
<b>Allocated investment return transferred from the non-technical account</b>		(200,361)	1,133,298
Other technical income, net of reinsurance		-	-
<b>Claims paid</b>			
Gross amount	1	(23,267,811)	(35,465,226)
Reinsurers' share	1	7,297,653	12,619,557
<b>Net claims paid</b>		<u>(15,970,158)</u>	<u>(22,845,669)</u>
<b>Change in provision for claims</b>			
Gross amount	1	(4,898,543)	(9,624,255)
Reinsurers' share	1	8,071,293	3,705,042
<b>Change in net provision for claims</b>		<u>3,172,750</u>	<u>(5,919,213)</u>
<b>Claims incurred, net of reinsurance</b>		(12,797,408)	(28,764,882)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1,2	(10,669,040)	(14,653,983)
Other technical charges, net of reinsurance	1	-	-
Amount (payable)/recoverable under Reinsurance arrangements		(2,219,340)	4,169,026
<b>Balance on the technical account for general business</b>		<u>(706,604)</u>	<u>(6,302)</u>

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Statement of Comprehensive Income**  
**Non Technical Account**  
**For the year ended 31 December 2021**

	Note	2021 £	2020 £
<b>Balance on technical account for general business</b>		(706,604)	(6,302)
Investment income	3	(200,259)	1,133,330
Allocated investment return transferred to the general business technical account		200,361	(1,133,298)
Other income		422,969	201,579
Other charges, including value adjustments		43,601	(209,362)
<b>Loss on ordinary activities before taxation</b>	4	<u>(239,932)</u>	<u>(14,053)</u>
Tax on loss on ordinary activities	5	(2,232)	(1,978)
<b>Loss for the financial year</b>		<u>(242,164)</u>	<u>(16,031)</u>
<b>Other comprehensive (expenditure)/income:</b>			
Currency translation differences		(8,644)	30,292
Tax on other comprehensive (expenditure)/income		-	-
<b>Total comprehensive (expenditure)/income</b>	10	<u>(250,808)</u>	<u>14,261</u>

All amounts relate to discontinued operations.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Statement of Financial Position**  
**As at 31 December 2021**


		31 December 2021			31 December 2020		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Assets</b>							
<b>Intangible assets</b>	6	-	-	-	-	-	-
<b>Investments</b>							
Other financial investments	7	32,662,371	-	32,662,371	39,109,848	-	39,109,848
Deposits with ceding undertakings		(18,880)	-	(18,880)	5,107	-	5,107
		32,643,491	-	32,643,491	39,114,955	-	39,114,955
<b>Reinsurers' share of technical provisions</b>							
Provision for unearned premiums	8	8,054,019	-	8,054,019	7,905,295	-	7,905,295
Claims outstanding	8	33,760,889	-	33,760,889	30,647,346	-	30,647,346
Other technical provisions		-	-	-	-	-	-
		41,814,908	-	41,814,908	38,552,641	-	38,552,641
<b>Debtors</b>							
Amounts falling due within one year	7,11	27,297,013	7,028,242	34,325,255	27,467,938	11,740,577	39,208,515
Amounts falling due after one year	7	7,072,330	-	7,072,330	3,164,485	-	3,164,485
		34,369,343	7,028,242	41,397,585	30,632,423	11,740,577	42,373,000
<b>Other assets</b>							
Cash at bank and in hand		3,560,400	1,075	3,561,475	2,540,435	83,928	2,624,363
Other		5,295,391	-	5,295,391	6,405,129	-	6,405,129
		8,855,791	1,075	8,856,866	8,945,564	83,928	9,029,492
<b>Prepayments and accrued income</b>							
Accrued interest		949	-	949	5,249	-	5,249
Deferred acquisitions costs	8	5,254,580	-	5,254,580	6,421,565	-	6,421,565
Other prepayments and accrued income		114,467	-	114,467	113,747	-	113,747
		5,369,996	-	5,369,996	6,540,561	-	6,540,561
<b>Total assets</b>		123,053,529	7,029,317	130,082,846	123,786,144	11,824,505	135,610,649

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Statement of Financial Position**  
**As at 31 December 2021**

		31 December 2021			31 December 2020		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Liabilities and Shareholder funds</b>							
<b>Capital and reserves</b>							
Called up share capital	9	-	100	100	-	100	100
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	10	(3,459,135)	3,379,434	(79,701)	(9,392,383)	9,563,490	171,107
<b>Shareholder funds – attributable to equity interests</b>		(3,459,135)	3,379,534	(79,601)	(9,392,383)	9,563,590	171,207
<b>Technical provisions</b>							
Provision for unearned premiums	8	23,139,943	-	23,139,943	26,005,783	-	26,005,783
Claims outstanding	8	74,925,765	-	74,925,765	88,473,358	-	88,473,358
Other technical provisions		-	-	-	-	-	-
<b>Provisions for other risks</b>							
Deferred taxation	11	-	-	-	-	-	-
Other		-	-	-	8,510	-	8,510
<b>Deposit received from reinsurers</b>		821,295	-	821,295	-	-	-
<b>Creditors</b>							
Amounts falling due within one year	7	16,183,208	3,549,783	19,732,991	11,186,671	1,960,915	13,147,586
Amounts falling due after one year	7	9,965,967	-	9,965,967	5,830,246	-	5,830,246
		26,149,175	3,549,783	29,698,958	17,016,917	1,960,915	18,977,832
<b>Accruals and deferred income</b>		1,476,486	100,000	1,576,486	1,673,959	300,000	1,973,959
<b>Total liabilities</b>		123,053,529	7,029,317	130,082,846	123,786,144	11,824,505	135,610,649

Approved and authorised for issue by the Board of Directors on 23/09/2022  
and signed on its behalf by:

  
Matt Gustafson (Sep 23, 2022 05:17 CDT)

M R GUSTAFSON  
Director

Company registration number: 8684427

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2021**

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
<b>1 January 2020</b>	100	-	-	156,846	-	156,946
Loss for the year	-	-	-	(16,031)	-	(16,031)
Other comprehensive income	-	-	-	30,292	-	30,292
<b>Total comprehensive income</b>	-	-	-	14,261	-	14,261
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
<b>As at 31 December 2020</b>	100	-	-	171,107	-	171,207
Loss for the year	-	-	-	(242,164)	-	(242,164)
Other comprehensive expenditure	-	-	-	(8,644)	-	(8,644)
<b>Total comprehensive expenditure</b>	-	-	-	(250,808)	-	(250,808)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
<b>As at 31 December 2021</b>	100	-	-	(79,701)	-	(79,601)

Called up share capital represents the nominal value of shares that have been issued.

The capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

The capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2021**

	2021 £	2020 £
<b>Operating activities</b>		
Loss on ordinary activities before tax	(239,932)	(14,053)
(Profit)/loss attributable to Syndicate transactions	(5,941,892)	2,372,358
(Loss)/profit - excluding Syndicate transactions	(6,181,824)	2,358,305
Adjusted for:		
Decrease/(increase) in debtors	4,712,335	(4,312,083)
Increase in creditors	1,388,868	1,960,914
Loss on disposal of intangible assets	-	-
Amortisation of Syndicate capacity	-	-
Realised/unrealised gains on investments	-	-
Investment income	(102)	(32)
Corporation and overseas taxes paid	(2,232)	(1,978)
Net cash (outflow)/inflow from operating activities	(82,955)	5,126
<b>Investing activities</b>		
Investment income	102	32
Purchase of Syndicate capacity	-	-
Proceeds from sale of Syndicate capacity	-	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	-	-
Net cash inflow from investing activities	102	32
<b>Financing activities</b>		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution	-	-
Equity dividends paid	-	-
Net cash inflow from financing activities	-	-
Net cash (decrease)/increase in cash and cash equivalents	(82,853)	5,158
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	83,928	78,770
Cash and cash equivalents at the end of the year	1,075	83,928
Consisting of:		
Cash at bank and in hand	1,075	83,928
Cash equivalents	-	-
	1,075	83,928

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Analysis of Net Debt**  
**For the year ended 31 December 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	83,928	(82,853)	1,075
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	<u>83,928</u>	<u>(82,853)</u>	<u>1,075</u>

The accounting policies and notes on pages 16 to 43 form part of these Financial Statements.



# **NCMIC Corporate Member No.1 Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2021**

#### **Basis of preparation of Financial Statements**

##### **General information**

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

The Financial Statements have been presented in pounds sterling ("sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

##### **Basis of preparation**

These Financial Statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These Financial Statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

##### **Recognition of insurance transactions**

The Company recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate Participation"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

##### **Sources of data**

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the Syndicates in which the Company participates.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**Accounting policies**

**i Going concern**

As at 31 December 2021 the Company had net liabilities of £79,601 (2020: net assets of £171,207). The Directors consider the Company to be a going concern and have prepared the Financial Statements on that basis. The Company is continuing to underwrite at Lloyd's for the 2022 year of account.

**ii Premiums**

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

**iii Claims incurred**

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

**iv Provision for claims outstanding**

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

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. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. 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 amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made.

**v Unexpired risk provision**

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

**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.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**Accounting policies (continued)**

**vii Reinsurance to close**

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
  - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
  - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

**viii Corporate member level reinsurance**

The Company has entered into reinsurance arrangements at the corporate member level. These arrangements are disclosed as one line in the technical P&L and are recognised in corporate debtors if recoverable, and corporate creditors if payable.

**ix Financial instruments**

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other debtors, trade and other creditors and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**Accounting policies (continued)**

**ix Financial instruments (continued)**

Basic financial instruments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled. Financial instruments subsequently measured at amortised cost include cash, debtors and creditors.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

**x Derivative financial instruments**

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

**xi Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Overdrafts are reported separately in creditors.

**xii Derecognition of financial assets**

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**Accounting policies (continued)**

**xiii Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**xiv Net operating expenses**

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

**xv Foreign currencies**

Transactions in United States dollars, Canadian dollars and euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the profit and loss account.

**xvi Intangible assets**

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

**xvii Insurance contracts – product classification**

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS 102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

**xviii Taxation**

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these Financial Statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these Financial Statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the Financial Statements of subsequent periods.

**xix Deferred taxation**

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the Financial Statements.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**Accounting policies (continued)**

**xix Deferred taxation (continued)**

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**xx Critical accounting judgements and key sources of estimated uncertainty**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate activity only, and do not include estimates and judgements made in respect of the Syndicates activities.

**Critical accounting judgements**

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory Financial Statements are discussed below.

*Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Impairment review*

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Directors perform an impairment review when indications of impairment arise.

*Recoverability of receivables*

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

*Determining the useful life of purchased Syndicate capacity*

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**1. Class of Business**

<b>2021</b>	<b>Gross Premiums Written £</b>	<b>Gross Premiums Earned £</b>	<b>Gross Claims Incurred £</b>	<b>Net Operating Expenses £</b>	<b>Reinsurance Balance £</b>	<b>Total £</b>
<b>Direct Insurance</b>						
Accident and health	800,000	917,876	(508,457)	(384,362)	7,790	32,847
Motor – third party liability	900,497	497,411	(287,032)	(109,204)	(32,924)	68,251
Motor – other classes	218,772	409,554	(28,622)	(181,292)	(140,639)	59,001
Marine, aviation and transport	3,879,055	4,079,026	(2,307,277)	(1,226,726)	(392,501)	152,522
Fire and other damage to property	9,565,187	10,448,328	(4,627,680)	(2,585,068)	(1,556,572)	1,679,008
Third party liability	10,467,291	11,037,817	(6,019,084)	(3,896,680)	(1,746,896)	(624,843)
Credit and suretyship	1,059,923	1,150,748	(430,035)	(183,981)	(332,744)	203,988
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	26,890,725	28,540,760	(14,208,187)	(8,567,313)	(4,194,486)	1,570,774
<b>Reinsurance</b>	17,405,202	18,318,146	(13,958,167)	(2,101,727)	(2,115,929)	142,323
<b>Total</b>	<b>44,295,927</b>	<b>46,858,906</b>	<b>(28,166,354)</b>	<b>(10,669,040)</b>	<b>(6,310,415)</b>	<b>1,713,097</b>

<b>2020</b>	<b>Gross Premiums Written £</b>	<b>Gross Premiums Earned £</b>	<b>Gross Claims Incurred £</b>	<b>Net Operating Expenses £</b>	<b>Reinsurance Balance £</b>	<b>Total £</b>
<b>Direct Insurance</b>						
Accident and health	1,013,809	1,273,568	(1,248,582)	(513,173)	127,164	(361,023)
Motor – third party liability	174,779	270,993	(195,624)	(82,794)	(13,028)	(20,453)
Motor – other classes	668,360	1,147,203	(455,922)	(498,348)	(91,417)	101,516
Marine, aviation and transport	4,577,614	5,413,705	(4,069,117)	(1,525,672)	313,060	131,976
Fire and other damage to property	11,683,931	14,548,909	(14,347,409)	(4,122,689)	1,419,958	(2,501,231)
Third party liability	11,681,143	12,805,363	(7,529,357)	(3,668,166)	(1,730,432)	(122,592)
Credit and suretyship	1,049,756	1,419,869	(3,535,634)	(125,575)	806,713	(1,434,627)
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	30,849,392	36,879,610	(31,381,645)	(10,536,417)	832,018	(4,206,434)
<b>Reinsurance</b>	18,263,103	17,791,161	(13,707,836)	(4,117,566)	(1,067,951)	(1,102,192)
<b>Total</b>	<b>49,112,495</b>	<b>54,670,771</b>	<b>(45,089,481)</b>	<b>(14,653,983)</b>	<b>(235,933)</b>	<b>(5,308,626)</b>

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**2. Net Operating Expenses**

	<b>2021</b> £	<b>2020</b> £
Acquisition costs	10,440,393	12,920,630
Change in deferred acquisition costs	1,266,260	2,253,858
Administrative expenses	1,439,218	1,324,622
Reinsurance commissions and profit participations	(3,188,680)	(2,406,047)
Personal expenses	711,849	560,920
	<u>10,669,040</u>	<u>14,653,983</u>

**3. Investment Income**

	<b>2021</b> £	<b>2020</b> £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	512,218	738,990
Realised gains and losses	(413,924)	344,410
Unrealised gains and losses	(266,426)	82,276
Other	-	-
	<u>(168,132)</u>	<u>1,165,676</u>
Financial instruments held at amortised cost:		
Interest	102	32
Other	-	-
	<u>102</u>	<u>32</u>
Investment management expenses, including interest	(32,229)	(32,378)
	<u>(32,229)</u>	<u>(32,378)</u>
	<u>(200,259)</u>	<u>1,133,330</u>

**4. Loss on Ordinary Activities before Taxation**

	<b>2021</b> £	<b>2020</b> £
Operating loss is stated after charging:		
Directors' remuneration	-	-
Amortisation of Syndicate capacity	-	-
Loss on disposal of intangible fixed assets	-	-
Profit on exchange	(459,160)	(170,321)

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

The auditor charged a fixed fee to Argenta Private Capital Limited of £273 for the provision of the statutory audit.



**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

5. Taxation	2021 £	2020 £
a. Analysis of Charge in Year included in profit or loss		
Current tax:		
UK corporation tax on loss of the year	-	-
Adjustment in respect of previous period	-	-
	<u>-</u>	<u>-</u>
Double taxation relief	-	-
	<u>-</u>	<u>-</u>
Foreign tax	2,232	1,978
	<u>2,232</u>	<u>1,978</u>
Total current tax	2,232	1,978
Deferred tax		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>2,232</u>	<u>1,978</u>
b. Analysis of Charge in Year included in other comprehensive income		
Deferred tax		
Origination and reversal of timing differences	-	-
Effect of change in tax rate on opening liability or asset	-	-
Total deferred tax	<u>-</u>	<u>-</u>
c. Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK (19%). The differences are explained below:		
Loss on ordinary activities before tax	<u>(239,932)</u>	<u>(14,053)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	(45,587)	(2,670)
Effects of:		
Change in deferred tax rate	-	-
Deferred tax asset unrecognised on result for the year	19,712	495,423
Foreign tax	2,232	1,978
Expenses and income not deductible for tax purposes	-	-
Other corporation computation adjustments for Lloyd's corporate members	25,875	(492,753)
Prior period adjustments	-	-
Other adjustments	<u>-</u>	<u>-</u>
Total tax charge for the period on ordinary activities	<u>2,232</u>	<u>1,978</u>

The results of the Company's participation on the 2019, 2020 and 2021 years of account and any calendar year movement on 2018 and prior run-offs, will not be assessed to tax until the year ended 31 December 2022, 2023 and 2024 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

An increase in the UK corporation tax rate from 19% to 25% was enacted within the Finance Act 2021 and will be effective from 1 April 2023. As a result, the relevant deferred tax balances have been remeasured. Deferred tax expected to reverse in the year to 31 December 2022 has been measured using the effective rate that will apply in UK for the period (19%). Deferred tax expected to reverse in the year to 31 December 2023 has been measured using a rate of 23.5%. For years ending after 31 December 2023, the company has used the new tax rate of 25%.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

6.	Intangible Assets	Total £
	<b>Purchased Syndicate Capacity</b>	
	<b>Cost</b>	
	At 1 January 2021	-
	Additions	-
	Disposals	-
	At 31 December 2021	-
	<b>Amortisation</b>	
	At 1 January 2021	-
	Charge	-
	Disposals	-
	At 31 December 2021	-
	<b>Net Book Value</b>	
	At 31 December 2021	-
	At 31 December 2020	-

**7. Financial Instruments and Financial Risk Management**

**7.1 Financial Investments**

**Other financial investments – Syndicate participation**

	2021 Market Value £	2021 Cost price £	2020 Market Value £	2020 Cost price £
Shares and other variable yield securities and units in unit trusts	6,264,634	6,408,187	8,280,010	8,334,278
Debt securities and other fixed income securities	24,474,135	24,653,413	29,151,890	28,382,250
Participation in investment pools	1,139,077	1,139,853	991,169	968,581
Loans guaranteed by mortgage	167,199	166,238	75,062	74,564
Other investments	253	-	115,237	-
Other loans	389,251	348,311	389,251	348,311
Deposits with credit institutions	10,588	10,588	5,193	5,193
Overseas deposits as investments	217,234	217,234	102,036	230,567
	<b>32,662,371</b>	<b>32,943,824</b>	<b>39,109,848</b>	<b>38,343,744</b>

**Other financial investments – Corporate**

Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	-	-
Other investments	-	-
	<b>-</b>	<b>-</b>

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.2 Debtors**

	2021			2020		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Amounts falling due within one year:</b>						
Arising out of direct insurance operations	15,204,633	-	15,204,633	12,970,474	-	12,970,474
Arising out of reinsurance operations	8,937,754	-	8,937,754	11,912,164	-	11,912,164
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	3,154,626	7,028,242	10,182,868	2,585,300	11,740,577	14,325,877
<b>Total Amounts falling due within one year</b>	<b>27,297,013</b>	<b>7,028,242</b>	<b>34,325,255</b>	<b>27,467,938</b>	<b>11,740,577</b>	<b>39,208,515</b>
<b>Amounts falling due after one year:</b>						
Arising out of direct insurance operations	-	-	-	897	-	897
Arising out of reinsurance operations	1,331,382	-	1,331,382	1,101,336	-	1,101,336
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	5,740,948	-	5,740,948	2,062,252	-	2,062,252
<b>Total Amounts falling due after one year</b>	<b>7,072,330</b>	<b>-</b>	<b>7,072,330</b>	<b>3,164,485</b>	<b>-</b>	<b>3,164,485</b>
	<b>34,369,343</b>	<b>7,028,242</b>	<b>41,397,585</b>	<b>30,632,423</b>	<b>11,740,577</b>	<b>42,373,000</b>

**7.3 Funds at Lloyd's**

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2021			2020		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.4 Creditors**

	<b>2021</b>		<b>2020</b>	
	<b>Syndicate Participation £</b>	<b>Corporate £</b>	<b>Syndicate Participation £</b>	<b>Corporate £</b>
<b>Amounts falling due within one year:</b>				
Arising out of direct insurance operations	2,963,454	-	2,963,454	1,572,725
Arising out of reinsurance operations	12,147,874	-	12,147,874	8,077,507
Amounts owed to credit institutions	-	-	-	-
<b>Other creditors:</b>				
Corporation tax	-	-	-	-
Directors' loan accounts	-	-	-	-
Third party funds	-	-	-	-
Other creditors	1,071,880	1,130,776	2,202,656	1,536,439
Amount due to group undertakings	-	2,419,007	-	1,960,913
<b>Total Amounts falling due within one year</b>	<b>16,183,208</b>	<b>3,549,783</b>	<b>19,732,991</b>	<b>13,147,586</b>
<b>Amounts falling due after one year:</b>				
Arising out of direct insurance operations	-	-	454	454
Arising out of reinsurance operations	8,768,728	-	8,768,728	6,101,855
Amounts owed to credit institutions	-	-	-	-
<b>Other creditors:</b>				
Corporation tax	-	-	-	-
Directors' loan accounts	-	-	-	-
Third party funds	-	-	-	-
Other creditors	1,197,239	-	1,197,239	(272,063)
Amount due to group undertakings	-	-	-	-
<b>Total Amounts falling due after one year</b>	<b>9,965,967</b>	<b>-</b>	<b>9,965,967</b>	<b>5,830,246</b>
	<b>26,149,175</b>	<b>3,549,783</b>	<b>29,698,958</b>	<b>18,977,832</b>

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.5 Classification of Financial Instruments**

The tables below set out the Company's financial instruments by classification.

**Other financial investments – Syndicate participation**

	2021			2020		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
<b>Financial assets</b>						
Investments	32,662,371	-	32,662,371	39,109,848	-	39,109,848
Deposits with ceding undertakings	-	(18,880)	(18,880)	-	5,107	5,107
Insurance debtors	-	15,204,633	15,204,633	-	12,971,371	12,971,371
Reinsurance debtors	-	10,269,136	10,269,136	-	13,013,500	13,013,500
Other debtors	-	8,895,574	8,895,574	-	4,647,552	4,647,552
Cash at bank and in hand	-	3,560,400	3,560,400	-	2,540,435	2,540,435
Other assets	5,295,391	-	5,295,391	6,405,129	-	6,405,129
	<b>37,957,762</b>	<b>37,910,863</b>	<b>75,868,625</b>	<b>45,514,977</b>	<b>33,177,965</b>	<b>78,692,942</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	16,638	-	16,638	289	-	289
Insurance creditors	-	2,963,454	2,963,454	-	1,573,179	1,573,179
Reinsurance creditors	-	20,916,602	20,916,602	-	14,179,362	14,179,362
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	2,269,119	2,269,119	-	1,264,376	1,264,376
	<b>16,638</b>	<b>26,149,175</b>	<b>26,165,813</b>	<b>289</b>	<b>17,016,917</b>	<b>17,017,206</b>

**Other financial investments – Corporate**

	2021			2020		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
<b>Financial assets</b>						
Investments	-	-	-	-	-	-
Other debtors	-	7,028,242	7,028,242	-	11,740,577	11,740,577
Cash at bank and in hand	-	1,075	1,075	-	83,928	83,928
Other assets	-	-	-	-	-	-
	<b>-</b>	<b>7,029,317</b>	<b>7,029,317</b>	<b>-</b>	<b>11,824,505</b>	<b>11,824,505</b>
<b>Financial liabilities</b>						
Other creditors	-	3,549,783	3,549,783	-	1,960,915	1,960,915
	<b>-</b>	<b>3,549,783</b>	<b>3,549,783</b>	<b>-</b>	<b>1,960,915</b>	<b>1,960,915</b>

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management.(continued)**

**7.5 Classification of Financial Instruments (continued)**

The table below sets out details of the Company's derivative financial instruments.

	2021		2020	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	3,771,407	1,870	5,584,390	115,133
Interest rate future contracts	762,301	(1,617)	384,166	(186)
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	290
	<b>4,533,708</b>	<b>253</b>	<b>5,968,556</b>	<b>115,237</b>

**7.6 Financial Instruments held at fair value through profit or loss**

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.6 Financial Instruments held at fair value through profit or loss (continued)**

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

**Other financial investments – Syndicate participation**

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2021</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	5,079,737	404,265	780,632	6,264,634	-	6,264,634
Debt securities and other fixed income securities	3,150,726	21,323,409	-	24,474,135	-	24,474,135
Participation in investment pools	199	1,138,878	-	1,139,077	-	1,139,077
Loans and deposits with credit institutions	399,839	-	167,199	567,038	-	567,038
Overseas deposits	776,314	4,735,785	-	5,512,099	-	5,512,099
Derivatives	253	-	-	253	-	253
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	<b>9,407,068</b>	<b>27,602,337</b>	<b>947,831</b>	<b>37,957,236</b>	<b>-</b>	<b>37,957,236</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative liabilities	10,851	5,787	-	16,638	-	16,638
Financial liabilities classified as held for sale	-	-	-	-	-	-
	<b>10,851</b>	<b>5,787</b>	<b>-</b>	<b>16,638</b>	<b>-</b>	<b>16,638</b>

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.6 Financial Instruments held at fair value through profit or loss (continued)**

**Other financial investments – Syndicate participation (continued)**

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2020</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	6,768,697	839,038	672,275	8,280,010	-	8,280,010
Debt securities and other fixed income securities	3,813,995	25,337,895	-	29,151,890	-	29,151,890
Participation in investment pools	48	991,121	-	991,169	-	991,169
Loans and deposits with credit institutions	394,444	-	75,062	469,506	-	469,506
Overseas deposits	1,116,655	5,390,510	-	6,507,165	-	6,507,165
Derivatives	104	115,133	-	115,237	-	115,237
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	12,093,943	32,673,697	747,337	45,514,977	-	45,514,977
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative liabilities	289	-	-	289	-	289
Financial liabilities classified as held for sale	-	-	-	-	-	-
	289	-	-	289	-	289

**Other financial investments – Corporate**

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2021</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-



**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.6 Financial Instruments held at fair value through profit or loss (continued)**

**Other financial investments – Corporate (continued)**

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2020</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

**7.7 Financial Risk Management**

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate activity only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates activities.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

**i. Credit risk**

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
<b>2021</b>						
Shares and other variable yield securities and units in unit trusts	1,626,953	1,101,587	2,040,710	-	1,495,384	6,264,634
Debt securities and other fixed income securities	7,199,381	11,105,123	4,693,821	1,426,583	49,227	24,474,135
Participation in investment pools	510,347	384,204	128,666	108,905	6,955	1,139,077
Loans secured with credit institutions	389,251	-	-	-	167,199	556,450
Deposits with credit institutions	-	-	10,588	-	-	10,588
Overseas deposits	2,301,227	689,597	495,262	1,385,947	640,066	5,512,099
Derivative investments	-	-	-	-	253	253
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	(22,976)	-	4,096	(18,880)
Reinsurers share of claims outstanding	89,443	6,740,216	25,635,947	26,000	1,269,283	33,760,889
Cash at bank and in hand	996,315	-	2,564,085	-	-	3,560,400
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	13,112,917	20,020,727	35,546,103	2,947,435	3,632,463	75,259,645

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
<b>2020</b>						
Shares and other variable yield securities and units in unit trusts	3,090,086	799,779	2,250,480	-	2,139,665	8,280,010
Debt securities and other fixed income securities	15,801,980	4,741,553	7,158,611	1,449,746	-	29,151,890
Participation in investment pools	672,802	121,106	83,428	113,642	191	991,169
Loans secured with credit institutions	389,251	-	-	-	75,062	464,313
Deposits with credit institutions	-	-	5,193	-	-	5,193
Overseas deposits	3,421,474	1,093,397	612,426	626,447	753,421	6,507,165
Derivative investments	-	-	-	-	115,237	115,237
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	5,107	5,107
Reinsurers share of claims outstanding	257,262	4,855,005	23,525,862	20,880	1,988,337	30,647,346
Cash at bank and in hand	58,916	-	2,481,519	-	-	2,540,435
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	23,691,771	11,610,840	36,117,519	2,210,715	5,077,020	78,707,865

The tables below show the financial assets that are neither due nor impaired, past their due date or impaired:

Syndicate participation	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
<b>2021</b>						
Other financial investments	100	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	52	37	6	5	-	-
Cash at bank and in hand	100	-	-	-	-	-
Insurance debtors	91	4	2	2	1	-
Other	98	1	-	-	1	-

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

Syndicate participation	Financial assets that are neither due nor impaired %	Financial assets that are past due but not impaired				Financial assets that have been impaired %
		Up to 3 months %	Between 3 and 6 months %	Between 6 months and 1 year %	Greater than 1 year %	
<b>2020</b>						
Other financial investments	100	-	-	-	-	-
Deposits with ceding undertakings	100	-	-	-	-	-
Reinsurers share of claims outstanding	100	-	-	-	-	-
Reinsurance debtors	44	-	43	9	5	-
Cash at bank and in hand	100	-	-	-	-	-
Insurance debtors	91	-	6	2	1	-
Other debtors	98	-	1	1	-	-

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate activity.

**ii. Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
<b>2021</b>						
Derivative financial instruments	-	16,638	-	-	-	16,638
Deposits received from reinsurers	-	514,833	229,803	47,629	29,030	821,295
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	26,384,767	25,043,454	13,301,406	10,196,138	74,925,765
Creditors	-	16,068,389	10,080,786	-	-	26,149,175
Other	-	-	-	-	-	-
	-	42,984,627	35,354,043	13,349,035	10,225,168	101,912,873

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
<b>2020</b>						
Derivative financial instruments	-	289	-	-	-	289
Deposits received from reinsurers	-	-	-	-	-	-
Provisions for other risks and charges	8,510	-	-	-	-	8,510
Claims outstanding	-	32,764,923	26,973,577	17,240,367	11,494,491	88,473,358
Creditors	-	10,875,841	6,099,964	41,112	-	17,016,917
Other	(8,510)	-	-	-	-	(8,510)
	-	43,641,053	33,073,541	17,281,479	11,494,491	105,490,564

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate activity.

**iii. Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2021 £	2020 £
Impact of 50 basis point increase on profit or loss	(181,461)	(671,851)
Impact of 50 basis point decrease on profit or loss	182,445	648,337
Impact of 50 basis point increase on equity	(181,461)	(671,851)
Impact of 50 basis point decrease on equity	182,445	648,337

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate activity.

**iv. Equity price risk**

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

**Syndicate participation**

	2021 £	2020 £
Impact on profit or loss of 5% increase in Stock Market Prices	17,204	72,956
Impact on profit or loss of 5% decrease in Stock Market Prices	(17,223)	(72,956)
Impact on equity of 5% increase in Stock Market Prices	17,204	72,956
Impact on equity of 5% decrease in Stock Market Prices	(17,223)	(72,956)

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate activity.

**v. Currency risk**

The Company holds both assets and liabilities denominated in currencies other than sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

**Net assets and liabilities**

	Syndicate Participation £	2021 Corporate £	Syndicate Participation £	2020 Corporate £
Sterling	(4,694,804)	3,378,459	(5,403,820)	9,479,662
United States dollar	690,072	1,075	(4,309,179)	83,928
Euro	(1,304,253)	-	(1,743,272)	-
Canadian dollar	1,637,875	-	4,588,201	-
Australian dollar	(341,680)	-	(1,164,885)	-
Japanese yen	(1,031,518)	-	(1,660,781)	-
Other	691,042	-	95,638	-

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented at the Corporate level in these Financial Statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the profit and loss.

	Corporate Profit and loss			
	31 December 2021		31 December 2020	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
<b>Effect of sterling exchange movement by 10%</b>				
United States dollar	98	(119)	7,630	(9,325)
Euro	-	-	-	-
Canadian dollar	-	-	-	-
Australian dollar	-	-	-	-
Japanese yen	-	-	-	-
Other	-	-	-	-

**7.8 Capital Management**

**Lloyd's capital setting process**

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard 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.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate 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".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's requirement and not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 7.3 for further information.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**8. Insurance Contracts**

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2021			2020		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	88,473,358	30,647,346	57,826,012	61,622,908	21,361,305	40,261,603
Movements in the year	4,898,543	8,071,293	(3,172,750)	9,624,255	3,705,042	5,919,213
Other movements	(18,446,136)	(4,957,750)	(13,488,386)	17,226,195	5,580,999	11,645,196
At 31 December	74,925,765	33,760,889	41,164,876	88,473,358	30,647,346	57,826,012

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2021			2020		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	26,005,783	7,905,295	18,100,488	31,945,982	6,982,180	24,963,802
Movements in the year	(2,562,979)	228,791	(2,791,770)	(5,558,276)	1,138,761	(6,697,037)
Other movements	(302,861)	(80,067)	(222,794)	(381,923)	(215,646)	(166,277)
At 31 December	23,139,943	8,054,019	15,085,924	26,005,783	7,905,295	18,100,488

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2021 £	2020 £
At 1 January	6,421,565	8,522,720
Movements in the year	(1,266,260)	(2,253,858)
Other movements	99,275	152,703
At 31 December	5,254,580	6,421,565

The other movements category includes exchange differences and the movements attributable to RITC.

**8.1 Risks arising from Insurance Contracts**

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these Financial Statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.



**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**8. Insurance Contracts (continued)**

**8.1 Risks arising from Insurance Contracts (continued)**

**Claims development - gross**

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	5,021,065	9,655,541	9,809,727	9,556,620	9,728,445	9,557,915	9,368,212	9,278,393
2014	4,425,008	9,342,776	9,787,211	9,737,203	10,017,681	9,929,869	9,888,208	9,800,355
2015	5,627,739	11,704,725	13,236,094	13,537,541	13,589,126	13,506,750	13,428,089	
2016	5,886,851	14,159,314	15,882,404	16,650,321	16,823,002	17,176,299		
2017	10,646,739	18,775,992	20,804,822	21,108,797	21,436,922			
2018	13,453,046	29,778,899	35,428,560	34,911,760				
2019	16,478,092	40,923,713	43,620,112					
2020	12,851,004	26,934,956						
2021	12,039,164							
	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received				
2012 & prior			2,500,470					
2013	9,217,441	8,748,144	469,297	(651,064)				
2014		9,094,047	706,308	(1,169,754)				
2015		11,582,097	1,845,992	(294,885)				
2016		13,929,617	3,246,682	535,581				
2017		17,532,974	3,903,948	(48,456)				
2018		24,077,705	10,834,055	(284,517)				
2019		22,754,030	20,866,082					
2020		7,291,542	19,643,414					
2021		1,129,647	10,909,517					
			<u>74,925,765</u>					

**Claims development - net**

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2013	4,319,622	8,666,179	8,914,088	8,838,928	8,889,887	8,850,901	8,682,961	8,621,794
2014	3,876,033	8,185,560	8,566,071	8,581,833	8,739,950	8,667,493	8,636,054	8,320,485
2015	4,429,079	9,687,689	10,527,252	10,614,153	10,692,835	10,680,319	10,058,243	
2016	4,982,322	10,988,339	12,313,523	12,486,795	12,609,539	12,205,509		
2017	6,601,514	14,198,738	15,536,536	15,609,720	15,462,039			
2018	9,930,088	21,247,496	24,113,845	23,390,263				
2019	10,851,347	28,030,931	29,411,804					
2020	7,767,867	15,882,108						
2021	7,112,306							

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**8. Insurance Contracts (continued)**

**8.1 Risks arising from Insurance Contracts (continued)**

**Claims development – net (continued)**

	<b>Eight years later</b>	<b>Cumulative payments to date</b>	<b>Estimated balance to pay</b>	<b>Profit/(loss) on RITC received</b>
2012 & prior			833,985	
2013	8,491,142	8,196,413	294,729	(464,544)
2014		8,004,012	316,473	(424,525)
2015		9,346,887	711,356	(267,215)
2016		11,039,805	1,165,704	12,354
2017		13,493,563	1,968,476	(136,204)
2018		17,440,444	5,949,819	(3,543,260)
2019		16,459,093	12,952,711	
2020		5,229,725	10,652,383	
2021		793,066	6,319,240	
			<u>41,164,876</u>	

**Sensitivity analysis**

The amounts carried by the Company arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Company's pre-tax profit/loss by £3,746,288 (2020: £4,423,668 );
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Company's pre-tax profit/loss by £2,058,244 (2020: £2,891,301 ).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

**9. Called-up Share Capital**

<b>Issued and fully paid</b>	<b>Number of shares</b>			<b>At 31 December</b>
	<b>At 1 January</b>	<b>Issued during the year</b>	<b>Redeemed during the year</b>	
Par value per share				
100 Ordinary £1 shares	100	-	-	100
<b>Total</b>	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**10. Profit and Loss Account**

	2021			2020		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit brought forward	(9,392,383)	9,563,490	171,107	(7,050,317)	7,207,163	156,846
Reallocate distribution	4,006,187	(4,006,187)	-	1,711,135	(1,711,135)	-
(Loss)/profit for the financial year	1,927,061	(2,177,869)	(250,808)	(4,053,201)	4,067,462	14,261
Equity dividends	-	-	-	-	-	-
Retained (loss)/profit carried forward	(3,459,135)	3,379,434	(79,701)	(9,392,383)	9,563,490	171,107

**11. Deferred Tax**

	2021			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	-	-	-	-
Movement in year – profit and loss	-	-	-	-
Movement in the year - OCI	-	-	-	-
At 31 December	-	-	-	-

	2020			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	-	-	-	-
Movement in the year	-	-	-	-
Movement in the year - OCI	-	-	-	-
At 31 December	-	-	-	-

The unused tax losses carried forward at the Statement of Financial Position date are £385,221. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

The deferred tax expected to unwind within one year is £Nil. The deferred tax expected to unwind over one year is £Nil.

**NCMIC Corporate Member No.1 Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**12. Related Party Disclosure**

The Company has entered into a quota share agreement with its parent company. At 31 December 2021 there was also an loan due (from)/to the parent company NCMIC Insurance Company of £2,419,007 (2020: £(1,960,913)). Any related party loans and balances do not attract interest and are repayable on demand.

**13. Ultimate Controlling Party**

The Company immediate parent undertaking is NCMIC Insurance Company, a company registered in the USA, which holds 100% of the issued ordinary share capital. There is no ultimate controlling party.

**14. Post Balance Sheet Event Note**

There are no post balance sheet events to be disclosed.