Lloyd’s Syndicate

Market Example 0112

Illustrative financial statements template

Annual Report and Accounts for the year ended 31 December 20x2

Version: 3.1

For Tagging convenience (annual):

	Both for Profit & Loss, Balance Sheet
Current Period	1 January 20x2 – 31 December 2025
Prior Period	1 January 20x1 – 31 December 2024

For Tagging convenience (interim):

	Profit & Loss	***Balance Sheet***
Current Period	1 January 20x2 – 30 June 2026	30 June 20x2
Prior Period	1 January 20x1 – 30 June 2025	31 December 20x1

Contents

Directors and Administration

[This is a placeholder for directors and administration details]

Strategic report of the Managing Agent

[This is a placeholder for the strategic report]

Managing Agent’s report

[This is a placeholder for the managing agent’s report]

[A Managing Agent’s Report must be included in the interim accounts. Whilst not a specific requirement of FRS 104, it is common market practice for interim reporting. The Managing Agent’s Report plays a key role in supporting robust governance: it enables directors to provide thoughtful narrative on recent performance, highlight emerging risks or priorities, and ensure that significant developments are clearly recorded. From Lloyd’s perspective, the report demonstrates the managing agent’s accountability and transparency, and it will be the primary reference for addressing any initial questions on the interim financial results. As there are no Insurance Accounts Directive requirements applicable for interim reporting, the content of the report is at the discretion of Managing Agents, allowing for a more focused and relevant update. It may also be a relevant place for disclosure of narrative required by FRS 104.16A(b-d), if not addressed elsewhere in the interim report].

Statement of Managing Agent's responsibilities

[This is a placeholder for the managing agent's responsibilities]

We confirm that to the best of our knowledge the syndicate accounts, including the iXBRL tagging applied to these accounts, comply with the requirements of the Lloyd's Syndicate Accounts Instructions version [X.X] as modified by the Frequently Asked Questions version X.X issued by Lloyd's.

…………………………………………………….

[insert name]

[insert position]

[insert date of signing]

Independent auditor’s report to the members of [insert syndicate name]

[This is a placeholder for the auditor’s report]

Statement of profit or loss and other comprehensive income:

Technical account – General business/long-term business

For the year ended 31 December 20x2

	Note	20x2 £000	20x1 £000
Gross premiums written	5	362,500	338,400
Outwards reinsurance premiums		(87,000)	(90,000)
Premiums written, net of reinsurance		**275,500**	**248,400**
Changes in unearned premium	18		
Change in the gross provision for unearned premiums		(25,000)	45,000
Change in the provision for unearned premiums, reinsurers' share		7,000	(12,000)
Net change in provisions for unearned premiums		**(18,000)**	**33,000**
Earned premiums, net of reinsurance		**257,500**	**281,400**
Allocated investment return transferred from the non-technical account	9	7,140	7,090
Other technical income, net of reinsurance		1,500	2,000
Claims paid	18		
Gross amount		(120,000)	(147,000)
Reinsurers' share		32,000	41,000
Net claims paid		**(88,000)**	**(106,000)**
Change in the provision for claims	18		
Gross amount		(66,300)	(63,500)
Reinsurers' share		36,200	36,000
Net change in provisions for claims		**(30,100)**	**(27,500)**
Claims incurred, net of reinsurance		**(118,100)**	**(133,500)**
Changes in other technical provisions, net of reinsurance, not shown under other headings			
Long term business provision, net of reinsurance			
Gross amount		-	-
Reinsurers' share		-	-
Net change in long term business provisions	18	**-**	**-**
Other technical provisions, net of reinsurance		-	-
Net change in other technical provisions		**-**	**-**
Net operating expenses	6	(106,540)	(113,290)
Other technical charges, net of reinsurance		(1,500)	(2,000)
Balance on the technical account – general business/ long-term business		**40,000**	**41,700**

Statement of profit or loss and other comprehensive income: (cont.)

Non-technical account – General business/long-term business

For the year ended 31 December 20x2

	Note	20x2 £000	20x1 £000
Balance on the technical account – general business/long-term business		**40,000**	**41,700**
Investment income	**9**	8,200	6,900
Realised gains/(losses) on investments	**9**	(250)	450
Unrealised gains/(losses) on investments	**9**	(400)	100
Investment expenses and charges	**9**	(410)	(360)
Total investment return		**7,140**	**7,090**
Allocated investment return transferred to technical account		(7,140)	(7,090)
Gain/(loss) on foreign exchange		(2,300)	(2,050)
Other income		4,500	3,000
Other expenses		(4,500)	(3,000)
Profit/(loss) for the financial year		**37,700**	**39,650**
Other comprehensive income:			
Currency translation gains/(losses)		3,000	(4,000)
Realised gains/(losses) on available for sale assets		-	-
Unrealised gains/(losses) on available for sale assets		-	-
Reclassifications through profit or loss		-	-
Other recognised gains/(losses)		(2,000)	500
Other		(1,000)	3,500
Total comprehensive income/(loss) for the year		**37,700**	**39,650**

[Syndicates can use the "Other" line item in the statement of comprehensive income to disclose any other item that they have under OCI that has not been provided above.]

[The Syndicate may present a separate statement of comprehensive income, provided it includes the line items and subtotal lines above where applicable.]

The accompanying notes from page **[x]** to **[xx]** form an integral part of these financial statements.

Balance sheet – Assets

As at 31 December 20x2

	Note	20x2 £000	20x1 £000
Financial investments	**11**	384,000	320,000
Deposits with ceding undertakings		1,000	1,000
Investments		**385,000**	**321,000**
Provision for unearned premiums		20,650	13,650
Claims outstanding		145,000	108,300
Long term business provision		-	-
Reinsurers’ share of technical provisions	**18**	**165,650**	**121,950**
Debtors arising out of direct insurance operations	**12**	53,100	47,300
Debtors arising out of reinsurance operations	**13**	35,100	34,700
Other debtors	**14**	1,200	4,500
Debtors		**89,400**	**86,500**
Tangible assets	**16**	-	-
Cash at bank and in hand		8,000	19,000
Other		600	500
Other assets		**8,600**	**19,500**
Accrued interest and rent		3,500	3,600
Deferred acquisition costs	**15**	30,000	27,200
Other prepayments and accrued income		1,000	400
Prepayments and accrued income		**34,500**	**31,200**
Total assets		**683,150**	**580,150**

Balance sheet (cont'd) – Liabilities

As at 31 December 20x2

	Note	20x2 £000	20x1 £000
Members' balances		39,500	46,250
Total capital and reserves		**39,500**	**46,250**
Provision for unearned premiums		125,550	100,600
Claims outstanding		427,000	359,300
Long term business provision		-	-
Other technical provisions		-	-
Technical provisions	**18**	**552,550**	**459,900**
Provisions for other risks	**19**	-	-
Deposits received from reinsurers		500	1,500
Creditors arising out of direct insurance operations	**21**	52,300	38,200
Creditors arising out of reinsurance operations	**22**	31,400	28,200
Other creditors including taxation and social security	**23**	3,400	2,000
Amounts owed to credit institutions		3,000	2,500
Creditors		**90,100**	**70,900**
Accruals and deferred income		500	1,600
Total liabilities		**643,650**	**533,900**
Total liabilities, capital and reserves		**683,150**	**580,150**

The Syndicate financial statements on pages **[xx]** to **[xx]** were approved by the board of **[insert Managing Agent name]** on **[insert the signing date]** and were signed on its behalf by;

[Insert name]
[Insert position]

[insert date of signing]

Statement of changes in members' balances

For the year ended 31 December 20x2

	20x2 £000	20x1 £000
Members' balances brought forward at 1 January	46,250	52,300
Total comprehensive income/(loss) for the year	37,700	39,650
Payments of profit to members' personal reserve funds	(43,850)	(45,200)
Losses collected in relation to distribution on closure of underwriting year	-	-
Cash calls on open underwriting years	-	-
Members agent fees	-	-
Net movement on funds in syndicate	-	-
Other	(600)	(500)
Members' balances carried forward at 31 December	**39,500**	**46,250**

Statement of cash flows

For the year ended 31 December 20x2

	Note	20x2 £000	20x1 £000
Cash flows from operating activities			
Profit/(loss) for the financial year		37,700	39,650
Adjustments:			
Depreciation and other movements in tangible fixed assets		-	-
(Gain)/loss on disposal of tangible fixed assets		-	-
Increase/(decrease) in gross technical provisions		92,650	35,300
(Increase)/decrease in reinsurers' share of gross technical provisions		(43,700)	(48,500)
(Increase)/decrease in debtors		(2,900)	(3,000)
Increase/(decrease) in creditors		19,200	20,100
Increase/(decrease) in deposits received from reinsurers		-	-
Movement in other assets/liabilities		-	-
Investment return		(7,140)	(7,090)
Foreign exchange		-	-
Other		-	-
Net cash flows from operating activities		**95,810**	**36,460**
Cash flows from investing activities			
Purchase of tangible fixed assets		-	-
Sales of tangible fixed assets		-	-
Purchase of equity and debt instruments		(125,000)	(65,000)
Sale of equity and debt instruments		15,000	5,000
Purchase of derivatives		-	-
Sale of derivatives		-	-
Investment income received		7,540	6,990
Other		-	-
Net cash flows from investing activities		***(102,460)***	***(53,010)***
Cash flows from financing activities			
Distribution of profit		-	-
Open year profit release		-	-
Collection of losses		-	-
Capital contributions/open year cash calls made		-	-
Funds In Syndicate released to members		-	-
Other		-	-
Net cash flows from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**(6,650)**	**(16,550)**
Cash and cash equivalents at the beginning of the year		**16,500**	**23,400**
Foreign exchange on cash and cash equivalents		**(4,850)**	**9,650**
Cash and cash equivalents at the end of the year	**24**	**5,000**	**16,500**

Notes to the financial statements – (forming part of the financial statements)

1. *Basis of preparation*

[Syndicate should adapt the commentary below in this section]

[Syndicate name] (‘The Syndicate’) comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate’s managing agent is ***[the managing agent address]***.

The ***[interim condensed]*** financial statements have been prepared in accordance with ***[the Lloyd’s Syndicate Accounts Instructions Version [X.X], as modified by the Frequently Asked Questions Version [X.X] issued by Lloyd’s (the ‘instructions’), which require compliance with FRS 104 Interim Financial Reporting except as permitted by the instructions]***, the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102), Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts, and the Lloyd’s Syndicate Accounts Instructions Version ***[X.X]*** as modified by the Frequently Asked Questions Version ***[X.X]*** issued by Lloyd’s.

[The interim report does not include all the notes of the type normally included in an annual financial report. However, selected notes are included to explain events and transactions that are significant to an understanding of the Syndicate’s financial position and performance.]

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and available for sale that are measured at fair value.

The financial statements are presented in ***[GBP]***, which is also the Syndicate’s functional currency/the functional currency of the Syndicate is ***[GBP]***. *[The presentational currency is different from the functional currency of the Syndicate because the Syndicate has elected to use a presentational currency aligned with the presentational currency of its corporate member].*

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Syndicate has financial resources to meet its financial needs and manages its portfolio of insurance risk. The directors have continued to review the business plans, liquidity and operational resilience of the Syndicate and are satisfied that the Syndicate is well positioned to manage its business risks in the current economic environment. The Syndicate 20x3 year of account has opened and the directors have concluded that the Syndicate has sufficient resources to, and a reasonable expectation that it will, open a 20x4 year of account. The Syndicate has sufficient capital for each year of account in its Funds at Lloyd’s (FAL) [and there is additional capital available in the corporate member]. There is no intention to cease underwriting or cease the operations of the Syndicate.

Accordingly, the directors of the Managing Agent continue to adopt the going concern basis in preparing the annual report and financial statements.

2. *Use of judgements and estimates*

[Syndicate should adapt the commentary below in this section]

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate’s accounting policies and the reported amounts of assets, liabilities, income and expenses.

The following critical judgements have been made in applying the Syndicate’s accounting policies:

[Syndicates to detail the key judgements made in applying the accounting policies including those that have the most significant effect on the amounts disclosed in the financial statements.]

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

[Syndicates shall disclose the key assumptions and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This should include the nature and carrying amounts at the end of the reporting period – cross reference to notes if applicable]

3. Significant accounting policies

[Syndicate should adapt the commentary below in this section]

[Full disclosure of all accounting policies is not required within the interim accounts unless there have been changes in the period, in which case the nature of these changes must be disclosed.]

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements.

A. Premiums written

Gross premiums written reflect direct and inwards reinsurance business written during the period, gross of commission payable to intermediaries, and exclude any taxes or duties based on premiums. Premiums written include estimates for 'pipeline' premiums representing amounts due to the Syndicate not yet notified and adjustments to estimates of premiums written in previous periods.

Estimated premium income in respect of facility contracts, for example binding authorities and lines slips, are deemed to be written in a manner that reflects the expected profile of the underlying business which has been written. Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period based on the pattern of the risks underwritten.

B. Unearned premiums

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial periods, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

C. Acquisition costs

Costs incurred in acquiring general insurance contracts are deferred. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

D. Reinsurance

The Syndicate assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed are recognised in the technical account along the same basis as direct business, taking into account the product classification. Reinsurance premiums ceded and reinsurance recoveries on claims incurred are included in the respective expense and income accounts. Premiums ceded and claims reimbursed are presented on a gross basis in the technical account and statement of financial position as appropriate.

Reinsurance outwards premiums are earned according to the nature of the cover. 'Losses occurring during' policies are earned evenly over the policy period. 'Risks attaching' policies are expensed on the same basis as the inwards business being protected.

Reinstatement premiums on both inwards and outwards business are accreted to the technical account on a pro-rata basis over the term of the original policy to which they relate.

E. Claims provisions and related reinsurance recoveries

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses. The Syndicate does not discount its liability for outstanding claims nor the reinsurance share of outstanding claims, with the exception of periodic payment orders ("PPOs") and classes of business where the claims settlement is expected to be greater than four years from the date of incurrence (currently no classes of business). Within the Motor and liability classes of business large loss injury awards comprise either a lump-sum payment, which is calculated as the present value of the claimant's loss and expense, or as a structured settlement, typically under a PPO awarded by the courts or agreed with the claimant.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). Salvage and subrogation and other recoveries are deducted from the provision for outstanding claims [/ are recognised as other assets]. The liability for outstanding claims is estimated using the input of assessments for individual cases reported to the Syndicate and widely accepted actuarial techniques for the claims incurred but not reported (IBNR). The techniques generally use projections, based on past experience of the development of claims over time, to form a view on the likely ultimate claims to be experienced and an estimate of the expected ultimate cost of more complex claims that may be affected by external factors, for example, court decisions

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in making these estimates. Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised.

F. Unexpired risks provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). The provision for unexpired risks is calculated by reference to classes of business which are managed together.

G. Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account. Differences arising on translation from the functional currency to the presentational currency are recognised in other comprehensive income.

[Syndicates should give additional disclosure when functional currency differs from presentational currency and give a reason for that.]

H. Financial assets and liabilities

[Note: this policy is written as an example as though the syndicate has adopted IAS 39/Chapter 11/12, it is not anticipated syndicates will adopt IFRS 9. The syndicates are expected to manage their portfolios on a fair value basis and therefore under IAS 39/Chapter 11/12 it is anticipated that financial assets will be at FVTPL.]

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of [IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the UK)/Chapters 11 and 12 of FRS 102].

i. Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of profit or loss and other comprehensive income. Financial assets and liabilities are classified on their initial recognition.

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy. Other financial assets, principally certain debt and other fixed-income securities are classified as available for sale.

The Syndicate does not hold any non-derivative financial assets or financial liabilities for trading purposes although derivatives (assets or liabilities) held by the Syndicate are categorised as held for trading.

Deposits with credit institutions, debtors, and accrued interest are classified as loans and receivables.

ii. Recognition

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e., the date that the Syndicate commits itself to purchase or sell the asset.

iii. Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Financial assets classified as available for sale are initially recognised at fair value, which typically equates to the cost, plus transaction costs directly attributable to its acquisition. After initial measurement, these assets are subsequently measured at fair value. Interest earned whilst holding available for sale financial assets is reported as interest income. Impairment losses and foreign exchange gains or losses are reported in profit or loss. Other fair value changes are recognised in other comprehensive income.

Any gain or loss recognised in OCI will be recycled to profit and loss on derecognition of the asset.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method, except Syndicate Loans to the Central Fund which are measured at fair value through profit or loss.

iv. Identification and measurement of impairment

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in other comprehensive income to profit or loss. The net cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. Otherwise it is reversed through the statement of comprehensive income.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised on an amortised cost asset reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

v. Off-setting

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Syndicate currently has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

I. Investment return

Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest expense, realised losses and impairment losses. Investment income comprises interest income, dividends receivable and realised investment gains.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is calculated using the effective interest method excluding transaction costs that are expensed when incurred. For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised investment gains and losses represent the difference between the fair value at the balance sheet date and the fair value at the previous balance sheet date, or purchase price if acquired during the year. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

J. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

K. Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at [20%]) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

L. Pension costs

[Insert the Managing Agent name] operates a defined contribution scheme. Pension contributions relating to Managing agent staff who act on behalf of the Syndicate are charged to the Syndicate as incurred and are included within net operating expenses.

M. Profit commission

Profit commission is charged by the managing agent at a rate of ***[X]*%** of the profit on a year of account basis subject to the operation of a 3-year deficit clause. This is charged to the Syndicate as incurred but does not become payable until after the appropriate year of account closes, normally at 36 months.

[In case there are any Profit commissions arrangement such as consortia arrangements the policy should be included here too]

N. Deposits with ceding undertakings

Deposits with ceding undertakings are funds held by Lloyd's Europe on behalf of the Syndicate to settle Part VII claims. These funds are held at amortised cost in the balance sheet.

[Syndicate to detail any other deposits with ceding undertakings]

[Syndicate to detail any other significant policies]

O. Tangible assets

All items classed as tangible fixed assets within the statement of financial position are carried at historical cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write down the cost of other assets to their residual values over their estimated useful lives as follows:

- Fixtures and fittings – over [5] years
- Computer equipment – over [3] years
- Other assets – over [5] years

The assets' residual values, useful lives and method of depreciation are reviewed regularly, and at least at each financial year end, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount.

P. Other prepayment and accrued income

[Syndicate to detail policy]

Q. RITC and Portfolio Transfer Policy

[Syndicate to detail policy]

R. Deposits received from reinsurers

Deposits received from reinsurers includes other amounts received in advance from reinsurers against future claims under the Syndicate's reinsurance arrangements. These funds are held at amortised cost in the balance sheet.

S. Operating expenses

Where expenses are incurred by the Managing Agent [/Service Company] for the administration of the Syndicate, these expenses are apportioned appropriately based on type of expense. Expenses that are incurred jointly are apportioned between the Managing Agent [/Service Company] and the Syndicate on bases depending on the amount of work performed, resources used, and the volume of business transacted.

T. Reinsurers' commission and profit participation

Reinsurers' commissions and profit participations, which include reinsurance profit commission and overriding commission, are treated as a contribution to expenses.

U. Funds withheld in SPA arrangements [if applicable]

[Syndicate to detail policy]

V. Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance debtors are measured at amortised cost less any provision for impairments. Insurance creditors are stated at amortised cost. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

Reinsurance debtors and creditors include amounts due to and from reinsurers. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Reinsurance debtors are measured at amortised cost less any provision for impairments. Reinsurance creditors are stated at amortised cost. Reinsurance debtor principally relates to claims recoveries where the underlying claim has been settled and the recovery is due. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Other debtors principally consist of amounts due from members and sundry debtors and are carried at amortised cost less any impairment losses.

Other creditors principally consist of amounts due to related syndicates and other related entities, profit commissions payable and other sundry payables. These are stated at amortised cost determined using the effective interest rate method.

W. Classification of insurance and reinsurance contracts

Insurance and reinsurance contracts are classified as insurance contracts where they transfer significant insurance risk. If a contract does not transfer significant insurance risk it is classified as a financial instrument. [All of the Syndicates written contracts and purchased reinsurance contracts transfer significant insurance risk and therefore are recognised insurance contract].

4. Risk and capital management

[Syndicate should adapt the commentary below in this section]

Introduction and overview

This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing Agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Board has established a Risk Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. The Risk Committee has delegated oversight of the management of aspects of insurance risks to the Underwriting and Reserving Committee, which is responsible for developing and monitoring insurance risk management policies, and the management of aspects of financial risks to the Investment Committee, which is responsible for developing and monitoring financial risk management policies.

The Risk Committee reports regularly to the Board of Directors on its activities. The Underwriting and Reserving Committee and the Investment Committee report regularly to the Risk Committee on their activities.

The risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

A. Insurance risk

[Syndicate should adapt the commentary below on insurance risk]

Insurance risk arises from the possibility of an adverse financial result due to actual claims experience being different from that expected when an insurance product was designed and priced. The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities.

The insurance risk the Syndicate is exposed can be separated into underwriting risk and reserve risk.

i. Underwriting risk

Underwriting risk is the risk that the insurance premium will not be sufficient to cover future insurance losses and associated expenses. This includes the risks that the premium is set too low, provides inappropriate levels of cover, or that the actual frequency or severity of claims events will be significantly higher than was expected during the underwriting process.

ii. Reserve Risk

Reserve risk is the risk that the reserves established in respect of insurance claims incurred are insufficient to settle the claims and associated expenses in full.

i. Management of insurance risk

A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Syndicate's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well-diversified book is maintained with no over exposure in any one geographical region or industry.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss, stop loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the Syndicate's appetite additional facultative reinsurance is also purchased.

Where considered appropriate, and in limited circumstances, the Syndicate may adopt a pro-active approach to early settling long tail latent disease claims with the contract holder, although each settlement is assessed on a case-by-case basis to ensure the contract holder is not disadvantaged by such an approach.

The Underwriting and Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserving risk.

The Syndicate Managing Agent's actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance technicians. The aim of this exercise is to produce a probability -weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries. The Underwriting and Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the Underwriting and Reserving Committee makes recommendations to the Risk Committee and the Managing Agent's Board of Directors of the claims provisions to be established.

The claims development table in note number ***[X]*** shows the actual claims incurred to previous estimates for the last 10 years.

ii. Concentration of insurance risk

[Syndicate to detail any concentrations of insurance risk]

iii. Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims IBNR.

The following table presents the profit and loss impact of the sensitivity of the value of insurance liabilities disclosed in the accounts to potential movements in the assumptions applied within the technical provisions. Given the nature of the business underwritten by the Syndicate, the approach to calculating the technical provisions for each class can vary and as a result the sensitivity performed is to apply a beneficial and adverse risk margin to the total insurance liability. The amount disclosed in the table represents the profit or loss impact of an increase or decrease in the insurance liability as a result of applying the sensitivity. The amount disclosed for the impact on claims outstanding – net of reinsurance represents the impact on both the profit and loss for the year and member balance.

[Other risk variables should be disclosed where necessary to indicate the exposure and sensitivity to insurance risk required by FRS 103.4.9]

General insurance business sensitivities as at 31 December 20x2	**Sensitivity**	
	+5.0% £000	**-5.0% £000**
Claims outstanding – gross of reinsurance	21,375	(21,375)
Claims outstanding – net of reinsurance	14,100	(14,100)

General insurance business sensitivities as at 31 December 20x1	**Sensitivity**	
	+5.0% £000	**-5.0% £000**
Claims outstanding – gross of reinsurance	17,965	(17,965)
Claims outstanding – net of reinsurance	12,550	(12,550)

B. Financial risk

[Syndicate should adapt the commentary below on financial risk]

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration matching basis.

a. Credit risk

[Syndicate should adapt the commentary below on credit risk]

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation.

The Syndicate is exposed to credit risk in respect of the following:

- Debt securities and derivative financial instruments;
- Reinsurers' share of claims outstanding;
- Amounts due from intermediaries;
- Amounts due from reinsurers in respect of settled claims;
- Cash and cash equivalents; and
- Other debtors and accrued interest.

The nature of the Syndicate's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

i. Management of credit risk

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies such as Standard and Poor's. The Syndicate has a policy of investing mainly in government issued and government backed debts. The Syndicate does not currently invest new monies in speculative grade assets (i.e., those rated below BBB).

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty and maintains an authorised list of acceptable cash counterparties.

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored by the individual business units as part of their credit control processes.

All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly.

ii. Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. [The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).] *[If the carrying amount does not represent the maximum credit exposure, or credit derivatives and other similar securities are used to mitigate the credit exposure, details required by FRS 102.34.25 will need to be considered]*

The following table analyses the credit rating by investment grade of financial investments, debt securities and derivative financial instruments, reinsurers' share of claims outstanding, amount due from intermediaries, amounts due from reinsurers in respect of settled claims, cash and cash equivalents, and other debtors and accrued interest.

Year 20x2	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts	20,000	90,500	10,000	2,500	-	-	123,000
Debt securities and other fixed income securities	30,000	104,500	14,000	6,500	-	-	155,000
Participation in investment pools	-	-	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-	-	-
Loans and deposits with credit institutions	33,000	29,000	23,000	-	-	-	85,000
Derivative assets	-	-	2,600	-	-	-	2,600
Syndicate loans to central fund	-	-	-	-	-	-	-
Other investments	10,000	6,000	2,400	-	-	-	18,400
Deposits with ceding undertakings	-	-	-	-	1,000	-	1,000
Reinsurers' share of claims outstanding	-	93,000	39,000	13,000	-	-	145,000
Debtors arising out of direct insurance operations	-	-	-	-	-	47,250	47,250
Debtors arising out of reinsurance operations	-	-	-	-	30,160	-	30,160
Cash at bank and in hand	2,000	5,000	1,000	-	-	-	8,000
Other debtors and accrued interest	-	-	-	-	-	6,300	6,300
Total	**95,000**	**328,000**	**92,000**	**22,000**	**31,160**	**53,550**	**621,710**

Year 20x1	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts	20,000	56,000	6,000	6,000	-	-	88,000
Debt securities and other fixed income securities	29,000	100,000	20,000	6,000	1,000	-	156,000
Participation in investment pools	-	-	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-	-	-
Loans and deposits with credit institutions	30,000	17,000	13,000	-	-	-	60,000
Derivative assets	-	-	5,700	-	-	-	5,700
Syndicate loans to central fund	-	-	-	-	-	-	-
Other investments	8,000	2,000	300	-	-	-	10,300
Deposits with ceding undertakings	-	-	-	-	1,000	-	1,000
Reinsurers' share of claims outstanding	-	86,000	15,000	7,300	-	-	108,300
Debtors arising out of direct insurance operations	-	-	-	-	-	42,250	42,250
Debtors arising out of reinsurance operations	-	-	-	-	29,670	-	29,670
Cash at bank and in hand	2,400	12,600	4,000	-	-	-	19,000
Other debtors and accrued interest	-	-	-	-	-	9,000	9,000
Total	**89,400**	**273,600**	**64,000**	**19,300**	**31,670**	**51,250**	**529,220**

iii. Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date.

The Syndicate also has debtors arising from direct insurance operations that are impaired at the reporting date.

These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

[Syndicates to disclose factors considered in determining impairment of the financial instruments]

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below:

20x2	Neither past due nor impaired assets £000	Past due but not impaired assets £000	Gross value of impaired assets £000	Impairment allowance £000	Total £000
Shares and other variable yield securities and units in unit trusts	123,000	-	-	-	123,000
Debt securities and other fixed income securities	155,000	-	-	-	155,000
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	85,000	-	-	-	85,000
Derivative assets	2,600	-	-	-	2,600
Syndicate loans to central fund	-	-	-	-	-
Other investments	18,400	-	-	-	18,400
Deposits with ceding undertakings	1,000	-	-	-	1,000
Reinsurers' share of claims outstanding	145,000	-	-	-	145,000
Debtors arising out of direct insurance operations	47,250	5,610	690	(450)	53,100
Debtors arising out of reinsurance operations	30,160	4,760	510	(330)	35,100
Other debtors and accrued interest	6,300	-	-	-	6,300
Cash at bank and in hand	8,000	-	-	-	8,000
Total	**621,710**	**10,370**	**1,200**	**(780)**	**632,500**

20x1	Neither past due nor impaired assets £000	Past due but not impaired assets £000	Gross value of impaired assets £000	Impairment allowance £000	Total £000
Shares and other variable yield securities and units in unit trusts	88,000	-	-	-	88,000
Debt securities and other fixed income securities	156,000	-	-	-	156,000
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	60,000	-	-	-	60000
Derivative assets	5,700	-	-	-	5,700
Syndicate loans to central fund	-	-	-	-	-
Other investments	10,300	-	-	-	10,300
Deposits with ceding undertakings	1,000	-	-	-	1,000
Reinsurers' share of claims outstanding	108,300	-	-	-	108,300
Debtors arising out of direct insurance operations	42,250	4,820	650	(420)	47,300
Debtors arising out of reinsurance operations	29,670	4,780	560	(310)	34,700
Other debtors and accrued interest	9,000	-	-	-	9,000
Cash at bank and in hand	19,000	-	-	-	19,000
Total	**529,220**	**9,600**	**1,210**	**(730)**	**539,300**

The table below sets out a reconciliation of changes in impairment allowance during the period for each class of financial asset at the balance sheet date:

20x2	1 Jan £000	New impairment charges added in year £000	Changes in impairment charges £000	Released to profit and loss account £000	Foreign exchange £000	Others £000	31 Dec £000
Financial investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	1,000	-	-	-	-	-	1,000
Reinsurers' share of claims outstanding	-	-	-	-	-	-	-
Debtors arising out of direct insurance operations	420	30	-	-	-	-	450
Debtors arising out of reinsurance operations	310	20	-	-	-	-	330
Other debtors and accrued interest	-	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-	-
Total	**1,730**	**50**	-	-	-	-	**1,780**

20x1	1 Jan £000	New impairment charges added in year £000	Changes in impairment charges £000	Released to profit and loss account £000	Foreign exchange £000	Others £000	31 Dec £000
Financial investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	1,000	-	-	-	-	-	1,000
Reinsurers' share of claims outstanding	-	-	-	-	-	-	-
Debtors arising out of direct insurance operations	410	10	-	-	-	-	420
Debtors arising out of reinsurance operations	300	10	-	-	-	-	310
Other debtors and accrued interest	-	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-	-
Total	**1,710**	**20**	-	-	-	-	**1,730**

The table below sets out the age analysis of financial assets that are past due but not impaired at the balance sheet date:

	Past due but not impaired				
20x2	0-3 months past due £000	3-6 months past due £000	6-12 months past due £000	Greater than 1 year past due £000	Total £000
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-
Derivative assets	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Other investments	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-
Reinsurers' share of claims outstanding	-	-	-	-	-
Debtors arising out of direct insurance operations	2,000	3,000	610	-	5,610
Debtors arising out of reinsurance operations	1,500	2,500	760	-	4,760
Other debtors and accrued interest	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-
Total	**3,500**	**5,500**	**1,370**	-	**10,370**

	Past due but not impaired				
	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	Total
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-
Derivative assets	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Other investments	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-
Reinsurers' share of claims outstanding	-	-	-	-	-
Debtors arising out of direct insurance operations	1,500	2,500	820	-	4,820
Debtors arising out of reinsurance operations	1,700	2,000	1,080	-	4,780
Other debtors and accrued interest	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-
Total	**3,200**	**4,500**	**1,900**	**-**	**9,600**

b. Liquidity risk

[Syndicate should adapt the commentary below on liquidity risk]

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts.

The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

i. Management of liquidity risk

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts;
- The Syndicate holds significant committed borrowing facilities from a range of highly rated banks to enable cash to be raised in a relatively short time-span; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

ii. Maturity analysis of syndicate liabilities

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial instruments. For insurance and reinsurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For financial liabilities, it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date.

	Undiscounted net cash flows					
Year 20x2	**No maturity stated £000**	**0-1 yrs £000**	**1-3 yrs £000**	**3-5 yrs £000**	**>5 yrs £000**	**Total £000**
Claims outstanding	-	200,000	120,000	80,000	27,000	427,000
Derivative liabilities	-	-	-	-	-	-
Deposits received from reinsurers	500	-	-	-	-	500
Creditors	-	76,600	11,400	2,100	-	90,100
Other credit balances	-	-	-	-	-	-
Total	**500**	**276,600**	**131,400**	**82,100**	**27,000**	**517,600**

	Undiscounted net cash flows					
Year 20x1	**No maturity stated £000**	**0-1 yrs £000**	**1-3 yrs £000**	**3-5 yrs £000**	**>5 yrs £000**	**Total £000**
Claims outstanding	-	150,000	90,000	80,000	39,300	359,300
Derivative liabilities	-	-	-	-	-	-
Deposits received from reinsurers	1,500	-	-	-	-	1,500
Creditors	-	58,400	11,400	1,100	-	70,900
Other credit balances	-	-	-	-	-	-
Total	**1,500**	**208,400**	**101,400**	**81,100**	**39,300**	**431,700**

c. Market risk

[Syndicate should adapt the commentary below on market risk]

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

i. Management of market risks

For each of the major components of market risk the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Syndicate at the reporting date to each major risk are addressed below.

ii. Interest rate risk

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Syndicate is exposed to interest rate risk through its investment portfolio, borrowings and cash and cash equivalents.

The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis, targeting an investment portfolio duration that, in the event of changes in interest rates, always maintains the internal capital requirements.

iii. Currency risk

The Syndicate writes business primarily in Sterling, US dollar, Euro, Canadian dollar, Australian dollar and Japanese Yen and is therefore exposed to currency risk arising from fluctuations in these exchange rates.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts. In addition, as at 31 December 20x2, the Syndicate has in place currency forward contracts which materially hedge the long position on US dollars.

The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Japanese Yen	Other	Total
Investments	85,000	215,500	80,000	-	-	-	4,500	385,000
Reinsurers' share of technical provisions	45,000	83,150	35,500	-	-	-	2,000	165,650
Debtors	24,500	54,900	8,500	-	-	-	1,500	89,400
Other assets	2,600	4,500	1,050	-	-	-	450	8,600
Prepayments and accrued income	8,600	22,500	2,400	-	-	-	1,000	34,500
Total assets	**165,700**	**380,550**	**127,450**	**-**	**-**	**-**	**9,450**	**683,150**
Technical provisions	(124,800)	(315,650)	(104,500)	-	-	-	(7,600)	(552,550)
Provisions for other risks	-	-	-	-	-	-	-	-
Deposits received from reinsurers	(500)	-	-	-	-	-	-	(500)
Creditors	(23,600)	(51,300)	(14,200)	-	-	-	(1,000)	(90,100)
Accruals and deferred income	(200)	(200)	(100)	-	-	-	-	(500)
Total liabilities	**(149,100)**	**(367,150)**	**(118,800)**	-	-	-	**(8,600)**	**(643,650)**
Total capital and reserves	**(16,600)**	**(13,400)**	**(8,650)**	-	-	-	**(850)**	**(39,500)**

20x1	Sterling £000	US dollar £000	Euro £000	Canadian dollar £000	Australian dollar £000	Japanese Yen £000	Other £000	Total £000
Investments	85,000	175,000	59,000	-	-	-	2,000	321,000
Reinsurers' share of technical provisions	32,700	57,650	30,400	-	-	-	1,200	121,950
Debtors	22,500	55,400	7,500	-	-	-	1,100	86,500
Other assets	2,350	12,600	4,150	-	-	-	400	19,500
Prepayments and accrued income	7,200	20,900	2,150	-	-	-	950	31,200
Total assets	**149,750**	**321,550**	**103,200**	**-**	**-**	**-**	**5,650**	**580,150**
Technical provisions	(100,500)	(265,000)	(88,000)	-	-	-	(6,400)	(459,900)
Provisions for other risks	-	-	-	-	-	-	-	-
Deposits received from reinsurers	(1,500)	-	-	-	-	-	-	(1,500)
Creditors	(18,500)	(40,400)	(11,200)	-	-	-	(800)	(70,900)
Accruals and deferred income	(1,100)	(300)	(200)	-	-	-	-	(1,600)
Total liabilities	**(121,600)**	**(305,700)**	**(99,400)**	**-**	**-**	**-**	**(7,200)**	**(533,900)**
Total capital and reserves	**(28,150)**	**(15,850)**	**(3,800)**	**-**	**-**	**-**	**1,550**	**(46,250)**

[NOTE: The above 6 currencies are the minimum that must be included by the syndicates as these are the 6 currencies presented by Lloyd's. Syndicates can present other currencies in this table, however other currencies permitted to be included are limited to the 14 currencies in which FAL can be held. The 14 permitted currencies are: GBP, USD, EUR, CAN, AUS, JPY, ZAR, CHF, NOK, SEK, DKK, HKD, NZD, SGD, any other currency exposure should be presented as Other]

iv. Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), principally investment securities, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Syndicate holds a limited portfolio of equities which are subject to equity price risk. This exposure benefits members through the enhanced longer-term returns on equities compared with debt securities.

Equity price risks are managed by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments. The management ensures that the Syndicate's internal capital requirements are met at all times, as well as those mandated by the Syndicate's external regulators.

v. Sensitivity analysis to market risks

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the result before tax due to changes in fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account) and members' balances.

	20x2 Impact on results before tax £000	20x2 Impact on members' balances £000	20x1 Impact on results before tax £000	20x1 Impact on members' balances £000
Interest rate risk				
+ 50 basis points shift in yield curves	(4,280)	(4,280)	(3,625)	(3,625)
- 50 basis points shift in yield curves	4,180	4,180	3,540	3,540
Equity price risk				
5 percent increase in equity prices	1,400	1,400	900	900
5 percent decrease in equity prices	(1,400)	(1,400)	(900)	(900)

[In addition to interest rate risk and equity price risk included in the table above, Syndicates should report the impact of currency risk on results before tax and members' balances. The currency against which is the impact is assessed will vary by Syndicate depending on the chosen reporting currency.]

[A 10% increase (or decrease) in exchange rates, 5% increase (or decrease) in equity prices and a 50 basis point increase (or decrease) in yield curves have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year].

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

C. Capital management

[Syndicate should adapt the commentary below on capital management]

i. Capital framework at Lloyd's

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

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

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of **[Syndicate name]** is not disclosed in these financial statements.

ii. Lloyd's capital setting process

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicates on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis.

Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 20X2 was 35% (20X1: 35%) of the member's SCR 'to ultimate'.

iii. Provision of capital by members

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

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet on page 16, represent resources available to meet members' and Lloyd's capital requirements.

5. Analysis of underwriting result

An analysis of the underwriting result before investment return is presented in the table below:

20x2	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Direct insurance						
Accident and health	24,500	20,000	(6,000)	(7,300)	(600)	6,100
Motor (third party liability)	-	-	-	-	-	-
Motor (other classes)	-	-	-	-	-	-
Marine, aviation, and transport	50,000	48,000	(14,300)	(16,400)	(1,500)	15,800
Fire and other damage to property	80,000	76,000	(31,000)	(27,500)	1,200	18,700
Third party liability	150,000	142,000	(105,000)	(49,140)	(2,650)	(14,790)
Credit and suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	22,000	21,500	(15,000)	(7,500)	(1,250)	(2,250)
Life	-	-	-	-	-	-
Total direct insurance	**326,500**	**307,500**	**(171,300)**	**(107,840)**	**(4,800)**	**23,560**
Reinsurance acceptances	36,000	30,000	(15,000)	(5,200)	(500)	9,300
Total	**362,500**	**337,500**	**(186,300)**	**(113,040)**	**(5,300)**	**32,860**

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

20x2	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
Fire and damage to property of which is:						
Specialties	8,000	7,600	(3,100)	(2,750)	120	1,870
Energy	400	380	(155)	(138)	6	93
Third party liability of which is:						
Energy	30,000	28,400	(21,000)	(9,828)	(530)	(2,958)

20x1	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Direct insurance						
Accident and health	19,000	25,000	(6,000)	(7,300)	(1,100)	10,600
Motor (third party liability)	-	-	-	-	-	-
Motor (other classes)	-	-	-	-	-	-
Marine, aviation, and transport	58,400	68,400	(34,000)	(19,800)	(6,500)	8,100
Fire and other damage to property	75,000	78,500	(40,000)	(26,600)	1,800	13,700
Third party liability	155,000	181,500	(115,500)	(52,490)	(10,100)	3,410
Credit and suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	6,000	15,000	(6,000)	(5,200)	(3,200)	600
Life	-	-	-	-	-	-
Total direct insurance	**313,400**	**368,400**	**(201,500)**	**(111,390)**	**(19,100)**	**36,410**
Reinsurance acceptances	25,000	15,000	(9,000)	(6,100)	(1,700)	(1,800)
Total	**338,400**	**383,400**	**(210,500)**	**(117,490)**	**(20,800)**	**34,610**

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

20x1	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
Fire and damage to property of which is:						
Specialties	7,500	7,850	(4,000)	(2,660)	180	1,370
Energy	375	393	(200)	(133)	9	69
Third party liability of which is:						
Energy	36,300	23,100	(10,498)	(2,020)	682	11,264

No gains or losses were **[A gain[/loss] of £X was]** recognised in profit or loss during the year on buying reinsurance (20x1: **[nil]**).

The gross premiums written for direct insurance by location (where the contracts were concluded) is presented in the table below:

	20x2 £000	20x1 £000
United Kingdom	326,500	313,400
European Union Member States	-	-
US	-	-
Rest of the world	-	-
Total gross premiums written	**326,500**	**313,400**

6. Net operating expenses

	20x2 £000	20x1 £000
Acquisition costs	94,500	89,700
Change in deferred acquisition costs	(2,700)	3,630
Administrative expenses	12,340	16,060
Foreign exchange *[long-term business only]*	-	-
Members' standard personal expenses	8,900	8,100
Reinsurance commissions and profit participation	(6,500)	(4,200)
Net operating expenses	**106,540**	**113,290**

Total commissions for direct insurance business for the year amounted to:

	20x2 £000	20x1 £000
Total commission for direct insurance business	65,200	62,700

Administrative expenses include:

	20x2 £000	20x1 £000
Auditors' remuneration:		
fees payable to the Syndicate's auditor for the audit of these financial statements	210	200
fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	95	59
Impairment losses on debtors:		
arising out of direct insurance operations	30	20
arising out of reinsurance operations	20	10
Impairment losses on financial instruments:		
arising from instrument measured at amortised cost	-	-
arising from instruments measured as available for sale	-	-

7. *Key management personnel compensation*

The directors of **[the managing agent]** received the following aggregate remuneration charged to the Syndicate:

	20x2 £000	20x1 £000
Directors' emoluments	500	475
Fees	50	50

The active underwriter received the following aggregate remuneration charged to the Syndicate.

	20x2 £000	20x1 £000
Emoluments	150	145

The run-off manager received the following aggregate remuneration charged to the Syndicate.

	20x2 £000	20x1 £000
Emoluments	-	-

8. Staff numbers and costs

All staff are employed by the managing agent [/The syndicate and managing agent have no employees. Staff are employed by **[Name of service Company].** The average number of persons employed by the managing agent **[/service company],** but working for the Syndicate during the year, analysed by category, was as follows:

	Number of employees (whole number)	
	20x2	**20x1**
Administration and finance	8	5
Underwriting	20	24
Claims	25	22
Investments	3	2
Total	**56**	**53**

The following amounts were recharged by the managing agency **[/service company]** to the Syndicate in respect of payroll costs:

	20x2 £000	**20x1 £000**
Wages and salaries	6,500	6,000
Social security costs	750	700
Other pension costs	750	700
Other	-	-
Total	**8,000**	**7,400**

9. Investment return

	20x2 £000	20x1 £000
Interest and similar income		
From financial assets designated at fair value through profit or loss		
Interest and similar income	2,523	1,986
Dividend income	5,677	4,914
From financial assets classified as Available for Sale		
Interest and similar income	-	-
Dividend income	-	-
From financial assets at amortised cost		
Interest and similar income	-	-
Dividend income	-	-
Interest on cash at bank	-	-
Other income from investments		
From financial assets designated at fair value through profit or loss		
Gains on the realisation of investments	-	600
Losses on the realisation of investments	(250)	(150)
Unrealised gains on investments	-	100
Unrealised losses on the investments	(400)	-
Other relevant gains/(losses)	-	-
From financial assets at amortised cost		
Gains on the realisation of investments	-	-
Losses on the realisation of investments	-	-
Unrealised gains on investments	-	-
Unrealised losses on the investments	-	-
Other relevant gains/(losses)	-	-
Financial liabilities at amortised cost		
Interest expense	(10)	(10)
Other relevant gains	-	-
Other relevant losses	-	-
Investment management expenses	(400)	(350)
Total investment return	**7,140**	**7,090**
Transferred to the technical account from the non-technical account	7,140	7,090
Investment return on Funds in Syndicate	-	-
Impairment losses on debtors recognised in administrative expenses	(50)	(30)

[An investment return of £x was allocated to the technical account and … syndicate to include basis of allocation.../The investment return was wholly allocated to the technical account]

10. Distribution and open years of account

A [distribution to / collection from] members of [Indicate amount] will be proposed in relation to the closing year of account (20x0) (20x1: **[Indicate amount]** [distribution / collection] in relation to the closing year of account (20w9)).

The table below shows the current reporting year result (total comprehensive income/(loss)) of the years of account remaining open after the three-year period:

	20x2 £000	20x1 £000
20w1	10	40
20w2	20	30
20w3	30	20
20w4	40	10
20w5	-	-
20w6	-	-
20w7	-	-
20w8	-	-
20w9	-	-
20x0	-	-

11. Financial investments

	Carrying value		Cost	
	20x2 £000	20x1 £000	20x2 £000	20x1 £000
Shares and other variable yield securities and units in unit trusts	123,000	88,000	88,000	77,180
Debt securities and other fixed income securities	155,000	156,000	171,000	136,820
Participation in investment pools	-	-	-	-
Loans secured by mortgages	-	-	-	-
Loans and deposits with credit institutions	85,000	60,000	85,000	60,000
Derivative assets	2,600	5,700	-	-
Syndicate loans to central fund	-	-	-	-
Other investments	18,400	10,300	17,450	9,320
Total financial investments	**384,000**	**320,000**	**361,450**	**283,320**

[The Syndicate has pledged [£000] of financial instruments, primarily debt and other fixed income securities, as collateral against derivatives used for hedging. The pledged assets … terms and conditions relating to pledge].

Included in the carrying values above are listed investments as follows:

	20x2 £000	20x1 £000
Listed investments	1,000	500

The table below presents an analysis of financial investments by their measurement classification:

	20x2 £000	20x1 £000
Financial assets measured at fair value through profit or loss	299,000	260,000
Financial assets measured at fair value as available for sale	-	-
Financial assets measured at amortised cost	85,000	60,000
Total financial investments	**384,000**	**320,000**

Included within [category] above are financial instruments with a carrying amount of [X (20x1: Y) which would otherwise be required to be measured at fair value, but for which a reliable measure of fair value is no longer available. *These instruments are primarily [type of instrument] and a reliable measure of fair value is not available because […].*

The table below analysis the derivative assets and liabilities by type:

	20x2 Notional amount £000	20x2 Fair value £000	20x1 Notional amount £000	20x1 Fair value £000
Foreign exchange forward contracts	8,000	1,500	9,000	1,700
Interest rate future contracts	-	-	-	-
Foreign exchange future options	6,000	1,100	12,700	4,000
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	-
Total	**14,000**	**2,600**	**21,700**	**5,700**

[Syndicates to disclose for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.]

As the Syndicate is fully aligned, the Syndicate holds the capital supporting their underwriting in their Syndicate's premium trust funds. These funds are known as funds in syndicate (FIS). At 31 December 20x2, the following amount was held as funds in syndicate:

	20x2 £000	20x1 £000
Funds in Syndicate (FIS)	1,000	500
Total funds in syndicate	1,000	500

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1** – financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- **Level 2** – financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions.

For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

- **Level 3** – financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

The table below analyses financial instruments held at fair value in the Syndicate's balance sheet at the reporting date by its level in the fair value hierarchy:

20x2	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts	60,520	21,120	41,360	-	123,000
Debt securities and other fixed income securities	75,480	26,880	52,640	-	155,000
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	85,000	85,000
Derivative assets	-	-	2,600	-	2,600
Syndicate loans to central fund	-	-	-	-	-
Other investments	12,800	1,200	4,400	-	18,400
Total financial investments	**148,800**	**49,200**	**101,000**	**85,000**	**384,000**
Derivative liabilities	-	-	-	-	-
Total	**148,800**	**49,200**	**101,000**	**85,000**	**384,000**

20x1	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts	39,600	12,600	35,800	-	88,000
Debt securities and other fixed income securities	70,400	22,400	63,200	-	156,000
Participation in investment pools	-	-	-	-	-
Loans secured by mortgages	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	60,000	60,000
Derivative assets	-	-	5,700	-	5,700
Syndicate loans to central fund	-	-	-	-	-
Other investments	8,000	1,000	1,300	-	10,300
Total financial investments	**118,000**	**36,000**	**106,000**	**60,000**	**320,000**
Derivative liabilities	-	-	-	-	-
Total	**118,000**	**36,000**	**106,000**	**60,000**	**320,000**

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. Units in unit trusts and OEICs are valued using the latest unit price or share price provided by the unit trust or OEIC managers. Shares and other variable securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured at prices of recent transactions in the same instrument. The Syndicate has no exposure to hedge funds.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

The derivative assets and liabilities held at the reporting date comprise over-the-counter US Dollar forward foreign exchange contracts with a notional amount of **[Indicate amount]** (20x1: **[Indicate amount].** These derivatives are valued using **[observable prices…/valuation techniques….]** and are classified as **[level 2/level 3]** in the fair value hierarchy.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events.

At the reporting date Level 1 and Level 2 financial assets and liabilities were valued using valuation techniques based on observable market data. All of the investments categorised as Level 3 are fair valued based on the inputs to the valuation technique used.

[Where valuation techniques are used to determine fair value syndicates are required under FRS 102.11.43 to disclose the assumptions applied in determining fair values of each class of financial assets or financial liabilities (e.g., if applicable, syndicate discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates)]

[Where fair value of the instruments and other assets has been determined other than by reference to market value syndicates should provide disclosure of the fair valuation techniques used.]

[FRS 104.16A(j) requires the disclosure of financial investments by fair value hierarchy at interim, with reference to the disclosure requirements of FRS 102 paragraphs 11.43, 11.48A(e), and 34.22, where applicable. This disclosure is not reported at the Lloyd's aggregate level at interim, therefore, compliance with FRS 104.16A(j) in the Syndicate interim accounts is optional.]

12. Debtors arising out of direct insurance operations

	20x2 £000	20x1 £000
Due within one year	45,100	40,000
Due after one year	8,000	7,300
Total	**53,100**	**47,300**

13. Debtors arising out of reinsurance operations

	20x2 £000	20x1 £000
Due within one year	33,000	33,000
Due after one year	2,100	1,700
Total	**35,100**	**34,700**

14. Other debtors

	20x2 £000	20x1 £000
Inter syndicate balances	-	-
Other related party balances (non-syndicate)	-	-
Amounts due from members	-	-
Other	1,200	4,500
Total	**1,200**	**4,500**

15. Deferred acquisition costs

The table below shows changes in deferred acquisition costs assets from the beginning of the period to the end of the period:

	20x2			20x1		
	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
Balance at 1 January	27,200	-	27,200	30,730	-	30,730
Incurred deferred acquisition costs	94,500	-	94,500	89,700	-	89,700
Amortised deferred acquisition costs	(91,800)	-	(91,800)	(93,330)	-	(93,330)
Foreign exchange movements	100	-	100	100	-	100
Other	-	-	-	-	-	-
Balance at 31 December	**30,000**	-	**30,000**	**27,200**	-	**27,200**

16. Tangible fixed assets

	20x2				20x1			
	Fixtures and fittings	Computer equipment	Other	Total	Fixtures and fittings	Computer equipment	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 January	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
At 31 December	-	-	-	-	-	-	-	-
Depreciation								
At 1 January	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
At 31 December	-	-	-	-	-	-	-	-
Carrying amount at 31 December	-	-	-	-	-	-	-	-

17. Claims development

The following tables illustrate the development of the estimates of earned ultimate cumulative claims incurred, including claims notified and IBNR, for each successive underwriting year, illustrating how amounts estimated have changed from the first estimates made.

As these tables are on an underwriting year basis, there is an apparent large increase from amounts reported for the end of the underwriting year to one year later as a large proportion of premiums are earned in the year of account's second year of development.

Balances have been translated at exchange rates prevailing at 31 December 20x2 in all cases.

Gross:

Pure underwriting year	20w3 £000	20w4 £000	20w5 £000	20w6 £000	20w7 £000	20w8 £000	20w9 £000	20x0 £000	20x1 £000	20x2 £000	Total £000
Estimate of gross claims											
at end of underwriting year	-	-	-	113,000	124,000	136,000	109,000	103,000	129,000	185,000	
one year later	-	-	-	175,000	181,000	189,000	173,000	153,000	183,000	-	
two years later	-	-	-	181,000	181,000	184,000	175,000	169,000	-	-	
three years later	-	-	-	180,000	177,000	186,000	173,000	-	-	-	
four years later	-	-	-	178,000	176,000	186,000	-	-	-	-	
five years later	-	-	-	178,000	173,000	-	-	-	-	-	
six years later	-	-	-	173,000	-	-	-	-	-	-	
seven years later	-	-	-	-	-	-	-	-	-	-	
eight years later	-	-	-	-	-	-	-	-	-	-	
nine years later	-	-	-	-	-	-	-	-	-	-	
Estimate of gross claims reserve	**-**	**-**	**-**	**173,000**	**173,000**	**186,000**	**173,000**	**169,000**	**183,000**	**185,000**	**1,242,000**
Provision in respect of prior years											**182,000**
Less gross claims paid	**-**	**-**	**-**	**(157,000)**	**(154,000)**	**(165,000)**	**(149,000)**	**(144,000)**	**(119,000)**	**(109,000)**	**(997,000)**
Gross claims reserve	**-**	**-**	**-**	**16,000**	**19,000**	**21,000**	**24,000**	**25,000**	**64,000**	**76,000**	**427,000**

Net:

Pure underwriting year	20w3 £000	20w4 £000	20w5 £000	20w6 £000	20w7 £000	20w8 £000	20w9 £000	20x0 £000	20x1 £000	20x2 £000	Total £000
Estimate of net claims											
at end of underwriting year	-	-	-	75,000	81,000	79,000	83,000	73,000	86,000	92,000	
one year later	-	-	-	108,000	109,000	134,000	119,000	102,000	130,000	-	
two years later	-	-	-	108,000	111,000	131,000	120,000	82,000	-	-	
three years later	-	-	-	106,000	105,000	132,000	119,000	-	-	-	
four years later	-	-	-	105,000	102,000	132,000	-	-	-	-	
five years later	-	-	-	103,000	115,000	-	-	-	-	-	
six years later	-	-	-	104,000	-	-	-	-	-	-	
seven years later	-	-	-	-	-	-	-	-	-	-	
eight years later	-	-	-	-	-	-	-	-	-	-	
nine years later	-	-	-	-	-	-	-	-	-	-	
Estimate of net claims reserves	-	-	-	**104,000**	**115,000**	**132,000**	**119,000**	**82,000**	**130,000**	**92,000**	**774,000**
Provision in respect of prior years											**104,000**
Less net claims paid	-	-	-	**(86,000)**	**(96,000)**	**(116,000)**	**(98,000)**	**(65,000)**	**(95,000)**	**(40,000)**	**(596,000)**
Net claims reserve	-	-	-	**18,000**	**19,000**	**16,000**	**21,000**	**17,000**	**35,000**	**52,000**	**282,000**

18. Technical provisions

The table below shows changes in the insurance contract liabilities and assets from the beginning of the period to the end of the period.

	20x2			20x1		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions £000	Reinsurance assets £000	Net £000
Claims outstanding						
Balance at 1 January	359,300	(108,300)	251,000	294,300	(71,800)	222,500
Claims paid during the year	(120,000)	32,000	(88,000)	(147,000)	41,000	(106,000)
Expected cost of current year claims	186,300	(68,200)	118,100	210,500	(77,000)	133,500
Change in estimates of prior year provisions	-	-	-	-	-	-
Discount unwind	-	-	-	-	-	-
Foreign exchange movements	1,400	(500)	900	1,500	(500)	1,000
Other	-	-	-	-	-	-
Balance at 31 December	**427,000**	**(145,000)**	**282,000**	**359,300**	**(108,300)**	**251,000**

The unwind of discount has been included within the statement of profit or loss – technical account – within **[indicate which line item – i.e. claims incurred].**

	20x2			20x1		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions £000	Reinsurance assets £000	Net £000
Unearned premiums						
Balance at 1 January	100,600	(13,650)	86,950	145,100	(25,500)	119,600
Premiums written during the year	362,500	(87,000)	275,500	338,400	(90,000)	248,400
Premiums earned during the year	(337,500)	80,000	(257,500)	(383,400)	102,000	(281,400)
Foreign exchange movements	(50)	-	(50)	500	(150)	350
Other	-	-	-	-	-	-
Balance at 31 December	**125,550**	**(20,650)**	**104,900**	**100,600**	**(13,650)**	**86,950**

	20x2			20x1		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions £000	Reinsurance assets £000	Net £000
Long term business provisions						
Balance at 1 January	-	-	-	-	-	-
Movements in provision	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**	**-**	**-**

Refer to Note 4 for the sensitivity analysis performed over the value of insurance liabilities, disclosed in the accounts, to potential movements in the assumptions applied within the technical provisions.

19. Provisions for other risks

	20x2 £000	20x1 £000
Balance at 1 January	-	-
Additions during the year	-	-
Unwind of discount	-	-
Amounts utilised	-	-
Unused amounts reversed to the profit and loss account	-	-
Foreign exchange movements	-	-
Other	-	-
Balance at 31 December	-	-

[Provide narrative description of the types of provisions included in the above including the information required by FRS 102.21.14]

20. Discounted claims

Discounting may be applied to claims provisions where there are individual claims with structured settlements that have annuity-like characteristics, or for books of business with mean term payment greater than four years from the accounting date.

The claims have been discounted as follows:

	Average discounted rates (%)		Average mean term of liabilities (Years)	
	20x2	20x1	20x2	20x1
Class of business				
Accident and health	-	-	-	-
Motor (third party liability)	3.0%	4.0%	7.0	9.0
Motor (other classes)	2.0%	4.0%	12.5	10.0
Marine, aviation, and transport	-	-	-	-
Fire and other damage to property	-	-	-	-
Third party liability	3.5%	2.0%	12.5	10.0
Credit and suretyship	-	-	-	-
Legal expenses	-	-	-	-
Assistance	-	-	-	-
Miscellaneous	-	-	-	-
Life	-	-	-	-

The period that will elapse before claims are settled is determined using impaired life mortality tables. The claims provision before and after discounting are as follows:

	Undiscounted claims		Effect of discounting		After discounting	
	20x2 £000	20x1 £000	20x2 £000	20x1 £000	20x2 £000	20x1 £000
Gross claims provisions	439,810	370,079	(12,810)	(10,779)	427,000	359,300
Reinsurers share of total claims	(149,350)	(111,549)	4,350	3,249	(145,000)	(108,300)
Net claims provisions	**290,460**	**258,530**	**(8,460)**	**(7,530)**	**282,000**	**251,000**

21. Creditors arising out of direct insurance operations

	20x2 £000	20x1 £000
Due within one year	44,455	32,470
Due after one year	7,845	5,730
Total	**52,300**	**38,200**

22. Creditors arising out of reinsurance operations

	20x2 £000	20x1 £000
Due within one year	25,120	23,970
Due after one year	6,280	4,230
Total	**31,400**	**28,200**

23. Other creditors

	20x2 £000	20x1 £000
Inter syndicate balances	-	-
Profit commissions payable	2,500	1,100
Other related party balances (non-syndicates)	-	-
Derivative liabilities	-	-
Other liabilities	900	900
Total	**3,400**	**2,000**

24. Cash and cash equivalents

	20x2 £000	20x1 £000
Cash at bank and in hand	8,000	19,000
Short term debt instruments presented within other financial investments	-	-
Deposits with credit institutions	-	-
Bank overdrafts	(3,000)	(2,500)
Total cash and cash equivalents	**5,000**	**16,500**

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents. **[Cash at bank and in hand above excludes £xm, which is presented as cash at bank and in hand in the balance sheet but relates to amounts held in accounts with more than three-month maturity from origination.]**

Included within cash and cash equivalents are the following amounts which are not available for use by the Syndicate because…**[reason – should include regulated bank accounts in overseas jurisdictions]**

	20x2 £000	20x1 £000
Cash at bank and in hand	40	20
Short term debt instruments presented within other financial investments	-	-
Deposits with credit institutions	60	12
Bank overdrafts	-	-
Total cash and cash equivalents not available for use by the syndicate	100	32

25. Analysis of net debt

	At 1 January 20x2	Cash flows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 20x2
Cash and cash equivalents	16,500	(6,650)	-	(4,850)	-	5,000
Derivative financial liabilities	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**16,500**	**(6,650)**	**-**	**(4,850)**	**-**	**5,000**

26. Related parties

[Syndicate to provide details of related party disclosures – For reference: The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 states that the information required by paragraph 90 of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 must be given by the managing agent relating to any transactions entered into by the managing agent on behalf of the syndicate and must in addition identify any related party who is an insurance or reinsurance intermediary together with particulars of the amount of any material transactions with these related parties if they are concluded otherwise than under normal market conditions. Where there are no transactions with related insurance or reinsurance intermediaries requiring disclosure under paragraph 90 this fact should be disclosed.

Material transactions with the managing agent (and related undertakings of the managing agent), including any profit commission and other fees payable; with syndicate participants (and related undertakings of syndicate participants) including reinsurance arrangements; loans and other transactions with directors and other key management personnel of the managing agent; and any relationships with other Lloyd's of London Market groups where the NED has more than one appointment should be disclosed. The disclosures shall include the amount of the transactions and any outstanding balances including the terms of conditions for their repayment.]

These disclosure requirements are in addition to the requirement to disclose key management personnel compensation. This disclosure is given in note **[xx].**

27. Off-balance sheet items

[Unless the possibility of any outflow of resources is remote, if the syndicate has been party to arrangements that are not reflected in its balance sheet, and at the balance sheet date the risks or benefits arising from those arrangements are material, then the syndicate must disclose the nature and business purpose of the arrangements and the financial impact of the arrangements on the syndicate. The information should be given to the extent necessary for enabling the financial position of the syndicate to be assessed.]

28. Post balance sheet events

The amounts that are proposed to be transferred to members are disclosed in note **[xx]**. *[Disclose the nature and estimated financial effect of any non-adjusting post-balance sheet events]*

29. Contingencies and commitments

[Syndicate to disclose any contingencies and commitments]

30. Foreign exchange rates

The following currency exchange rates have been used for principal foreign currency transactions (reported to 2dp):

	20x2			20x1		
	Start of period rate	End of period rate	Average rate	Start of period rate	End of period rate	Average rate
Sterling	1.00	1.00	1.00	1.00	1.00	1.00
Euro	1.11	1.12	1.13	1.15	1.11	1.13
US dollar	1.27	1.37	1.28	1.41	1.27	1.34
Canadian dollar	1.74	1.74	1.72	1.72	1.74	1.73
Australian dollar	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-

31. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ('FAL'). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority requirements and resource criteria. The determination of FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these Financial Statements by way of such capital resources. However, the Managing Agent is able to make a call on the Member's FAL to meet liquidity requirements or to settle losses.

Appendix:
Disclosure notes and accounting reference

Disclosure notes	Accounting reference	Table	Collect at Interim	Interim reporting period (Current)	Interim reporting period (Prior)
Managing Agent's report	LR Sch1 8(1)(b) LR Sch1 9(1) LR Sch1 9(2)(b), LR Sch1 10 LR Sch1 8(2)(b) LR Sch1 8(1)(a) LR Sch1 11	N/A	Yes	Six months ending 30 June 20x2	N/A
Statement of Managing Agent's responsibilities		N/A	Yes	Six months ending 30 June 20x2	N/A
Auditor's report	LR Sch1 12(1)	N/A	Yes (review report)	Six months ending 30 June 20x2	N/A
Statement of profit or loss – technical account	LR Sch1 1(2)(b) Sch3 P&L format FRS 102.3.17 FRS 102.5.7E FRS 104.8A FRS 104.20(b)	Statement	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
Statement of profit or loss – Non-technical account	LR Sch1 1(2)(b) Sch3 P&L format FRS 102.3.17 FRS 102.5.7E FRS 103.2.32 FRS 104.8A FRS 104.20(b)	Statement	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
Statement of OCI	FRS 102.3.17 FRS 102.3.19 FRS 104.8A FRS 104.20(b)	Statement	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
Balance sheet	LR Sch1 1(2)(a) Sch3 BS Format FRS 104.20(a)	Statement	Yes	As at 30 June 20x2	As at 31 December 20x1

Disclosure notes	Accounting reference	Table	Collect at Interim	Interim reporting period (Current)	Interim reporting period (Prior)
Statement of changes in members' balances	Best practice	Statement	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
Statement of cash flows	FRS 102.7.1 FRS 104.8(d)	Statement	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
Note 1 – Basis of preparation	FRS 102.3.24(a), LR 5(3)(b), FRS 102.3.3, FRS 102.8.5(a), FRS 102.3.23 (d),(e) FRS 104.19	None	Yes	Six months ending 30 June 20x2	N/A
Note 2 – Use of judgements and estimates	FRS 102.8.6,7, IG2.10 FRS 104.16A(d) FRS 104.41	None	Yes	Six months ending 30 June 20x2	As at 31 December 20x1
Note 3 – Significant accounting policies	FRS 102.8.5(b) FRS 104.16A(a)	None	Yes	Six months ending 30 June 20x2	As at 31 December 20x1
Note 4 – Risk and capital management	FRS 102.34.21 FRS 102.34.23 FRS 102.34.24 FRS 102.34.25 FRS 102.34.26(a) FRS 102.34.24 FRS 102.34.28 FRS 102.34.24 FRS 102.34.29 FRS 102.34.31 MB Y4856	General insurance business sensitivities	No	-	-
		Exposure to credit risk by rating	No	-	-
		Financial assets that are past due or impaired	No	-	-
		Movement in impairment allowance	No	-	-
		Aged analysis of past due but not impaired assets	No	-	-
		Analysis of liabilities by duration	No	-	-
		Analysis of balance sheet by currency	No	-	-
		Sensitivities to market risks	No	-	-

Disclosure notes	Accounting reference	Table	Collect at Interim	Interim reporting period (Current)	Interim reporting period (Prior)
Note 5 – Analysis of underwriting result	Sch3 85 Sch3 87 (1) FRS 102.1.5 FRS 103 4.5	Analysis of result by segment	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
		Geographical split of premiums by origination	No	-	-
Note 6 – Net operating expenses	FRS 103.4.6 Sch 3 88 LR Sch 2	Net operating expenses by type	Yes	Six months ending 30 June 20x2	Six months ending 30 June 20x1
		Direct commission	No	-	-
		Auditors remuneration	No	-	-
Note 7 – Key management personnel compensation	LR Sch1 5 FRS 102.33.6	Directors emoluments	No	-	-
		Active underwriter emoluments	No	-	-
		Run off manager emoluments	No	-	-
Note 8 – Staff numbers and costs	LR Sch1 4 S.411(1) S.411(5)	Staff numbers by type	No	-	-
		Staff costs by type	No	-	-
Note 9 – Investment return	Sch 3 P&L format FRS 102.11.48 (a) FRS 102.11.48 (b) FRS 102.11.48 (c)	Investment return	No	-	-
Note 10 – Distribution and open years	Required by Lloyd's	Distribution on open years	No	-	-
Note 11 – Financial investments	Sch3 BS Sch3 73 Sch3 72 FRS 102.11.41 FRS 102.11.27 FRS 102.34.22 FRS 102.11.43 Sch3 73(2)(c) FIS - required by Lloyds	Investment by asset type	Yes	As at 30 June 20x2	As at 31 December 20x1
		Investments by measurement classification	No	-	-
		Derivatives by type	No	-	-
		Funds in syndicate table	Yes	As at 30 June 20x2	As at 31 December 20x1
		Asset by FV hierarchy classification	No	-	-

Disclosure notes	Accounting reference	Table	Collect at Interim	Interim reporting period (Current)	Interim reporting period (Prior)
Note 12 – Debtors arising out of direct insurance operations	FRS 102.4.4A	Split by one year, > one year	No	-	-
Note 13 – Debtors arising out of reinsurance operations	FRS 102.4.4A	Split by one year, > one year	No	-	-
Note 14 – Other debtors	Required by Lloyds	Analysis of other debtors	Yes	As at 30 June 20x2	As at 31 December 20x1
Note 15 – DAC	FRS 103.4.5(d)	Movement analysis	No	-	-
Note 16 – Tangible fixed assets	FRS 102.17.31(e)	Movement in fixed asset	No	-	-
Note 17 – Claims development	FRS 103.4.8(b)(iii)	Development triangle – Gross	No	-	-
		Development triangle – Net	No	-	-
Note 18 – Technical provisions	FRS 103.4.5(d)	Claims movement analysis	No	-	-
		UPR movement analysis	No	-	-
		Long term business provision movement analysis	No	-	-
Note 19 – Provisions for other risks	FRS 102.21.14	Provisions movement analysis	No	-	-
Note 20 – Discounted claims	FRS 103.4.5(b)	Discount rates and mean terms	No	-	-
		Discounted claims values	No	-	-
Note 21 – Creditors arising out of direct insurance operations	FRS 102.4.4.7	Split by one year, > one year	No	-	-
Note 22 – Creditors arising out of reinsurance operations	FRS 102.4.4.7	Split by one year, > one year	No	-	-
Note 23 – Other creditors	Required by Lloyd’s	Other creditors by type	Yes	As at 30 June 20x2	As at 31 December 20x1
Note 24 – Cash and cash equivalents	FRS 102.7.20	Analysis by type	Yes	As at 30 June 20x2	As at 31 December 20x1

Disclosure notes	Accounting reference	Table	Collect at Interim	Interim reporting period (Current)	Interim reporting period (Prior)
	FRS 102.7.21	Cash not available for use	Yes	-	-
Note 25 – Analysis of net debt	FRS 102.7.22	Analysis of net debt movement	No	-	-
Note 26 – Related parties	LR Sch1 1(5), (6) FRS 102.33.1 FRS 104.15B	None	Yes	Six months ending 30 June 20x2	As at 31 December 20x1
Note 27 – Off-balance sheet items	LR Sch1 7 FRS 102.21.15	None	No	-	-
Note 28 – Post balance sheet events	FRS 102.32.10 FRS 104.16A(h)	None	Yes	-	-
Note 29 – Contingencies and commitments	FRS 102.21.15	None	No	-	-
Note 30 – Foreign exchange rates	Required by Lloyd's	Summary of currency rates used	Yes	Start of period: 1 Jan 20x2 End of period: 30 Jun 20x2 Average: Six months ending 30 June 20x2	Start of period: 1 Jan 20x1 End of period: 30 Jun 20x1 Average: Six months ending 30 June 20x1
Note 31 – FAL	Best practice	None	No	-	-

Supplementary Information: Change Log

Version	Note	Section	Change	Change Implemented	Rationale
V3.1	-	Managing Agent's report	Addition	Guidance added to confirm disclosure requirements at interim.	Updated per Q2 2025 FAQs – A6
V3.1	-	Statement of managing agent's responsibilities	Update	Updated to include illustrative wording re: Lloyd's instructions and tagging, and the signing requirement	Updated per Q2 2025 FAQ – A5, B1
V3.1	-	Appendix	Update	Note 24 updated to reflect the requirement to report 'cash not available for use' at interim in addition to annual reporting periods	Updated to meet requirements set out in FRS 102 7.21 in the interim accounts
V3.1	-	Appendix	Update	Note 24 updated to reflect the comparative period as 31 December 20X1	Updated per Q2 2025 FAQ – A1
V3.1	1. Basis of preparation	-	Update	Wording updated to reflect that FRS 104 compliance is required except where the instructions state a disclosure is optional.	Updated per Q2 2025 FAQs – A3
V3.1	3. Significant accounting policies	-	Addition	Guidance added to confirm disclosure requirements at interim.	Updated per Q2 2025 FAQ – A2
V3.1	-	Appendix	Update	Note 3 accounting reference has been updated to correctly reference FRS 104.16A(a).	Updated per Q2 2025 FAQs – A4
V3.1	-	Cash flow statement	Update	Presentational amendments to correctly display brackets for (increase)/decrease in relation to debtors and reinsurers' share of gross technical provisions	Updated to correct presentation
V3.1	Note 5	Analysis of underwriting result	Update	Illustrative figures updated to be more reflective of the split historically reported by the market based on location where contract is concluded	Update to improve guidance
V3.1	Note 11	Financial investments	Update	Disclosure of current and comparative figures for listed investments included within financial investments has been moved from narrative to a table to reflect that it is a mandatory disclosure (and therefore should also be tagged).	Updated to reflect that this disclosure is mandatory
V3.1	Note 11	Financial Investments	Addition	Guidance added to confirm interim disclosure requirements for fair value hierarchy disclosures.	Updated per Q2 2025 FAQ – A3