HELIOS UNDERWRITING

Income & growth from exposure to Lloyd's market

Helios Underwriting plc

Annual report and financial statements 2021

Introduction

Generating value from consolidation at Lloyd’s

Helios Underwriting is building a portfolio of capacity at Lloyd’s by acquiring Limited Liability Vehicles owned by private individuals. This portfolio offers investors income which is uncorrelated to equity and debt market cycles.

Delivering our strategy

The vision
To grow our capacity fund
- Building stakes in the “best at Lloyd’s”
- Continued participation on the better managed syndicates
- Continued outperformance of the fund against Lloyd’s market

The opportunity
- Continue to build the capacity portfolio
- Take advantage of much improved market conditions

What sets us apart
- **Growth**
  Addressable market of £1.5bn of LLVs for acquisition
- **First mover advantage**
  High barriers to entry
- **Expertise**
  A management team deeply experienced and networked in Lloyd’s
- **Uncorrelated to equity market movements**
  Exposure to Lloyd’s, the world’s prime insurance market
- **Success to date**
  Has outperformed Lloyd’s by 6% over the last five closed years of account

Highlights

- 111% increase in the capacity portfolio
- Total comprehensive income for the year of £4.9m (2020: £4.3m)
- Helios retained capacity for 2022 open underwriting year of £171.9m (2021 year of account: £58.7m)
- Net tangible asset value of £1.57 per share (2020: £1.51 per share)
- Stop loss in 2022 continues to protect the downside and provides underwriting capital support

Total comprehensive income (£’000)

£4,932

Net tangible asset value per share – basic (£)

£1.57

Value of capacity fund (WAV) (£m)

£59.8

Growth in capacity (£m)

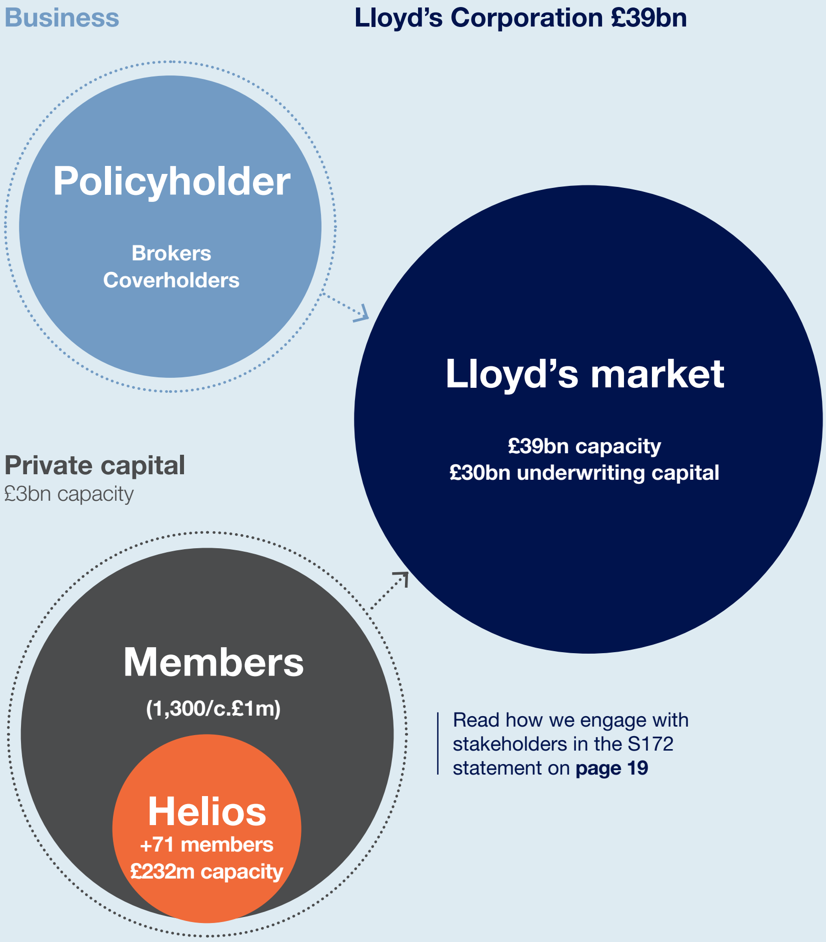
£232.7

Visit our investor website at **huwplc.com** for the latest Company news and announcements.

Taking advantage of market conditions

Our unique business model

Capturing and simplifying capacity at Lloyd's



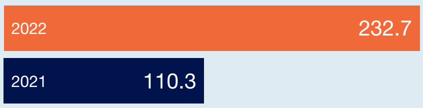
Read how we engage with stakeholders in the S172 statement on **page 19**

Additional funds secured

£54m

Underwriting capacity of the current 2022 portfolio (£m)

£232.7m



193%

Increase in retained capacity

93.9%

Portfolio combined ratio

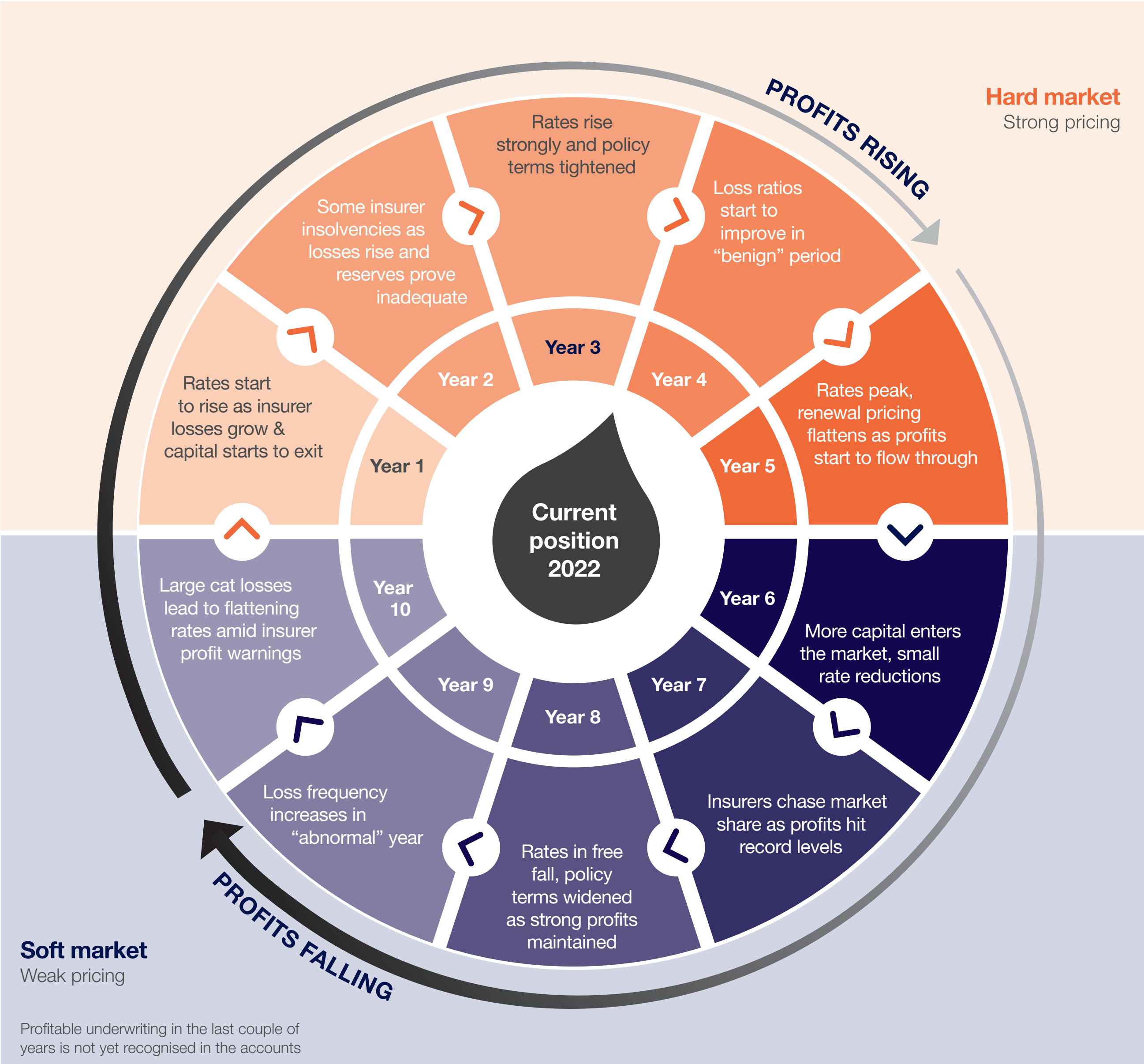
What sets us apart

- Helios is the only listed corporate purchaser acquiring capacity from exiting names
- Limited window of opportunity
- Remaining names comprise £2–3bn of Lloyd's capacity
- Returns on average 4.9% better than the Lloyd's market for last three years of account
- Requires deep knowledge of and contacts within Lloyd's
- Significant barriers to entry for prospective competitors
- Unrivalled senior management contacts and experience

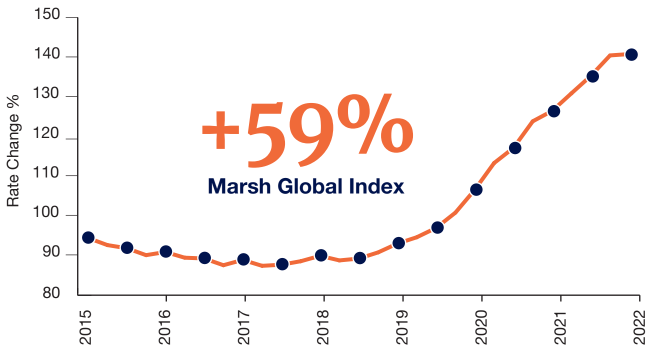
Market conditions

- Three years of underwriting losses has accelerated improvement in terms and conditions
- Prospects for profitable underwriting improve
- Further pre-emptions expected as syndicates seek to take advantage of improved underwriting conditions
- Ukraine losses will maintain pricing discipline

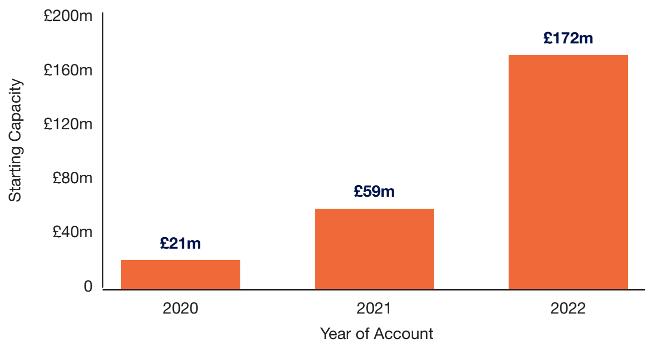
Impact of the insurance cycle



Cumulative rate change since 2015



Change in Retained Capacity – as at 1 January



Recent strong rate rises now starting to flow through to profits

Insurance is a cyclical business with a clear rise and fall in profit levels through the cycle which typically runs over a ten-to-twelve-year period. As with other business cycles it is driven by availability of capital but unlike most other cyclical industries the turn in the cycle is often accelerated by catastrophic insured losses rather than the wider economic conditions. This means that insurance profits are relatively uncorrelated with the performance of other financial markets.

In contrast to many other cyclical industries there is a significant lag between achieving good pricing increases and the feed through to profits. When insurers put up prices it will take at least 12 months to implement as policy renewals come up through the year. The premium booked is earned through the lifetime of the policy, this is generally at least 12 months and sometimes much longer. It can take longer still for the claims to be filed and settled and so it is often three or more years for the impact of rising prices to reach the bottom line. Similarly, profits tend to continue to rise even after rates peak and start to fall in the softening market stage of the cycle.

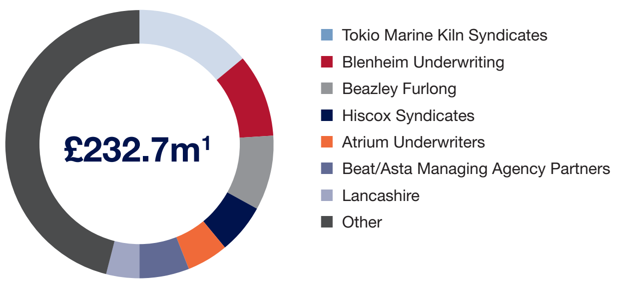
A standardised insurance cycle is illustrated above. At the present time we are positioned at the point shown where rates have been rising for some time and there are the early signs that the higher premiums are starting to feed through to profits. This was evidenced by the 2021 GAAP result for the overall Lloyd's market, released at the end of March, which showed an improvement in the combined ratio of 93.5% for the year, down from 110.3% in 2020. Based on the improving pricing trends of recent years and on experience of previous cycles there is an expectation that the Lloyd's market profits should improve further and remain strong over the medium term.

Global insurance pricing started to recover at the end of 2017 and rates are now up some 59% from their low point

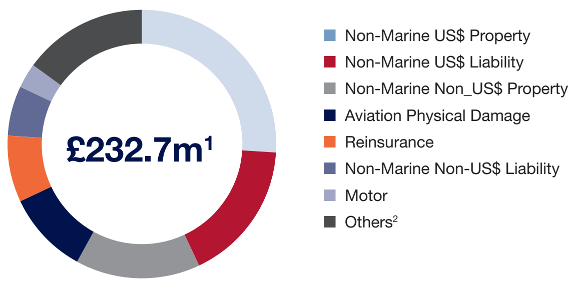
Marsh Inc, the world's largest insurance broker, publishes a quarterly report on the trends in insurance rates. The most recent report shows that, globally, pricing is continuing to rise strongly (11% year on year) after nearly five years of rate increases and are now 59% above their 2017 low. Pricing is particularly strong in the USA where Lloyd's writes much of its business.

The insurance cycle starts to turn up when a squeeze in profits starts to drive out capital from the industry. There is often a catalyst that accelerates the pricing trend, in many cases this might be a major natural catastrophe such as an earthquake or hurricane which drives the fear/greed equation in market players decisively in favour of fear. An unexpected and unmodelled major loss event can be even more effective at shrinking market capacity and driving rates. In recent years the terrorist attack on the World Trade Centre in 2001 is an example of this. Many providers of capital to the insurance market believe that they can model risk and returns with an unrealistic degree of accuracy and such events are a stark reminder that they can't. In the current cycle the hard to quantify losses from the Covid 19 pandemic, a surge in ransomware claims in the cyber market and the losses arising from the Russia / Ukraine conflict are all reminders of the limitations of risk modelling and the need for comprehensive insurance. At the same time uncertainties surrounding the impact of climate change on floods, hurricanes and wildfires are raising doubts about the accuracy of well-established catastrophe models and limiting the appetite of capital providers. These factors are helping to ensure that the current hardening market will stay stronger for longer.

Capacity exposure by syndicate



Capacity exposure by business line



Source: Company Information

1 Represents capacity at as 1 January 2022.

2 Consists of Energy Marine, Pecuniary Loss (with/without financial guarantee), Personal Accidents, Marine Cargo, Energy Non-Marine, Marine Physical Damage, Aviation Liability and Marine Liability.

Fifth year of rating improvement

“Increased retained capacity at the right time in the cycle.”

Michael Cunningham
Non-executive Chairman

£4.9m
Total comprehensive income of £4.9m (2020: £4.3m)

£1.57
Net tangible asset value at £1.57 per share (2021: £1.51)

3p
A final dividend of 3p per share is being recommended (2020: 3p)

£1.78
Capital employed per share of £1.70

In summary

- Total comprehensive income of £4.9m (2020: £4.3m)
- Net tangible asset value at £1.57 per share (2020: £1.51)
- A final dividend of 3p per share is being recommended (2020: 3p)
- Capital employed per share of £1.78 (2020: £1.70)
- Successful equity raise from new investors to raise £54m in April 2021
- The capacity retained by Helios increased to £172m (2020: £59m) an increase of over 193%
- 28 LLVs were acquired in 2021 (five in 2020) for a total consideration of £27.3m (£10m in 2020)
- Cumulative rate increases since 1 January 2017 in excess of 50% for the Helios portfolio

Glossary of terms

Freehold capacity
The right to permanently participate in underwriting on a particular syndicate. As the capital base grows the freeholder has pre-emptive rights to participate. These rights are free but have instant value in the market. Freehold capacity can be traded and valued in the Lloyd's annual auction in the autumn.

Quota share reinsurance
A reinsurance company effectively lease capacity for a fee. They supply the funds at Lloyd's and benefit from any rewards. They also bear the risk. This arrangement can be adjusted easily and is a good way of increasing or decreasing risk at various stages in the cycle.

The board is pleased to announce results for the year ended 31 December 2021. The total comprehensive income for the year was £4.9m (2020: £4.3m), and the net tangible asset value of the Group has increased to £1.57 per share (2020: £1.51). Although these results show a pre-tax loss, they included the profit on the revaluation of capacity but do not reflect the successful trading that has taken place over the last few years. The impact of the underwriting cycle on these results, which delays the recognition of the profitability, has been illustrated with the 'Cycle Clock' at the beginning of this report. The cycle typically can last for ten years of which three or four may be difficult. The Board believes that we are at the point of the underwriting cycle where the prospects for underwriting profitability are much improved.

It is important to understand that there is a three year lag in the recognition of underwriting profits in our accounts so at the moment we are still working through the results of difficult unprofitable years. Lloyd's has announced a return to profitability and is expecting better results in the next few years. Helios has matched the performance of Lloyd's, so we expect to mirror these substantial improvements.

Our strategy is to continue to build a 'blue chip' portfolio of underwriting capacity and during this year the Helios retained capacity fund has grown from £59m to £172m. Returning to the 'cycle clock,' it can be seen that increasing the retained capacity at this time in the cycle will bear fruit in future good years.

The majority of the fund is comprised of freehold capacity on well-established syndicates at Lloyd's. When these syndicates wish to grow their businesses, the existing owners of the capacity have pre-emptive rights to receive additional capacity pro rata to the scale of increase in the underlying business. The additional capacity is free and the value of this additional capacity increases our asset valuation but additional capital is required to meet funds at Lloyd's. This is a major benefit in holding freehold capacity.

Earlier in the cycle we reduced underwriting risk through 'Quota share reinsurance' which transfers the underwriting risk to a third party. In past years as much as 70% of the fund has been passed to reinsurers for which Helios receives a fee. We are now at the stage in the cycle where the market has become more profitable and so the underwriting risk retained by Helios has been increased and the amount ceded to reinsurers has reduced to 26% of the overall portfolio. We have also been able to reduce risk through stop loss policies to protect against large unexpected losses. To date we have not needed to draw on these facilities.

Helios actively manages capital. We have a number of dials we can turn to increase or decrease our exposure. Fee income remains a core and attractive earnings stream that complements our underwriting returns. As the market cycle evolves, we evaluate opportunities to retain underwriting exposure or cede risk for fees. There is no doubt that over the years the nature of the underwriting risk has changed and frequency of large losses is up. In addition we have to contemplate claims, economic inflation, the ravages of climate change and for the first time, a pandemic. The Russian invasion of Ukraine will serve to stiffen resolve among carriers, to maintain pricing discipline given the unexpected nature of the potential losses.

Summary financial information

	Year to 31 December	
	2021 £'000	2020 £'000
Underwriting profits	3,401	639
Other income	2,700	2,887
Total costs	(6,746)	(3,190)
Revaluation of syndicate capacity	8,132	5,604
Tax	(2,555)	(1,657)
Total comprehensive income	**4,932**	**4,283**

Most importantly, this hard market has not been born out of capital destruction but rather from judicious capacity deployment.

The net asset value (NAV) per share has continued to grow to 157p despite a large fundraising during the year when £54m was raised largely from new institutional investors. These funds have been used to build the capacity fund. NAV is made up of capacity valued at the annual Lloyd's auction and other assets including cash used to support underwriting.

The Helios share price generally trades at a premium to NAV which reflects future earnings and dividends. However it is always a comfort to know that there is an asset backed safety net provided by the NAV.

As the most profitable part of the cycle will be shown in results in future years, we would expect the share price to reflect this with a higher premium.

The board recommends a 3p dividend in line with the existing policy. The payment of this dividend reflects the board's confidence in future cash flow despite the pre tax loss this year.

The opportunity

Helios represents an opportunity for investors to access an un-correlated asset class across a managed portfolio. Capital is deployed across a diversified portfolio of syndicates offering a favourable risk / return. Private capital is a significant feature of the Lloyd's market representing approx. 8.5% of market capacity for 2022 (or £3.4bn). Lloyd's has clearly stated that it values private capital but Lloyd's 2025 vision states that it must be "re-energised and provided on a more flexible and efficient basis". Helios is positioning itself to be that efficient access point and is uniquely able to drive 3rd party investment into Lloyd's.

The future strategy will exploit this opportunity to bring increased predictability to both cash flow and dividends. This is an exciting time for our company and we look forward to many years of profitable trading despite the dire economic outlook which engulfs the world at this time.

I would like to congratulate the executive team in delivering a top class portfolio of upper quartile investments in leading syndicates. In addition, your non-executive directors have played an important part in developing the future strategy.

Michael Cunningham
Non-executive Chairman
26 May 2022

Underwriting profits and capacity revaluation has built shareholder value

"Substantial increase in retained capacity driving value."

Nigel Hanbury
Chief Executive

£1.57
Net tangible asset value (2020: £1.51)

111%
Increase in the capacity portfolio to £233m of capacity for 2021 underwriting year (2020 – 60%)

193%
Increase in retained capacity at the outset of the underwriting year to £172m (2020 – 183%)

50%
Rate increases during the year since 2017 in excess of 50%

£8.1m
Added to the value of the capacity portfolio through pre-emptions and capacity revaluation, the main contributor to the growth in shareholder value

4.9%
The results of capacity portfolio have for the last three closed years of account outperformed the results of the Lloyd's market by an average of 6.0%

93.9%
Combined ratio for the overall portfolio is in line with the overall Lloyd's market combined ratio of 93.5%

Highlights

- The strategy of building a quality portfolio of syndicate capacity continues successfully as the portfolio increased from £110m to £233m – a 111% increase.
- The retained capacity increases at the outset of the underwriting year to £172m from £59m, an increase of 193%. This decision to increase the retained capacity substantially for the second year reflects the confidence in the timing of the market cycle and that it is now the correct time to assume more underwriting risk for shareholders.
- Helios' portfolio underwriting results for 2019 underwriting year outperformed Lloyd's return on capacity by 5.6% and by an average of 4.9% for the last three closed underwriting years of account demonstrating the quality of the portfolio.
- The improvement in underwriting conditions is continuing into 2022 after 17 consecutive quarters of price increases. Producing overall rate increases in excess of 50%.
- We continue to monitor events across Ukraine and Russia with respect to potential exposure within the capacity portfolio to losses in the political violence, aviation war and marine insurance classes, as well as the aviation and specialty reinsurance classes. This continues to be a complex and evolving situation and disclosures by our syndicates will be closely reviewed.
- With the prospect of improving underwriting returns, together with the opportunity to continue to build the capacity portfolio, Helios is well placed to deliver value to shareholders in the future.

Strategy

The building of a portfolio of participations on leading Lloyd's syndicates remains the strategic objective of the Group. During 2021 the key developments were:

- building the portfolio of capacity to £233m for 2022 by acquiring twenty eight LLVs in 2021, taking up freehold capacity offered for nil cost by way of pre-emptions amounting to £3.9m and building stakes on syndicates with good prospects offering tenancy capacity;
- maintaining the quality of the portfolio and getting access to the better managed syndicates at Lloyd's;
- taking advantage of the underwriting cycle and increasing the capacity retained by Helios as the prospects for improved underwriting margins remain;
- providing an income generating investment of Lloyd's underwriting capacity thereby generating returns in capital value and dividend income for shareholders; and
- providing a cost-efficient platform for participation at Lloyd's benefitting from no profit commission potentially payable to Lloyd's members' agent and taking advantage of increased scale and, therefore, cost efficiencies.

Acquisition strategy

Helios acquired twenty eight LLV's in 2021 having written to approximately 1,000 owners of LLVs asking them whether they would be interested in receiving an offer from Helios to buy their LLV. This project to approach the owners of LLV's directly had the advantage of:

- raising the profile of Helios as a potential purchaser of LLV's;
- allowing owners of LLV's who were potentially considering ceasing underwriting at Lloyd's to have the opportunity to realise the value of their investment quickly;
- allowing vendors a tax efficient exit if they wish to cease underwriting; and
- being an on-going exercise to offer owners of LLV's an alternative to investing at Lloyd's by taking Helios shares as part of the consideration.

As a consequence of the improved market conditions, the discounts achievable against the Humphrey valuations narrowed. In addition, the increase in the rate of corporation tax to 25% applied to the capacity value within an LLV, will reduce the accounting fair value for the acquisition.

During 2021 a further twenty eight LLV's were acquired.

	Summary of acquisitions				Goodwill	
	Total consideration £m	Capacity £m	Humphrey value £m	Discount to Humphrey	Negative	Positive
2021	27.3	34.8	28.9	6%	1,219	319
2020	10.2	10.9	13.2	23%	1,260	—
2019	10.1	8.6	12.5	19%	1,707	—

The twenty eight (five in 2020) acquisitions in 2021 were purchased for a total consideration of £27.3m (£10m in 2020), of which £18m (£4.7m in 2020) was attributed to the value of capacity acquired. The improved prospects for underwriting profitability after four years of marginal results at Lloyd's have increased the competition for the available LLVs to the extent that some positive goodwill has been recognised. We will continue to build on the quality of the capacity portfolio as it is essential to acquire and retain the participations on the better managed syndicates.

Net tangible asset value per share

The growth in the net asset value per share remains a key management metric for determining growth in value to shareholders.

	2021 £'000	2020 £'000
Net tangible assets	**46,856**	18,948
Fair value and capacity (WAV)	**59,796**	30,826
	106,652	49,774
Shares in issue (Note 21)	**67,786**	33,012
Net tangible asset value per share (£) (2021)	**1.57**	1.51

The capital employed per share, the assets used to generate earnings which exclude the deferred tax liability on capacity value is as follows:

	2021 £'000
Net assets	**107,746**
Deferred tax provision on capacity value	**13,729**
Capital employed	**121,475**
Shares in issue (Note 21)	**67,786**
Capital employed per share (£)	**1.79**

The deferred tax provision on capacity value could potentially be incurred should the entire portfolio be sold. Given the strategy of the Group to grow the capacity fund, there is no intention to realise the full value of the portfolio. The capital employed by share is 22p (2020 –19p) higher than the net tangible asset value per share.

The value of capacity is subject to fluctuation and reflects the activity in the capacity auctions held in the autumn of each year.

Capacity value

The value of the portfolio of the syndicate capacity remains the major asset of the Group and an important factor in delivering overall returns to shareholders. The growth in the net asset value ("NAV"), being the value of the net tangible assets of the Group, together with the current value of the portfolio capacity, is a key management metric in determining growth in value to shareholders.

	2021 £m	2020 £m
Freehold capacity with value	**173.8**	83.9
Relationship capacity	**58.9**	26.4
	232.7	110.3
Value of portfolio	**59.8**	30.8
Value per £ of freehold capacity	**34p**	37p

The average price per £ of freehold capacity reduced to 34p per £ of capacity as further capacity on syndicates with lower prices was acquired. In addition, the relationship capacity on "nil value"/ non-traded syndicates continued to grow as Helios is able to demonstrate long term commitment to providing third party capital to growing syndicates.

	Capacity £m	Fair value (WAV) £m
At 1 January 2021	110.3	30.8
Capacity acquired with LLVs	36.2	18.2
Pre-emption capacity	3.9	1.6
Capacity purchased at auction	23.8	2.6
Tenancy capacity	58.9	—
Other capacity movements/change in value	(0.4)	6.6
At 31 December 2021	232.7	59.8
% growth	111%	94%

The portfolio's syndicates offered pre-emption increases in capacity totalling £3.9m (2020: £10.7m) for no cost to take advantage of the improving market conditions. This free capacity on syndicates that have values at auction increased the value of the fund by £1.6m (2020: £2.4m).

We acquired capacity on lower priced syndicates such as syndicates 510, 2689 and 2121 where capacity of £24m was acquired for £2.6m and which could increase in value in the future.

We continued to take a new "limited tenancy" participation on the Apollo syndicates for £12m, on the MCI Accrisure syndicate for £10m and increasing the participation on the Beat syndicate by £4m and the Blenheim syndicate by £10m.

The Board recognises that the average prices derived from the annual capacity auctions managed by the Corporation of Lloyd's could be subject to material change if the level of demand for syndicate capacity reduces or if the supply of capacity for sale should increase.

A sensitivity analysis of the potential change to the NAV per share from changes to the value of the capacity portfolio is set out below:

	Capacity value	Revised NAV per share
Current value	**59,796**	1.57
Decrease of 10%	**53,807**	1.50
Increase of 10%	**65,765**	1.64

Capacity value continued
Each 10% reduction in the capacity values at the 2022 auctions will reduce the NAV by approx. 7p per share (2020: 10p per share). The increase in capital base has reduced the impact on NAV per share from changes in capacity value. Any reduction in the value will be mitigated by any pre-emption capacity on syndicates that have a value at auction.

Underwriting result
The calendar year underwriting profit from the Helios retained capacity for 2021 has been generated from the portfolio of syndicate results from the 2019 to 2021 underwriting years as follows:

2021 was a year of uncertainty for everyone as the health impacts of the pandemic, and its economic and geopolitical effects, continued to reverberate around the world.

It was the year that the reality of climate change was felt with multiple large scale natural catastrophes, from the big freeze in Texas in February, to the floods in Europe during the summer, and wildfires across the globe. Today, there can be few people who doubt that climate change is having a demonstrable impact. Starting with the 2017 wildfires moving through a range of secondary perils and coming starkly into focus in 2021, climate change is altering the predictability of natural catastrophe risk.

Industry-wide estimates place insured losses from natural catastrophes between $105 billion and $130 billion making 2021 one of the costliest years on record. These events show the critical role the industry plays in delivering risk solutions that protect people, economies, and businesses from uncertainty. When the worst happens, it means disruption and hardship for many and we recognise the human impacts these events have.

The 2021 underwriting year result at 12 months represents an accounting loss of 3.9% (2020: loss 4.6%) on the retained capacity of £94m (2020 – £31m), a threefold increase in the retained capacity in comparison to last year. The increase in retained capacity and the share of the underwriting result for 2021 has impacted the overall result for the year. In addition, two supported syndicates had material exposure to the natural catastrophes during the year and these losses have been fully recognised in the year.

During 2021, the 2019 underwriting year midpoint result improved to a profit of 2.7% (2020 – Loss 2.15%) outperforming the average of the Lloyd's market by 5.8%. Given that losses from COVID-19 of 7% of capacity for the Helios portfolio have predominantly fallen on the 2019 underwriting year, the overall profit is encouraging. The midpoint estimate for the 2020 underwriting year at 31 December 2021 is a profit of 1% (2020: loss – 2.15%).

The portfolio achieved a Combined Ratio of 93.9% in comparison with the combined ratio for the Lloyd's market of 93.5%. The larger share of the 2021 year of account – a loss at the 12 month stage, will have impacted the Helios portfolio combined ratio.

The initial mid-point forecast for 2021 year of 1.9% has been impacted by the series of catastrophic losses that occurred in 2021. The improved Lloyd's market mid-point forecast of 4.2% indicates the remediation work that has been undertaken by the syndicates within the lower quartiles of performance is showing in the overall market estimates.

We would expect the gap in relative performance to narrow over the next 18 months as it has done in the past. The syndicates supported by third party capital have been more conservative in their published estimates over the 36 months to the close of the year of account due to the transparency of each syndicate result.

Other income
Helios generates additional income at Group level from the following:

	2021 £'000	2020 £'000
Fees from reinsurers	616	334
Corporate reinsurance recoveries	(372)	(282)
Gain on bargain purchases	1,219	1,260
Investment income	1,237	1,575
Total other income	2,700	2,887

Fees from the quota share reinsurers reflect the fee payable on the Funds at Lloyd's provided and profit commission relating to 2019 year of account has been accrued.

The intragroup reinsurance policies have been cancelled and the costs relating to the cancellation have been included.

Gain on bargain purchases has reduced as increase in deferred tax to 25% has reduced the fair value of the acquisitions.

Investment income was recognised by the syndicates and in the LLV's acquired. The Helios own funds have mostly remained in cash during this period of market dislocation.

Total costs
The costs of the Group comprise the operating expenses and the cost of the stop loss protection bought to mitigate the downside from large underwriting losses.

	2021 £'000	2020 £'000
Pre-acquisition	1,271	92
Stop loss costs	1,871	1,097
Operating costs	3,604	2,001
Total costs	6,746	3,190

The profits that are recognised in the LLVs acquired in the year are included in the underwriting result and the pre-acquisition element is reversed out. The increase reflects the timing of completion of the acquisitions, mostly in the fourth quarter of the year and the larger number acquisitions made.

The increase in the stop loss costs reflects cover required for the larger portfolio reinsured and as £7.6m of additional underwriting capital was sourced in 2021 through a reinsurance contract at a cost of £0.8m.

The operating costs include the transaction costs from the twenty eight acquisitions and the additional operating costs of those LLV's. The infrastructure required to manage the larger portfolio is not expected to materially increase.

Quality of portfolio

We continue to focus ruthlessly on the best syndicates. Therefore we strive to acquire LLVs with portfolios that comprise quality syndicates, thereby having to pay the average auction prices. Participations on weaker syndicates in acquired portfolios are sold or discarded. The syndicate participations with the leading managing agents at Lloyd's account for 71% of the portfolio. Participations in syndicates managed by these managing agents represent shares in the better managed businesses at Lloyd's.

Syndicate	Managing agent	2022 capacity portfolio Capacity £'000	% of portfolio
510/557	Tokio Marine Kiln Ltd	**35,760**	**15%**
623/6107/5623	Beazley Furlonge Limited	**29,991**	**13%**
5886/7218	Blenheim	**17,733**	**8%**
33/6104	Hiscox Syndicates Limited	**15,499**	**7%**
4242	Beat (Asta)	**12,637**	**5%**
2791/6103	Managing Agency Partners Ltd	**12,292**	**5%**
609	Atrium Underwriters Limited	**12,072**	**5%**
1729	Dale Underwriting Limited	**10,149**	**4%**
2010	Lancashire	**10,137**	**4%**
1200	Argo Syndicate	**10,049**	**4%**
Subtotal		**166,319**	**71%**
Other		**66,381**	**29%**
Total		**232,700**	**100%**

The underwriting results of the Helios portfolio have on average outperformed the Lloyd's market for the last three closed underwriting years by 4.9%. This material outperformance cannot be expected to be maintained.

The combined ratio for the Helios capacity portfolio was 93.9% (2020: 103.1%) with the Lloyd's market as a whole reporting its a combined ratio of 93.5%. Over the past three years Helios' calendar year combined ratio (before corporate costs) has outperformed Lloyd's by 4.4 percentage points a year. These incremental returns demonstrate the diversity and breadth of underwriting expertise within the businesses comprising the portfolio of syndicate capacity.

Reinsurance quota share

The use of quota share reinsurance to provide access to the Lloyd's underwriting exposures for reinsurers and private capital has not been expanded in 2021. The core of the panel of reinsurers remains XL Group plc and Everest Reinsurance Bermuda Limited.

This reinsurance has successfully reduced the exposure of Helios shareholders in recent years and assists in the financing of the underwriting capital. Helios has reduced the proportion of the capacity portfolio ceded for 2022 year of account. As market conditions continue to improve the Board will consider reducing the cession percentage further thereby increasing the Group's share of the underwriting. The capital raised recently has been used to increase the Group's share of the overall portfolio in this way.

The table shows that the Helios retained capacity has more than doubled in years 2 and 3 as further LLVs are acquired, and the older years are not reinsured. Capacity on underwriting years after 18 months of development is substantially "off risk" as the underlying insurance contracts have mostly expired.

The profits from the capacity on the older years are retained 100% by Helios.

	2019	2020	2021	**2022**
Helios retained capacity at outset	15.8	20.7	58.7	**171.9**
Retained capacity in year 1	6.4	10.1	34.8	
Retained capacity in years 2 and 3	45.3	35.6		
Helios retained capacity	67.4	66.4	93.5	**171.9**
Ceded capacity at outset	36.8	48.4	51.5	**60.8**
Further capacity ceded to QS	2.1	0.8	0.0	
Total capacity ceded	38.9	49.1	51.5	**60.8**
Current total capacity	106.4	115.6	145.0	**232.7**
Helios share of total capacity	63%	57%	64%	**74%**
% Increase in retained capacity in the year	115%	116%	59%	

Risk management

Helios continues to ensure that the portfolio is well diversified across classes of businesses and managing agents at Lloyd's.

The biggest single risk faced by insurers arises from the possibility of mispricing insurance on a large scale. The recent correction in terms and conditions and the actions of Lloyd's to force syndicates to remediate underperforming areas of their books demonstrate the mispricing that has prevailed over the past few years. The results of this remediation work by Lloyd's is starting to be reflected in the results announced by the syndicates supported.

These management teams have weathered multiple market cycles and the risk management skills employed should reduce the possibility of substantial under-reserving of previous year underwriting. There is acceptance that catastrophe exposures are generally under-priced and hence the syndicate managers have been reducing their catastrophe exposures.

We assess the downside risk in the event of a major loss through the monitoring of the aggregate net losses estimated by managing agents to the catastrophe risk scenarios ("CRS") prescribed by Lloyd's.

The individual syndicate net exposures will depend on the business underwritten during the year and the reinsurance protections purchased at syndicate level.

The aggregate exceedance probability ("AEP") assesses the potential impact on balance sheet across the portfolio from either single or multiple large losses with a probability of occurring greater than once in a 30-year period.

In addition, Helios purchases stop loss reinsurance for its 74% (2021 YOA: 53%) share of the portfolio with an indemnity of 10% of its share of the capacity and a claim can be made if the loss for the year of account at 36 months exceeds 7.5% of capacity.

The impact on the net asset value of Helios from the disclosed large loss scenarios are as follows:

	Impact on net asset value 2022	2021
AEP 1 in 30 – whole world natural catastrophe	**(8.8)%**	(15.3)%
AEP 1 in 30 US/GOM windstorm	**(5.7)%**	(8.0)%
Terrorism	**(5.6)%**	(4.4)%
US/Canada earthquake	**(5.5)%**	(4.4)%

Risk management continued
The assessment of the impact of the specified events is net of all applicable quota share, stop loss reinsurance contracts and corporation tax but before the likely profits to be generated from the balance of the portfolio in any year.

Capital position
The underwriting capital required by Lloyd's for the Helios portfolio comprises the funds to support the Economic Capital Requirement of the portfolio and the Solvency II adjustments is as follows:

Underwriting capital on underwriting year	2022 £m	2021 £m
Quota share reinsurance panel	26.1	27.3
Excess of loss funds at Lloyd's	20.0	8.1
Helios own funds	43.3	27.6
Total	89.4	63.0
Capacity as at 1 January	232.7	110.3
Economic capital requirement	90.9	58.2
Solvency and other adjustments	(1.5)	4.8
	89.4	63.0
Capital Ratio	38%	57%

The available funds to support Helios' share of the underwriting have been supplemented by the capital raised in April 2021 and by entering into an excess of loss banking and reinsurance agreements for the Helios portfolio. These policies provide £20m (2021- £8.1m) of FAL to Helios at a cost of £900K per year. The FAL provided by using a secured bank facility and from reinsurers will only be exposed to loss if all the Helios "own FAL" is eroded. Therefore this FAL sits on the top of the Helios capital stack has very limited exposure.

In addition to the current funds lodged at Lloyd's, Helios has available the following facilities to provide additional resources to fund the necessary capital requirements:

- a bank revolving credit bank facility of £10m; and
- the stop loss reinsurance contracts for the 2022 years of account could provide additional underwriting capital of approximately £20m.

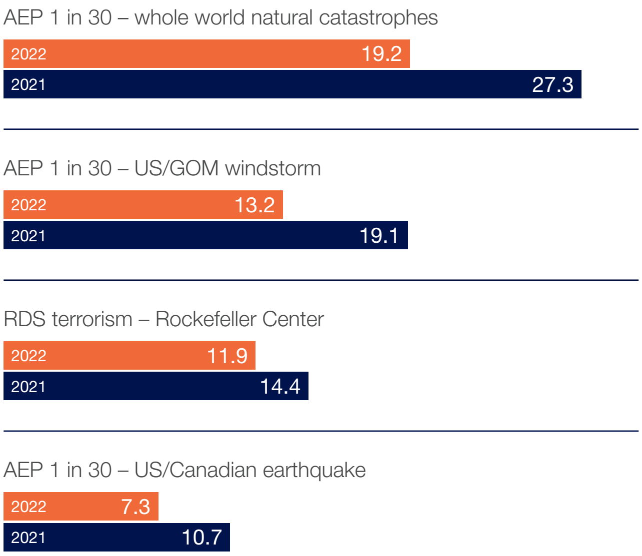
Environmental, social and governance responsibility
Helios aims to meet its expectations of its shareholders and other stakeholders in recognising, measuring and managing the impacts of its business activities. As Helios manages a portfolio of Lloyd's syndicate capacity, it has no direct responsibility for the management of those businesses. Each managing agent has responsibility for the management of those businesses, their staff and employment policies and the environmental impact.

We support the Environmental, Social and Governance (ESG) strategy of Lloyd's who have outlined their ambition to integrate sustainability into all of Lloyd's business activities. They will take a leadership position being the insurer of the transition to make headway against the world's objective of reaching net zero by 2050. It is their intention to build a framework to help insurance businesses in the market to integrate ESG principles into their business activities and working with insurers on their net zero plans.

The Board is committed to a high standard of corporate governance and is compliant with the principles of the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The Directors have complied with their responsibilities under Section 172 of the Companies Act 2006 which requires them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Further information is provided on pages 19 to 24 in these report and accounts.

Nigel Hanbury
Chief Executive
26 May 2022

Catastrophe risk scenarios ("CRS") – net of syndicate reinsurance (%)



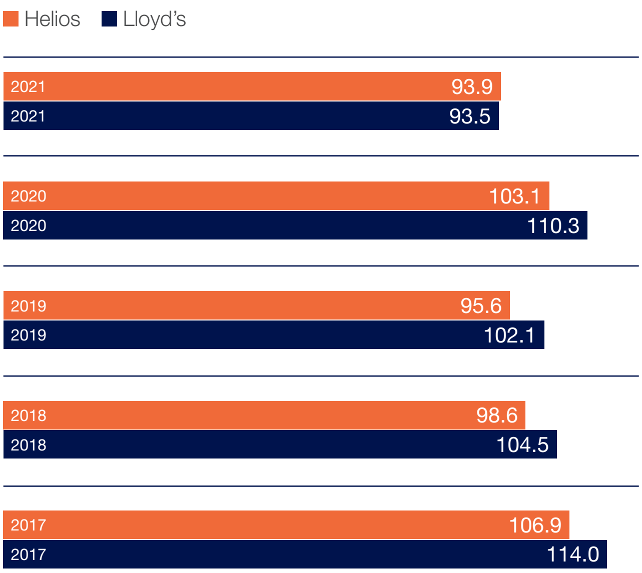
The best underwriting environment in at least a decade

Helios reports strong growth in gross written premium to £134.6m for 2021 (£76.1m in 2020). In a period of strong underwriting conditions Helios' growth in gross written premium was 76.8% compared with Lloyd's growth in the same period of 10.4%. In common with other suppliers of third party capital Helios has the agility to optimise its returns over the insurance cycle by growing strongly in the current hardening market conditions through acquisitions of corporate members, negotiating leasehold participations on syndicates and acquiring capacity at Lloyd's annual capacity auctions.

The quality of the Helios portfolio of syndicates was once again demonstrated in 2021 with Helios reporting an excellent combined ratio of 93.9% (2020: 103.1%). Helios' combined ratio compares favourably with both insurance and reinsurance peer groups. United States property/casualty insurers reported a combined ratio of 99.5% in 2021 while a basket of reinsurance companies in reinsurance broker's Gallagher Re INDEX reported an average combined ratio of 97.6% in 2021. Helios slightly underperformed Lloyd's combined ratio, which was 93.5% in 2021, owing to the new business expense strain of increasing gross written premiums which were not fully earned in 2021.

Over the past four years Helios' calendar year combined ratio (before corporate costs) has outperformed Lloyd's by 4.8 percentage points a year with an average combined ratio of 97.8% compared with 102.6% for the overall Lloyd's market. The chart below shows the combined ratio of the Helios portfolio compared with Lloyd's from 2018 to 2021.

Helios combined ratio compared with Lloyd's: 2018–2021 (%)



2021 Account open year

Global insurance rates rose by double digits in each quarter with Marsh reporting its Global Insurance Index increasing by 13% in the year to Q4 2021. Guy Carpenter's Global Property Catastrophe Rate On Line Index increased modestly by 4.5%.

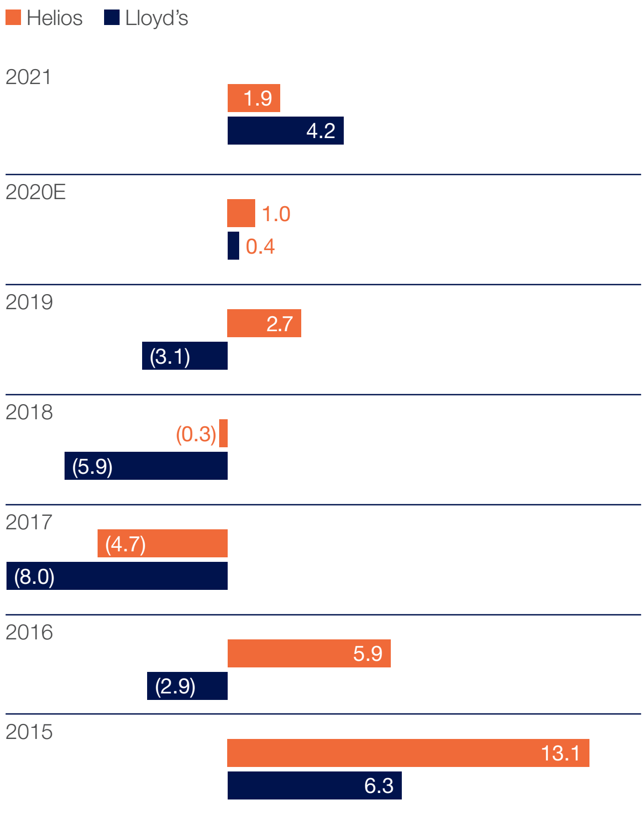
2021 was another year when catastrophe events were above average. Swiss Re reported insured losses totalling $119bn, the fourth highest on record, with the rise in insured losses maintaining a long-term trend based on ten year moving averages of 5% to 7% growth annually.

Secondary perils, including floods, were at the forefront accounting for more than 70% of all insured losses with the European flood "Bernd" in July causing insured losses above $10bn, the same as Winter Storm "Uri" in February in the US. The main loss event of 2021 was Hurricane Ida, a category four hurricane which was the second most damaging hurricane on record to make landfall in Louisiana behind Hurricane Katrina in 2005 with insured losses estimated at $30bn – $32bn. There were 21 named storms in the 2021 hurricane season, fewer than the record 30 in 2020. The 2021 Account will also be affected by insured claims from the conflict in Ukraine, most of which we expect to fall into the 2021 Account, in particular from aviation business.

The chart below shows the return on capacity of the Helios portfolio compared with Lloyd's for the last four closed years from 2016 to 2019. The chart also includes the mid-point open year estimate for the 2020 year of account as at the end of Q1 2022. This open year estimate is a profit of 1.0% of capacity (Lloyd's market average is a profit of 0.4% of capacity) and includes estimates from the 28 acquisitions made by Helios during 2021. We expect an improvement in this estimate when the result is declared as at the end of 2022 with prior year releases expected over the course of 2022. However, the current uncertain investment environment, with rising bond yields, may adversely impact the investment return which is largely earned in the third year of each account.

The first set of estimates for the 2021 Account is a mid-point profit of 1.9% of capacity, which is under performing the Lloyd's market average for 2021 of 4.2% of capacity. We have not been able to fully assess the reason for this differential which also applies to third party capital overall but we expect it is due to conservativism in setting reserves by third party capital supported syndicates and catastrophe exposed reinsurance business still being on risk. If we look at the 2019 Account Helios' estimate at Q5 improved by 3.4% points by the final result at Q12 while the Lloyd's estimate deteriorated from Q5 to closure at Q12 by 1.7% points.

Helios return on capacity compared with Lloyd's: 2016–2019, 2020 and 2021 (est. at Q1 2022)



Total return from Helios' freehold syndicate portfolio
The contribution of auction value and syndicate pre-emptions to Helios' returns are a significant contributor to Helios' returns over the long-term. In addition to the underwriting return on capacity and the investment return from Funds at Lloyd's there has been the value created on freehold tradable syndicates at auction through taking up pre-emptions together with the change in auction prices. Pre-emptions are offered free of charge other than incremental Funds at Lloyd's required to back the pre-emption.

In the soft market environment of 2013 to 2019 Helios focused its capacity on a portfolio of syndicates rated "AA", "A" or "B" by Hampden with the objective of protecting portfolio returns. This year we have provided analysis of the components of Helios' return from freehold auction tradable syndicates. We have analysed the historic pre-tax returns as a percentage of capacity over the ten year period from 2012 to 2021 for Helios' current portfolio in 2022 of freehold syndicates to demonstrate the contribution of unrealised capital returns from the capacity portfolio to the growth in shareholder value.

For this portfolio of syndicates the estimated underwriting return at Q5 is a 2.5% return on capacity for 2021 while the change in auction value and the gain from pre-emption capacity accounted for 8.2% of capacity and 1.8% of capacity respectively. The total return for 2021 on this illustrative basis was an estimated 12.5% of capacity.

The chart below shows average underwriting returns and capital returns by year over the period 2012 to 2021 based on the current syndicate portfolio. The only negative year was 2017 with a negative total return of 13.2% of capacity while the best year in this series was 26.0% in 2013. Over 10 years, the average total return as a percentage of capacity is 10.2% a year of which 1/3rd has been derived from the unrealised capital returns on the capacity portfolio and 2/3rds from underwriting returns.

Insurance losses from the conflict in Ukraine
The invasion of Ukraine by Russian forces that began on 24 February 2022 will have implications for the insurance industry and with some Lloyd's syndicates being more exposed than others. The most exposed classes of business are aviation, marine, political violence, political risk and trade credit. Lloyd's has reported in its Q1 2022 update that it is a major event but financially manageable for the market in 2022.

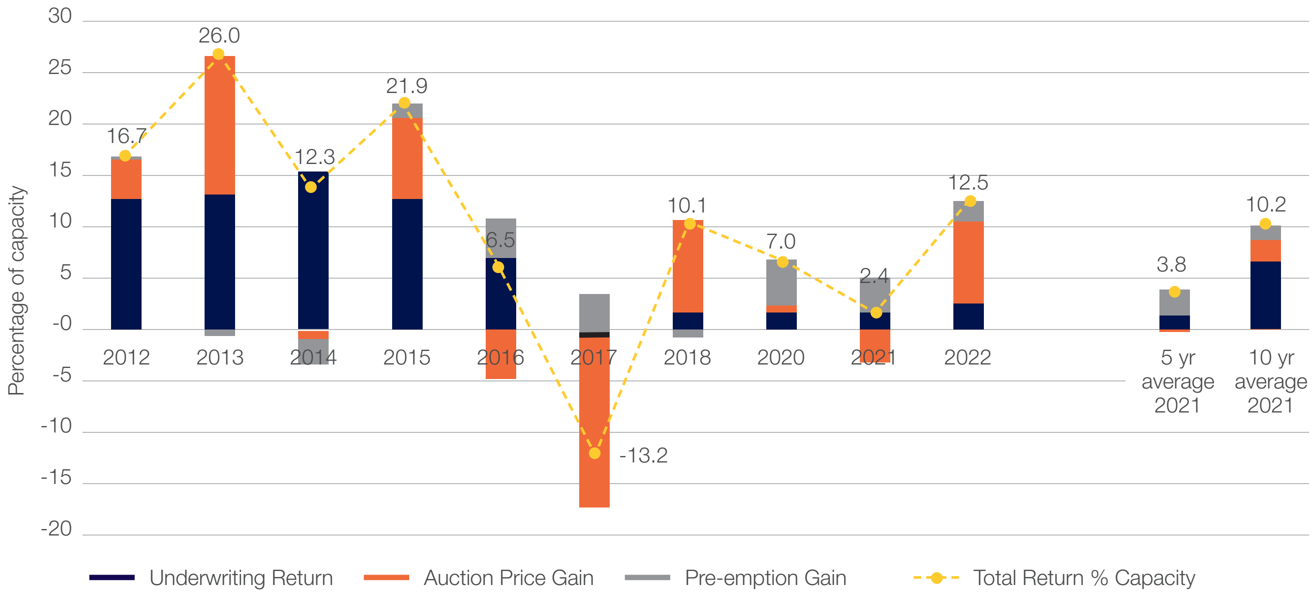
Within the Q1 2022 estimates, syndicates have booked net earned reserves in respect of Ukraine exposures but almost 100% are incurred but not reported. There therefore remains material uncertainty as to the ultimate insured losses in what is an ongoing war.

Rating agency Standard & Poor's has estimated losses from the Ukraine conflict in the range of $16bn to $35bn commenting that there is "a high degree of uncertainty over the magnitude of specialty insurance losses, we believe they could reach the level of a sizeable natural catastrophe event."

In 2022 market conditions remain strong
Willis Towers Watson, in its Spring 2022 Marketplace Realities bi-annual report on market conditions in 33 insurance classes of business, reports that all commercial insurance classes are expected to achieve either rate increases or flat changes at renewal in 2022. Over the past two years no class of business has shown a rate decrease.

Lloyd's has reported 17 quarters of risk adjusted rate increases with no class of business showing rate reductions in 2021. Since 2017 over four years, rate increases have compounded overall by 33.7% with rates increasing by 10.9% in 2021 and exceeding the business plan estimate of 8.4%. This year, Lloyd's is projecting gross written premium to increase by 15% with risk adjusted rate increases on average in excess of the 5% projected in syndicate business plans.

Underwriting and capital return breakdown 2012 to 2021 – Helios's 2022 portfolio of freehold syndicates



Globally, while the level of rate increases has moderated in most classes, insurance rates remain strong with Marsh reporting that its Global Insurance Index increased by 11% in Q1 of 2022, the tenth consecutive quarter of double digit rate increases. By class of business financial lines rates are up 26%, property by 7% and casualty by 4% while cyber rates are doubling. Over the three years to year end 2021 compounded rate increases are 53% according to the Marsh Index.

Encouragingly, caution from insurance linked securities (ILS) investors as well as traditional reinsurers to natural catastrophe reinsurance exposures has contributed to a repricing of reinsurance business in 2022. Average rate increases have been 11% measured by Guy Carpenter's World Property Rate On Line Index which is the biggest increase since 2006 and is now at a similar level to 2014.

Market outlook – the best underwriting environment in at least a decade

The market is not without challenges with inflation, climate change, economic uncertainty and the impact of Ukraine being key concerns. All of these are contributing to heightened risk awareness and we believe will prolong this improving part of the insurance cycle for longer than previously anticipated.

Inflation is an issue which Lloyd's Performance Management Directorate is scrutinising closely due to the adverse impact on the attritional loss ratio if inflation is not fully reflected in pricing, while claims may increase on long tail lines of business. Overall, we think non-life insurance may be a hedge against inflation with examples being the increased rebuilding costs for property business, receipts for general liability business and payrolls for workers compensation business.

The outlook for underwriting profitability from the Helios portfolio of syndicates is strong with rising bond yields expected to boost syndicate investment returns in 2023 as mainly short-dated bonds mature and are reinvested at higher yields along with new premiums. The yield on the US Treasury 2 Year Note had increased by 2% at the end of April 2022 compared with year end 2021. In the short term, however, increasing interest rates are negatively impacting asset values which adds further pressure for higher insurance and reinsurance rates.

Future prospects for the Helios portfolio

In 2022 the Helios syndicates are in an excellent position to capitalise on hard market conditions in most of the insurance classes as well as taking advantage of the long overdue recovery in reinsurance rates. At Hampden, we have seen improving attritional loss ratios since 2017 in all the main classes of business, property, liability and reinsurance which means there is now more premium to pay for catastrophe claims and still make a profit. The attritional loss ratio has been improving due to a combination of rate increases, better policy terms and improved risk selection by underwriters.

We are expecting further growth for 2023 with syndicates offering double digit pre-emptions driven by a combination of continued rate increases, organic growth, inflation and the decline in the value of the £ Sterling which is down by 9% against the US Dollar since 30 June 2021, the exchange rate used by Lloyd's for 2022 Syndicate Business Plans.

Summary financial information

The information set out below is a summary of the key items that the Board assesses in estimating the financial position of the Group. Given the Board has no active role in the management of the syndicates within the portfolio, the following approach is taken:

A) It relies on the syndicate financial information.

B) It calculates the amounts due to/from the quota share reinsurers in respect of their share of the profits/losses as well as fees and commissions due.

C) An adjustment is made to exclude pre-acquisition profits on companies bought in the year.

D) Costs relating to stop loss reinsurance and operating costs are deducted.

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Underwriting profit	**3,401**	639
Other income:		
– fees from reinsurers	**616**	334
– corporate reinsurance policies	**(372)**	(282)
– goodwill on bargain purchase	**1,219**	1,260
– investment income	**1,237**	1,575
Total other income	**2,700**	2,887
Costs:		
– pre-acquisition	**(1,271)**	(92)
– stop loss costs	**(1,871)**	(1,097)
– operating costs	**(3,604)**	(2,001)
Total costs	**(6,746)**	(3,190)
Operating profit before impairments of goodwill and capacity	**(645)**	336
Tax	**211**	(35)
Revaluation of syndicate capacity	**8,132**	5,604
Income tax relating to the components of other comprehensive income	**(2,766)**	(1,622)
Comprehensive income	**4,932**	4,283

Year to 31 December 2021

Underwriting year	**Helios retained capacity at 31 December 2021 £m**	**Portfolio midpoint forecasts**	**Helios profits £'000**
2019	**67.4**	**2.7%**	**4,092**
2020	**66.6**	**0.97%**	**2,915**
2021	**93.6**	**N/A**	**(3,606)**
			3,401

Year to 31 December 2020

Underwriting year	Helios retained capacity at 31 December 2020 £m	Portfolio midpoint forecasts	Helios profits £'000
2018	36.1	(0.3)%	1,691
2019	31.3	(2.2)%	339
2020	30.8	N/A	(1,391)
			639

Summary balance sheet (excluding assets and liabilities held by syndicates)

See Note 28 for further information.

	2021 £'000	2020 £'000
Intangible assets	**60,889**	31,601
Funds at Lloyd's	**43,589**	19,713
Other cash	**16,178**	4,961
Other assets	**5,517**	12,731
Total assets	**126,173**	69,006
Deferred tax	**11,887**	6,492
Borrowings	**—**	4,000
Other liabilities	**3,052**	2,222
Total liabilities	**14,939**	12,714
Total syndicate equity	**(3,488)**	(5,743)
Total equity	**107,746**	50,549

Cash flow

Analysis of free working capital	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Opening balance (free cash)	**4,961**	3,028
Income		
Cash acquired on acquisition	**1,939**	632
Distribution of profits (net of tax retentions)	**475**	120
Transfers from funds at Lloyd's	**336**	4,901
Other income	**95**	248
Proceeds from the sale of capacity	**—**	1,649
Proceeds from the issue of shares	**53,231**	11,283
Borrowings	**—**	2,000
Cancelled reinsurance policy refunds	**6,964**	—
Expenditure		
Operating costs	**(3,702)**	(2,810)
Purchase of capacity	**(2,663)**	—
Acquisition of LLVs	**(26,529)**	(6,075)
Transfers to funds at Lloyd's	**(12,270)**	(9,733)
Tax	**(641)**	(282)
Dividends paid	**(2,018)**	—
Repayment of borrowings	**(4,000)**	—
Closing balance	**16,178**	4,961

Net tangible assets	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Net assets less intangible assets	**46,856**	18,948
Fair value of capacity (WAV)	**59,796**	30,826
	106,652	49,774
Shares in issue – on the market (Note 21)	**67,786**	33,012
Shares in issue – total of on the market and JSOP shares (Note 21)	**68,886**	33,512
Net tangible asset value per share £ – on the market	**1.57**	1.51
Net tangible asset value per share £ – on the market and JSOP shares	**1.55**	1.49

Combined ratio summary of Helios Portfolio (see Note 6)	2021	2020	2019
Net premiums earned	**92,692**	55,682	47,454
Net insurance claims	**(54,086)**	(37,881)	(28,237)
Operating expenses included in underwriting result	**(32,921)**	(19,503)	(17,125)
Insurance result	**5,685**	(1,702)	2,092
Combined ratio	**93.9%**	103.1%	95.6%

Experienced leadership

Nigel John Hanbury, 65
Chief Executive
Nigel was appointed CEO in October 2012. He joined Lloyd's in 1979 as an external member and became a Lloyd's broker in 1982. He later moved to the Members' agency side, latterly becoming chief executive and then chairman of Hampden Agencies Limited. He serves on the board of the Association of Lloyd's Members and was elected to the Council of Lloyd's for the "Working Names" constituency, serving on that body between 1999 and 2001 and then 2005 and 2008, as well as participating on the market board and other Lloyd's committees. In December 2009 he ceased being chairman of Hampden and in 2011 acquired a majority stake in HIPCC, a Guernsey cell company, formerly wholly owned by Hampden plc.

Arthur Roger Manners, 62
Finance Director
Arthur has nearly 30 years' experience in the insurance industry. He joined the Board in April 2016 as finance director. He previously worked for Beazley Group plc from 1993 to 2009 as finance director and latterly as company secretary. He remains chairman of the trustees of the Beazley Furlonge Pension Scheme.

Martin Robert Davidson Reith, 57
appointed 20 April 2021
Non-executive Director
Martin has over 30 years' experience across underwriting, management and leadership. Most recently, he held board positions at Neon Underwriting Limited, as CEO from 2015 to 2019, and then assumed a non-executive role until 2020. He was the founder and CEO of Ascot Underwriting Limited, which he established in 2001 with the support and backing of AIG. Under Mr Reith's leadership, Ascot became one of the largest and top-performing businesses in Lloyd's with a network of overseas offices.

A N

Harold Michael Clunie Cunningham, 74
Non-executive Chairman
Michael has worked in the investment management business for over 25 years. Within Rathbones he was an investment director with responsibility for the AIM-focused Venture Capital Trusts.

A N

Edward Fitzalan-Howard, Duke of Norfolk, 65
Non-executive Director
Edward was educated at Oxford and in 1979 he set up an energy company, Sigas, which he sold in 1988 before starting Parkwood, a waste management business which he sold to Viridor in 2002. Since then his main focus has been the building up of his family estates. He has previously been a member of Lloyd's.

N

Tom John Libassi, 63
appointed 20 April 2021
Non-executive Director
Tom is the co-founder and managing partner of Resolute Global Partners, an investment firm specialising in insurance-linked securities, of which funds under management of, or associated with, participated in the Company's recent fundraising. Prior to founding Resolute Global Partners, Mr Libassi was a managing director at Strategic Value Partners as well as holding the position of Chairman at Mach Gen LLC. From 2000 to 2007, Mr Libassi was a senior managing director at GSC Group where he founded the corporate lending group and served as a senior investment professional.

A N

Andrew Hildred Christie, 66
Non-executive Director
Andrew Christie is a senior adviser of corporate finance advisory firm Smith Square Partners LLP and has nearly 30 years' experience in corporate finance. Prior to Smith Square Partners, he was a managing director in the investment banking division of Credit Suisse Europe and prior to that he was head of investment banking in Asia Pacific for Credit Suisse First Boston and Barclays de Zoete Wedd.

Committee membership
A Audit Committee
N Nomination and Remuneration Committee
Chair of Committee

The Board provides leadership and is collectively responsible for the long-term success of the Group

The Company is incorporated in the UK and the Company's shares are traded on AIM of the London Stock Exchange. As a result, the Company is subject to the UK's City Code on Takeovers and Mergers.

The Board is committed to achieving a high standard of corporate governance within the Company and its subsidiaries, which it seeks to demonstrate by adopting and being compliant with the principles of the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The Board considers the QCA Code is relevant and appropriate for the Company as the ten principles of the QCA Code focus on the "pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the company was created".

Accordingly, the Board ensures the Company has a strong governance framework embedded within its culture and applies the principles of the QCA Code. The Board requires that the Company's strategy of building a portfolio of underwriting capacity at Lloyd's through the purchase of corporate members is carried out in a manner that is ethical and sustainable. This is achieved by focusing on syndicate portfolios comprising quality syndicates which are managed by leading managing agents at Lloyd's. The Directors and the Board determine, support and will observe the Company's ethical values in order to promote and preserve the Company's reputation. The Board periodically reviews the governance framework and, as the Company evolves, will make such improvements and changes as considered necessary.

Section 172(1) statement

The Directors have complied with their responsibilities under Section 172 of the Companies Act 2006 which requires them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

In doing so, the Directors have had regard to the interests of stakeholders affected by the Company's activities and to the likely consequences of decisions in the long term. The Board has set a number of key strategic priorities for 2022, as detailed earlier in this report. These priorities reflect the need to consider the interests of our staff and the need to keep pace with market initiatives and technological changes so the business is appropriately positioned to take best advantage of market conditions. The strategic priorities are cascaded down by the Executive Directors through direct communication with those responsible for putting measures in place and taking action to achieve them.

The Board is committed to ensuring the Company's business remains sustainable, not only from the shareholders' perspective, but also for the environment, customers, suppliers and others affected by our activities. In so doing, the Board has regard to the following matters:

The Company's Section 172(1) statement is also available at https://www.huwplc.com/assets/huwplc-section-172-statement-200505.pdf

Interests of the Company's employees

Engaged, enabled and empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We have four employees, including the Chief Executive and the Finance Director, and we actively seek to understand their values and what motivates them and to take this into account in the way we operate. We have a flexible remote working model which has proved effective and worked well for our employees, whilst enabling the Company to adapt over the past two years. In all instances, two-way communication is actively sought and encouraged. Oversight of performance is maintained through an annual performance and development review process conducted by the Nomination and Remuneration Committee and we seek to offer appropriate levels of remuneration and incentives, drawing on comparator benchmark surveys as appropriate. The Company's operations are reliant on key staff. The Directors believe that its policies, remuneration and benefit packages are appropriate to recruit and retain such staff.

Fostering business relationships with customers, suppliers and others

The Company's business model and strategy, as detailed earlier, is to build a portfolio of syndicate underwriting capacity at Lloyd's. The Lloyd's managing agents are in turn responsible for managing the syndicates, their staff and employment policies and dealing with customers, suppliers and others involved in their supply chain.

Input from the managing agents is important and, periodically, they provide market updates and information to the Board which is taken into account when making decisions about the capacity portfolio.

Our relationships with managing agents, outsource providers and professional advisers or other providers of services to the Company, including reinsurers, are formally recorded in written contracts, engagement letters, service level agreements and terms of business. The Executive Directors monitor performance under these arrangements and pay our suppliers in accordance with the Company's agreed payment policy. Again, transparent two-way communication with our suppliers is actively sought and encouraged.

Corporate governance statement – Year ended 31 December 2021 continued

The impact of the Company's operations on the community and the environment

The Board is committed to ensuring the Company's business remains sustainable for the community, environment and others affected by the Company's activities and considers participation in quality syndicates, whose key characteristics are conservative reserving and a focus on profit rather than growth, is important in ensuring the Company's long-term success and sustainability. Whilst the managing agents have direct responsibility for managing the syndicates and the impact of their businesses on the environment and the community, the managing agents' performance in this respect is periodically reported to and reviewed by the Company's Executive Directors. Employees are also encouraged to have regard to the impact on the environment in the conduct of their business affairs.

Greenhouse gas emissions, energy consumption and energy efficiency disclosures have not been given because the Group consumed less than 40,000kWh of energy during the period.

Maintaining a reputation for high standards of business conduct

The Board recognises the importance of the Company preserving and maintaining its long-established reputation for high standards of business conduct to ensure the business remains sustainable, maximises its competitive advantage over the longer term and builds value for shareholders.

The strategy of building a portfolio of underwriting capacity at Lloyd's through the purchase of corporate members is carried out in a manner that the Board considers is ethical and sustainable. This is achieved by focusing on quality syndicates that are then managed by leading managing agents at Lloyd's, who in turn are required to demonstrate high standards of business conduct.

These Lloyd's managing agents must comply with Lloyd's Minimum Standards as well as requirements of the Financial Conduct Authority and the Prudential Regulation Authority, which together set a high bar for conduct and how relationships and business are managed. Notably, the Lloyd's Minimum Standards (transitioning to 'Principles for doing business at Lloyd's') encompass matters such as claims management and treating customers fairly. The Chief Executive and Finance Director are in regular contact with the Research Team at Hampden Private Capital which liaises with the managing agents on a regular basis not only to review performance of the portfolio, but also to consider governance matters and compliance with Lloyd's Minimum Standards.

Acting fairly between shareholders of the Company

The support and engagement of our shareholders are imperative to the future success of the Company and the Board is committed to communicating openly and effectively with all shareholders and to understanding their needs and expectations. To achieve this, the Board encourages two-way communication with shareholders and responds appropriately to ensure all questions or issues received from them are addressed in a timely manner.

The Chief Executive, Finance Director and Chairman have regular, direct contact with large shareholders and make sure that their opinions are communicated to the Board as needed. There has been regular dialogue with shareholders during the year including holding briefings with analysts and other investors. The Company also uses the Annual General Meeting as an opportunity to communicate with its shareholders. In so far as is practicably possible, all Directors are expected to attend the Annual General Meeting, with the Chair of the Audit and Nomination and Remuneration Committees being available to answer shareholders' questions.

We also have an ongoing dialogue with shareholders through formal communication of financial results on a yearly and half yearly basis and provide periodic market updates and press releases to ensure compliance with the AIM Rules.

Material decisions impacting stakeholders which took place in the year ended 31 December 2021

When the Board makes decisions due regard is given to the matters listed above in varying degrees depending on their relevance. Notable examples include decisions made on financing arrangements to enable the Company to pursue its acquisition strategy whilst at the same time allowing sufficient working capital for the business, relevant to employees and suppliers, and the dividend policy relevant directly to shareholders and indirectly impacting all stakeholders of the business.

Michael Cunningham
Non-executive Chairman
26 May 2022

Board balance and independence

The Board consists of two Executive Directors and five Non-executive Directors including the Chairman. The Board considers that all the Non-executive Directors are independent in character and judgement and reviews on an ongoing basis whether there are relationships or circumstances which are likely to affect or could affect the independence of the Non-executive Directors.

Each of the Directors brings a mix of skills and experience and knowledge, the balance of which enables the Board to discharge its duties effectively. Upon joining the Board, Directors receive an induction on various aspects of the Company. The Company Secretary supports the Chairman in addressing the training and development needs of Directors to ensure they are kept up to date with changes to law, regulations and corporate governance best practice. The Directors receive updates from the Company Secretary and other various external advisers on legal requirements and regulations, remuneration matters and corporate governance best practice.

All Directors have agreed in their terms of engagement to commit such time as is necessary to discharge their responsibilities to the Company effectively; to attend all scheduled Board, Committee, strategy, Non-executive Director (where applicable) and shareholder meetings; and to be available at all times to discharge their duties effectively. Details of attendance at Board and Committee meetings are set out on page 22.

The role of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy; determining the budget; approving corporate actions; monitoring performance and progress against plans and strategy; and corporate governance within the Company. The Company holds Board meetings at least four times each financial year and at other times as and when required. The Board also holds dedicated strategy meetings and regular informal discussions are held between the Executive and Non-executive Directors. There is a formal schedule of matters reserved for the Board.

The Non-executive Chairman, Michael Cunningham, is responsible for running the Board effectively and ensuring the Company's approach to corporate governance is appropriate, with assistance from the Company Secretary.

The Executive Directors are responsible for day-to-day management of the Company, running the business and informing and consulting with the Board about any significant financial and operational matters. Key areas of responsibility for the Non-executive Directors include constructively challenging and helping to develop proposals on strategy; monitoring and scrutinising the reporting of performance against agreed goals and objectives; determining the integrity of financial information and that financial controls and risk management systems are robust and defensible; determining remuneration of the Executive Directors; appointing and removing Executive Directors; and planning succession.

The Company Secretary ensures that all Directors receive regular and timely information about the Company's operational and financial performance and that all necessary information is circulated to the Directors sufficiently in advance of meetings to enable the Board to have meaningful discussions and make informed decisions. All Directors have access to advice and assistance from the Company Secretary and are permitted to obtain independent professional advice at the Company's expense where they consider it necessary for them to effectively discharge their duties. On an ongoing basis Directors are encouraged to raise any issues or concerns with the Chairman as soon as appropriate, as the Chairman will do in the event that there are any matters causing the Company concern.

The Board agenda for each meeting is collated by the Chairman in conjunction with the Company Secretary. The agenda ensures that adequate time is spent on operational and financial matters. The Non-executive Chairman has been instrumental in formalising regular, dedicated strategy meetings. During the course of the year, the topics subject to Board discussion at formal scheduled Board meetings included:

- strategic planning;
- financial performance and budget;
- acquisitions and Group structure changes;
- share structure and capital; and
- approval of annual and half year reports.

Minutes of all Board and Committee meetings are recorded by the Company Secretary.

Committees

Audit Committee

The members of the Audit Committee are all Non-executive Directors, being Michael Cunningham, Edward Fitzalan-Howard and Andrew Christie, who chairs the Committee. The Committee met three times during the year to fulfil its duties and with auditors without management present.

The Committee is comprised of independent Non-executive Directors only. The major tasks undertaken by the Committee include monitoring the integrity of the Company's financial reporting, reviewing internal controls and risk management systems and oversight of the external audit process. The CEO and Finance Director are invited to attend the Audit Committee meetings if appropriate.

The Committee meets the auditors and reviews reports from the auditors relating to the accounting and internal control systems. It also oversees the relationship with the external auditors including reviewing the effectiveness of the audit and assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements; and the relationship with the auditors as a whole, including non-audit services and monitoring the auditors' compliance with relevant ethical and professional guidance. The Committee reviews the Company's compliance with accounting, legal and listing requirements.

During the year, the Committee worked with the auditors, PKF Littlejohn, on audit planning and reviewed the findings from the final year audit and mid-year review and considered relevant significant accounting policies, particularly where judgement was required. Members of the Committee had separate discussions with the auditors without management being present on the adequacy of controls and any judgemental areas, as well as feedback on the 2020 audit.

Committees continued

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are Andrew Christie, who chairs the Committee, Michael Cunningham, Edward Fitzalan-Howard and Tom Libassi, all of whom are independent Non-executive Directors. The Committee met four times during the year to fulfil its duties.

In respect of its remuneration duties, the Committee determines and agrees the Board policies for pay; bonuses; incentives and other rewards; employee benefits; and the conditions of employment. The Committee's terms of reference try to ensure that members of the executive management are provided with sufficient incentives to encourage enhanced performance and are in a fair and responsible manner rewarded for their individual contribution to the success of the Company. During the year, the Committee considered short-term incentives and remuneration, strategic objectives and performance targets and the workings of the joint stock option plan.

The Committee also has responsibility for periodically reviewing the structure, size and composition of the Board with a view to the Company's strategy and likely future requirements; considering succession planning; and identifying candidates and recommending new appointments to the Board. Any recommendations from such reviews are reported to the Board and, should they identify a need for training and development or indeed a change in composition of the Board, they would be actioned appropriately.

Relations with shareholders

The Board is committed to communicating effectively with the Company's shareholders and other stakeholders, and to understanding their needs and expectations. To achieve this the Board encourages two-way communication with investors and stakeholders and responds appropriately to ensure all questions or issues received from them are addressed in a timely manner.

The Chief Executive, Finance Director and Chairman have regular, direct contact with large shareholders and make sure that their opinions are communicated to the Board as needed. There has been regular dialogue with shareholders during the year including holding briefings with analysts and other investors. The Company also uses the Annual General Meeting as an opportunity to communicate with its shareholders. All Directors are expected to attend the Annual General Meeting with the Chair of the Audit and Nomination and Remuneration Committees being available to answer shareholders' questions.

Notice of the date of the 2022 Annual General Meeting is included with this report. Separate resolutions on each substantially separate issue, in particular any proposal relating to the Annual Report and Accounts, will be made at the Annual General Meeting.

Board performance evaluation

The performance of all continuing Directors is considered before they are proposed for re-election at each AGM.

During 2021 the Board completed a formal review of its own performance and the performance of the Board's Committees and the Chairman. The review was conducted internally by the Company Secretary and consisted of written responses to a standard questionnaire. Views and recommendations were consolidated into a report which was presented to the Board for review. Matters requiring further consideration were either referred to the Nomination and Remuneration Committee or were allocated to the Board as a whole for further analysis, and issues raised by the evaluation exercise were used to improve the effectiveness of the Board and introduce improvements to Board processes. A further evaluation of performance has commenced and will be completed by the end of 2022.

Board and Committee meeting attendance

The Company holds Board meetings regularly throughout the year. Ten full Board meetings were held during the year, as well as three Audit Committee meetings and four Nomination and Remuneration Committee meetings.

	Board		Audit Committee		Nomination and Remuneration Committee	
Director	Possible number of meetings	Number of meetings attended	Possible number of meetings	Number of meetings attended	Possible number of meetings	Number of meetings attended
Michael Cunningham	10	10	3	3	4	4
Nigel Hanbury	10	10	—	—	—	—
Arthur Manners	10	10	—	—	—	—
Jeremy Evans (resigned 6 February 2021)	1	1	—	—	—	—
Andrew Christie	10	9	3	3	4	4
Edward Fitzalan-Howard	10	9	3	2	4	2
Martin Reith (appointed 21 April 2021)	4	4	—	—	—	—
Tom Libassi (appointed 21 April 2021)	4	4	—	—	3	3

Subsidiary board and committees

Jeremy Evans (resigned 6 February 2021), Nigel Hanbury and Nomina plc are directors of the following subsidiary companies:

	Jeremy Evans (appointed)	Nigel Hanbury (appointed)	Nomina plc (appointed)
Hampden Corporate Member Limited	31 May 2006	18 February 2013	31 May 2006
Nameco (No. 917) Limited	9 January 2013	18 February 2013	17 September 2004
Nameco (No. 229) Limited	1 November 2001	21 November 2012	24 September 1998
Nameco (No. 518) Limited	1 November 2001	27 November 2012	20 September 2000
Nameco (No. 804) Limited	10 October 2003	16 October 2013	10 October 2003
Helios UTG Partner Limited	27 August 2013	Not a director	27 August 2013
Halperin Underwriting Limited	20 February 2014	20 December 2013	9 July 2004
Bernul Limited	4 June 2014	27 March 2014	4 June 2014
Nameco (No. 311) Limited	1 November 2001	8 January 2015	22 September 1999
Nameco (No. 402) Limited	1 November 2001	20 February 2015	24 September 1999
Updown Underwriting Limited	24 March 2015	13 March 2015	31 December 2002
Nameco (No. 507) Limited	1 November 2001	12 June 2015	20 September 2000
Nameco (No. 76) Limited	1 November 2001	27 August 2015	2 October 2000
Kempton Underwriting Limited	15 October 2013	27 August 2015	15 October 2013
Devon Underwriting Limited	21 January 2016	21 January 2016	21 January 2016
Nameco (No. 346) Limited	1 November 2001	27 May 2016	22 September 1999
Pooks Limited	25 January 2017	1 August 2008	31 December 2002
Charmac Underwriting Limited	4 September 2013	3 April 2017	4 September 2013
Nottus (No 51) Limited	1 November 2001	8 June 2017	9 September 1997
Chapman Underwriting Company Limited	28 April 2017	20 November 2017	31 December 2002
Llewellyn House Underwriting Limited	19 October 2018	19 October 2018	19 October 2018
Advantage DCP Limited	11 March 2014	6 December 2018	11 March 2014
Romsey Underwriting Limited	10 December 2018	10 December 2018	10 December 2018
Nameco (No. 409) Limited	6 February 2019	6 February 2019	6 February 2019
Nameco (No. 1113) Limited	29 August 2013	19 December 2013	29 August 2013
Catbang 926 Limited	7 September 2006	19 December 2019	7 September 2006
Whittle Martin Underwriting	20 December 2019	20 December 2019	23 June 2016
Nameco (No. 408) Limited	27 October 1999	28 January 2020	27 October 1999
Nameco (No 510) Limited	9 November 2000	27 November 2020	9 November 2000
Nameco (No 544) Limited	7 November 2000	27 November 2020	7 November 2000
N J Hanbury Limited	27 November 2020	3 October 1998	31 December 2002
Nameco (No 1011) Limited	21 September 2010	21 September 2021	21 September 2010
Nameco (No 1111) Limited	29 August 2013	21 September 2021	29 August 2013
North Breache Underwriting Limited	21 September 2021	21 September 2021	31 December 2002
G T C Underwriting Limited	22 September 2021	22 September 2021	14 January 2016
Hillnameco Limited	7 August 2014	22 September 2021	7 August 2014
Nameco (No 2012) Limited	25 January 2013	23 September 2021	13 May 2003
Nameco (No 1095) Limited	2 August 2013	24 September 2021	2 August 2013
New Filcom Limited	29 September 2021	29 September 2021	29 September 2021
Kemah Lime Street Capital	30 September 2021	30 September 2021	30 September 2021
Nameco (No 1130) Limited	25 September 2021	30 September 2021	25 September 2013
Nameco (No 389) Limited	1 November 2001	5 October 2021	24 September 1999
Nameco (No 301) Limited	1 November 2001	13 October 2021	22 September 1999
Nameco (No 1232) Limited	31 July 2014	13 October 2021	31 July 2014
Shaw Lodge Limited	15 October 2021	15 October 2021	15 October 2021
Queensberry Underwriting	17 January 2018	9 November 2021	17 January 2018
Chanterelle Underwriting Limited	26 November 2021	26 November 2021	31 December 2006
Exalt Underwriting Limited	16 December 2021	16 December 2021	16 December 2021
Nameco (No 1110) Limited	29 August 2013	20 December 2021	29 August 2013
Clifton 2011 Limited	22 December 2021	22 December 2021	22 December 2021

Conflict management

Jeremy Evans resigned as a Director of the Company on 6 February 2021. He was a director of Hampden Agencies Limited until December 2007 and remains a director of Nomina plc. Jeremy Evans is a director of Hampden Capital plc, which owns 100% of Hampden Agencies Limited and 99% of Nomina plc. The Articles of Association of the Company provide that Jeremy Evans will not vote in respect of arrangements relating to Hampden Agencies Limited's appointment as the Group's members' agent or to Nomina plc's appointment as provider of administrative and support services or any other arrangements or contracts where Hampden Agencies Limited or Nomina plc has an interest.

Nigel Hanbury is a Director and substantial shareholder of Helios Underwriting plc and its subsidiary companies. He is also director and majority shareholder in HIPCC Limited.

HIPCC Limited acts as an intermediary for the reinsurance products purchased by Helios. An arrangement has been put in place so that 51% of the profits generated by HIPCC in respect of the business relating to Helios will be repaid to Helios for the business transacted for the 2020 and subsequent underwriting years. The consideration paid to Nigel Hanbury of £100,000 reflects the HIPCC income that he is expected to forgo.

Directors’ responsibilities statement – Year ended 31 December 2021

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (“IFRSs”). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed for the Group and the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions

The Company is compliant with AIM Rule 26 regarding the Company’s website.

Nigel Hanbury
Chief Executive
26 May 2022

Directors' report – Year ended 31 December 2021

The Directors present their report and the audited Group and Parent Company Financial Statements for the year ended 31 December 2021.

General information

The Company is a public limited company listed on AIM. The Company was incorporated in England and is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

Principal activity, review of the business and future developments

The Company's principal activity is to provide a limited liability investment for its shareholders in the Lloyd's insurance market.

The Group participates in the Lloyd's insurance market through its participation in a portfolio of Lloyd's syndicates.

A more detailed review of the business for the year and outlook for the future is included in the Chairman's Statement, the Chief Executive's Review and the Lloyd's Advisers' Report.

Results and dividends

The Group result for the year ended 31 December 2021 is shown in the consolidated statement of comprehensive income. The total comprehensive income for the year was £4.9m (2020: £4.3m).

An ordinary dividend of £2,018,000 was paid during calendar year 2021 (2020: £nil).

Charitable and political donations

During the year, the Group made no political or charitable donations.

Directors and their interests

Under the Articles of Association, any Director appointed as a Director by the Board since the Company's last Annual General Meeting as well as one third of the remaining Directors are required to retire from the Board by rotation at the forthcoming Annual General Meeting and may offer themselves for re-election as Directors. Consequently, Michael Cunningham and Arthur Manners are retiring by rotation and offering themselves for re-election as Directors of the Company at the 2022 Annual General Meeting.

Policy and practice on the payment of creditors

It is the Group's policy to:

- agree the terms of payment at the commencement of business with suppliers;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with contractual and other legal obligations.

The number of days' purchases outstanding at 31 December 2021 is nil (2020: nil).

Substantial shareholdings

The substantial shareholders shown below were as at 15 May 2022:

Substantial Shareholdings	Number of shares	% holding
Resolute Global Partners Ltd	13,407,000	19.50%
Hudson Structured Capital Management Funds	12,500,000	18.15%
Polar Capital Insurance Fund	9,588,235	13.92%
Nigel Hanbury (either personally or has an interest in)	9,549,794	13.86%
Will Roseff	5,187,695	7.53%
Ardnave Capital Ltd	2,916,667	4.23%

Disclosure of information to auditors

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors and the Annual Report

PKF Littlejohn LLP have signified their willingness to continue in office as auditors.

A resolution to reappoint PKF Littlejohn LLP as auditors will be put to the members at the next Annual General Meeting to be convened at which the Annual Report will be laid before the members for consideration.

Approved by the Board of Directors and signed on behalf of the Board on 26 May 2022

Nigel Hanbury
Chief Executive
26 May 2022

Opinion

We have audited the financial statements of Helios Underwriting plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors assessment of the group's and the parent company's ability to continue to adopt the going concern concept basis of accounting included:

- obtaining management's cashflow forecast for the going concern period being twelve months from the anticipated date of signing the financial statements;
- discussions held with management to challenge their assumptions in preparing their cashflow model and in particular their future capital expenditure plans;
- challenging management on the group's underwriting risk appetite and their assessment of the current state of the Lloyd's of London insurance market;
- considering the risks inherent in the going concern model and performing an analysis of how those risks might affect the group's ability to continue operations over the going concern period; and
- checking and ensuring the integrity of the group's going concern model.

In arriving at our conclusion, we have also taken into account the group's available cash to meet its normal expenditure for the period ended 30 June 2023.

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

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to the following level of materiality, the quantum and purpose of which is tabulated below.

Materiality measure	Basis for materiality and key considerations	Materiality
Group financial statements	In assessing materiality, we used a number of benchmarks such as the result before tax, gross and net assets. We concluded that a reasonable estimate of materiality should be 1% of the group's net assets based on the year end draft management accounts.	£990,000 (2020: £280,000)
Parent Company	We have used a similar approach for the parent company, and we concluded that a reasonable estimate of materiality should be 0.5% of the parent company's net assets. We have also taken into account that the parent company does not trade and its only income is based on its investments in subsidiaries. A lower level of materiality was thus considered to be appropriate.	£560,000 (2020: £240,000)

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £49,500 (2020: £14,000) for the group financial statements and £28,000 (2020: £7,000) for the parent company financial statements, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our application of materiality continued
We used a different level of materiality (performance materiality) to determine the extent of our testing for the audit of the group's and parent company's financial statements. The performance materiality was set at £792,000 (2020: £224,000) for the group's and £448,000 (2020: £112,000) for the parent company's financial statements.

We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Our approach to the audit
Our audit approach was developed by obtaining an understanding of the group's activities, such as the group's reinsurance arrangements, the key subjective judgements made by the directors (for example in respect of the estimated fair value of the assets and liabilities of the subsidiaries acquired during the year) and the overall control environment.

Based on this understanding we assessed those aspects of the group's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud and error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our scope addressed this matter
Preparation of financial statements The group's primary statements aggregate the results of its underwriting subsidiaries, which consist of corporate members of Lloyd's of London ("Lloyd's"). The result of the subsidiaries' activities is largely derived by returns prepared by Lloyd's which themselves are based on the syndicates' audited financial statements. The group's financial statements aggregate the disclosure analysis from those subsidiaries to produce its primary statements and the necessary disclosure.	We obtained an understanding and evaluated the design and implementation of controls that have been established in relation to the preparation of the financial statements. We also performed the following procedures: • reviewed the process adopted by management in order to collate and aggregate the data produced by Lloyd's; • we tested, on a sample basis, the data used by management to produce the financial statements back to the returns received from Lloyd's; and • reviewed the Syndicate Auditor's Questionnaires attached to the data produced by Lloyd's. Based on the procedures we performed, we believe that the group financial statements appropriately reflect the aggregate of the subsidiaries' activities with the parent company activities.
Accounting for the acquisitions made in 2021 The group completed 28 business combinations during the year end 31 December 2021, giving rise to goodwill on bargain purchase of £1,219k and additions to intangible assets of £319k. We focused our work on those risk areas where management applies judgement in the accounting and valuation of the acquired assets and liabilities and to the calculation underlying the figures. Refer to Note 22 to the group financial Statements for details of the acquisitions in the year.	We performed the following procedures: • performed a walk-through of the controls in place within the accounting process and understood management's process to be in line with IFRS 3 "Business Combinations"; • reviewed contracts, agreements and board meeting minutes relating to the acquisitions. • corroborated management's assumptions by comparing them to relevant available information; • validated and challenged key inputs and data used in valuation models by reference to available third-party data and our expectations; and • evaluated the adequacy of the business combination disclosures made in Note 22 to the requirements in IFRS 3. Based on the procedures we performed, we consider the calculation of the goodwill arising from the business acquisitions made during the year to be reasonable, and accounted for and disclosed in accordance with IFRS 3.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and the insurance sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of our cumulative audit knowledge and experience of the insurance sector.
- We determined the principal laws and regulations relevant to the parent company in this regard to be those that relate to the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the group financial statements included the prudential and supervisory requirements of the stock exchange and Lloyd's of London, tax legislation, and the financial reporting framework.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the parent company and the group with those laws and regulations. These procedures included, but were not limited to, making enquiries of management and those responsible for legal and compliance matters. We also reviewed the minutes of the board to identify any indications of non-compliance.
- We also identified possible risks of material misstatement of the financial statements due to fraud. We considered, in addition to the no-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the financial statements relating to the fair value assessment of the assets and liabilities of the subsidiaries during the year. To address this, we challenged the assumptions and judgements made by management when auditing this significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals and reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business which comes to our attention.

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

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

Use of our report

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

Carmine Papa (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP, Statutory Auditor
26 May 2022

15 Westferry Circus, Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income – Year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Gross premium written	6	**106,058**	68,263
Reinsurance premium ceded	6	**(26,935)**	(17,660)
Net premium written	6	**79,123**	50,603
Change in unearned gross premium provision	7	**(11,201)**	(2,481)
Change in unearned reinsurance premium provision	7	**1,484**	647
Net change in unearned premium and reinsurance provision	7	**(9,717)**	(1,834)
Net earned premium	5,6	**69,406**	48,769
Net investment income	8	**568**	2,006
Other underwriting income		**723**	420
Gain on bargain purchase	22	**1,219**	1,260
Other income		**(82)**	1,399
Revenue		**71,834**	53,845
Gross claims paid		**(46,478)**	(38,496)
Reinsurers' share of gross claims paid		**11,328**	9,967
Claims paid, net of reinsurance		**(35,150)**	(28,529)
Change in provision for gross claims	7	**(15,796)**	(8,255)
Reinsurers' share of change in provision for gross claims	7	**6,204**	2,704
Net change in provision for claims	7	**(9,592)**	(5,551)
Net insurance claims incurred and loss adjustment expenses	6	**(44,742)**	(34,080)
Expenses incurred in insurance activities		**(25,407)**	(17,916)
Other operating expenses		**(2,330)**	(1,522)
Total expenses	9	**(27,737)**	(19,438)
Operating profit before impairments of goodwill and capacity	6	**(645)**	336
Income tax credit/(charge)	10	**211**	(35)
(Loss)/profit for the year		**(434)**	301
Other comprehensive income			
Revaluation of syndicate capacity		**8,132**	5,604
Deferred tax relating to the components of other comprehensive income		**(2,766)**	(1,622)
Other comprehensive income for the year, net of tax		**5,366**	3,982
Total comprehensive income for the year		**4,932**	4,283
(Loss)/profit for the year attributable to owners of the Parent		**(434)**	301
Total comprehensive income for the year attributable to owners of the Parent		**4,932**	4,283
(Loss)/earnings per share attributable to owners of the Parent			
Basic	11	**(0.75p)**	1.59p
Diluted	11	**(0.74p)**	1.55p

The profit attributable to owners of the Parent, the total comprehensive income and the earnings per share set out above are in respect of continuing operations.

The notes are an integral part of these Financial Statements.

Consolidated statement of financial position – At 31 December 2021

Company number 05892671

	Note	31 December 2021 £'000	31 December 2020 £'000
Assets			
Intangible assets	13	**60,889**	31,601
Financial assets at fair value through profit or loss	15	**153,844**	85,277
Reinsurance assets:			
– reinsurers' share of claims outstanding	7	**53,433**	30,781
– reinsurers' share of unearned premium	7	**10,538**	6,028
Other receivables, including insurance and reinsurance receivables	16	**87,859**	58,348
Deferred acquisition costs	17	**13,615**	7,726
Prepayments and accrued income		**799**	1,176
Cash and cash equivalents		**24,624**	8,495
Total assets		**405,601**	229,432
Liabilities			
Insurance liabilities:			
– claims outstanding	7	**186,653**	113,371
– unearned premium	7	**59,611**	32,356
Deferred income tax liabilities	18	**11,965**	6,507
Borrowings	19	**—**	4,000
Other payables, including insurance and reinsurance payables	20	**34,927**	19,356
Accruals and deferred income		**4,699**	3,293
Total liabilities		**297,855**	178,883
Equity			
Equity attributable to owners of the Parent:			
Share capital	21	**6,931**	3,393
Share premium	21	**86,330**	35,525
Revaluation reserve		**9,348**	3,982
Other reserves – treasury shares (JSOP)		**(110)**	(50)
Retained earnings		**5,247**	7,699
Total equity		**107,746**	50,549
Total liabilities and equity		**405,601**	229,432

The Financial Statements were approved and authorised for issue by the Board of Directors on 26 May 2022, and were signed on its behalf by:

Nigel Hanbury
Chief Executive
26 May 2022

The notes are an integral part of these Financial Statements.

Parent Company statement of financial position – At 31 December 2021

Company number: 05892671

	Note	31 December 2021 £'000	31 December 2020 £'000
Assets			
Investments in subsidiaries	14	**71,362**	41,233
Financial assets at fair value through profit or loss	15	**285**	—
Other receivables	16	**38,496**	20,796
Cash and cash equivalents		**14,094**	4,106
Total assets		**124,237**	66,135
Liabilities			
Borrowings	19	**—**	4,000
Other payables	20	**3,864**	3,892
Total liabilities		**3,864**	7,892
Equity			
Equity attributable to owners of the Parent:			
Share capital	21	**6,931**	3,393
Share premium	21	**86,330**	35,525
		93,261	38,918
Retained earnings:			
At 1 January		**19,325**	16,712
Profit for the year attributable to owners of the Parent		**9,805**	2,636
Other changes in retained earnings		**(2,018)**	(23)
At 31 December		**27,112**	19,325
Total equity		**120,373**	58,243
Total liabilities and equity		**124,237**	66,135

The Financial Statements were approved and authorised for issue by the Board of Directors on 26 May 2022, and were signed on its behalf by:

Nigel Hanbury
Chief Executive
26 May 2022

The notes are an integral part of these Financial Statements.

Consolidated statement of changes in equity – Year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Revaluation reserve	Other reserves (JSOP) £'000	Retained earnings £'000	Total equity £'000
		Attributable to owners of the Parent					
At 1 January 2020		1,839	18,938	—	(50)	7,421	28,148
Total comprehensive income for the year:							
Profit for the year		—	—	—	—	301	301
Other comprehensive income, net of tax		—	—	3,982	—	—	3,982
Total comprehensive income for the year		—	—	3,982	—	301	4,283
Transactions with owners:							
Dividends paid	12	—	—	—	—	—	—
Company buyback of ordinary shares	21, 23	—	—	—	—	(23)	(23)
Share issue, net of transaction cost	21	1,554	16,587	—	—	—	18,141
Total transactions with owners		1,554	16,587	—	—	(23)	18,118
At 31 December 2020		3,393	35,525	3,982	(50)	7,699	50,549
At 1 January 2021		3,393	35,525	3,982	(50)	7,699	50,549
Total comprehensive income for the year:							
Loss for the year		—	—	—	—	(434)	(434)
Other comprehensive income, net of tax		—	—	5,366	—	—	5,366
Total comprehensive income for the year		—	—	5,366	—	(464)	4,932
Transactions with owners:							
Dividends paid	12	—	—	—	—	(2,018)	(2,018)
Company buyback of ordinary shares	21, 23	—	—	—	—	—	—
Share issue, net of transaction cost	21	3,538	50,805	—	(60)	—	54,283
Other comprehensive income, net of tax		—	—	—	—	—	—
Total transactions with owners		3,538	50,805	—	(60)	(2,018)	52,265
At 31 December 2021		**6,931**	**86,330**	**9,348**	**(60)**	**5,247**	**107,746**

The notes are an integral part of these Financial Statements.

Parent Company statement of changes in equity – Year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020		1,839	18,938	16,712	37,489
Total comprehensive income for the year:					
Profit for the year		—	—	2,636	2,636
Other comprehensive income, net of tax		—	—	—	—
Total comprehensive income for the year		—	—	2,636	2,636
Transactions with owners:					
Dividends paid	12	—	—	—	—
Company buyback of ordinary shares	21, 23	—	—	(23)	(23)
Share issue, net of transaction costs		1,554	16,587	—	18,141
Total transactions with owners		1,554	16,587	(23)	18,118
At 31 December 2020		3,393	35,525	19,325	58,243
At 1 January 2021		3,393	35,525	19,325	58,243
Total comprehensive income for the year:					
Profit for the year		—	—	9,805	9,805
Other comprehensive income, net of tax		—	—	—	—
Total comprehensive income for the year		—	—	9,805	9,805
Transactions with owners:					
Dividends paid	12	—	—	(2,018)	(2,018)
Company buyback of ordinary shares	21, 23	—	—	—	—
Share issue, net of transaction costs		3,538	50,805	—	54,343
Total transactions with owners		3,538	50,805	(2,018)	52,325
At 31 December 2021		**6,931**	**86,330**	**27,112**	**120,373**

The notes are an integral part of these Financial Statements.

Consolidated statement of cash flows – Year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
(Loss)/profit before tax		**(645)**	336
Adjustments for:			
– interest received	8	**(17)**	(156)
– investment income	8	**(1,549)**	(1,318)
– gain on bargain purchase	22	**(1,219)**	(1,260)
– profit on sale of intangible assets		**(12)**	(1,775)
Changes in working capital:			
– change in fair value of financial assets held at fair value through profit or loss	8	**1,316**	(297)
– increase in financial assets at fair value through profit or loss		**(31,436)**	(7,768)
– decrease in other receivables		**1,162**	4,491
– decrease in other payables		**(3,800)**	(4,706)
– net increase/decrease in technical provisions		**18,285**	(650)
Cash (used in)/from operations		**(17,915)**	(13,103)
Income tax paid		**(675)**	(312)
Net cash used in operating activities		**(18,590)**	(13,415)
Cash flows from investing activities			
Interest received	8	**17**	156
Investment income	8	**1,549**	1,318
Purchase of intangible assets	13	**(2,984)**	(186)
Proceeds from disposal of intangible assets		**1,809**	1,779
Acquisition of subsidiaries, net of cash acquired		**(13,255)**	(364)
Net cash from investing activities		**(12,864)**	2,703
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**53,601**	11,193
Payment for Company buyback of shares	24	**—**	(23)
Proceeds from borrowings	19	**—**	2,000
Repayment of borrowings	19	**(4,000)**	—
Dividends paid to owners of the Parent	12	**(2,018)**	—
Net cash from financing activities		**47,583**	13,170
Net increase in cash and cash equivalents		**16,129**	2,458
Cash and cash equivalents at beginning of year		**8,495**	6,037
Cash and cash equivalents at end of year		**24,624**	8,495

Cash held within the syndicates' accounts is £8,447,000 (2020: £3,534,000) of the total cash and cash equivalents held at the year end of £24,624,000 (2020: £8,495,000). The cash held within the syndicates' accounts is not available to the Group to meet its day-to-day working capital requirements.

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Parent Company statement of cash flows – Year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Profit before tax		9,222	2,490
Adjustments for:			
– investment income		262	28
– dividends received		—	(3,654)
– impairment of investment in subsidiaries	14	(11,192)	37
Changes in working capital:			
– change in fair value of financial assets held at fair value through profit or loss		—	—
– increase in financial assets at fair value through profit or loss		(285)	—
– increase in other receivables		66	1,433
– decrease in other payables		(28)	(3,618)
Net cash from operating activities		(1,955)	(3,284)
Cash flows from investing activities			
Investment income		(263)	(28)
Dividends received		—	3,654
Acquisition of subsidiaries	14, 22	(22,523)	(2,208)
Amounts owed by subsidiaries	25	(12,854)	940
Net cash used in investing activities		(35,640)	(7,971)
Cash flows from financing activities			
Net proceeds from the issue of ordinary share capital		53,601	11,193
Payment for Company buyback of shares	24	—	(23)
Proceeds from borrowings	19	—	2,000
Repayment of borrowings	19	(4,000)	—
Dividends paid to owners of the Parent	12	(2,018)	—
Net cash from financing activities		47,583	13,170
Net decrease in cash and cash equivalents		9,988	1,915
Cash and cash equivalents at beginning of year		4,106	2,191
Cash and cash equivalents at end of year		14,094	4,106

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

1. General information

The Company is a public limited company listed on AIM. The Company was incorporated in England and is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. These Financial Statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the Group and Parent Company Financial Statements (the "Financial Statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") as adopted by the UK international accounting standards, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

No statement of comprehensive income is presented for Helios Underwriting plc, as a Parent Company, as permitted by Section 408 of the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

Use of judgements and estimates

The preparation of Financial Statements in conformity with IFRS requires the use of judgements, estimates and assumptions in the process of applying the Group's accounting policies that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may ultimately differ from these estimates. Further information is disclosed in Note 3.

The Group participates in insurance business through its Lloyd's member subsidiaries. Accounting information in respect of syndicate participations is provided by the syndicate managing agents and is reported upon by the syndicate auditors.

Going concern

The Group and the Company have net assets at the end of the reporting period of £107,746,000 and £120,374,000 respectively.

The Company's subsidiaries participate as underwriting members at Lloyd's on the 2019, 2020 and 2021 years of account, as well as any prior run-off years, and they have continued this participation since the year end on the 2022 year of account. This underwriting is supported by Funds at Lloyd's totalling £48,913,000 (2020: £26,440,000), letters of credit provided through the Group's reinsurance agreements totalling £37,032,000 (2020: £39,536,000) and solvency credits issued by Lloyd's totalling £239,000 (2020: £107,000).

The Directors have a reasonable expectation that the Group and the Company have adequate resources to meet their underwriting and other operational obligations for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements. In arriving at this conclusion the Directors have taken into account the impact of COVID-19 both on the operating activities of the Group and on the Lloyd's market.

International Financial Reporting Standards

Adoption of new and revised standards

In the current year, the Group has applied new IFRSs and amendments to IFRSs issued by the IASB that are mandatory for an accounting period that begins on or after 1 January 2021.

IFRS 16 Amendments, Leases COVID 19 Related Rent Concessions: Lessees are provided with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The Group has not applied this exemption and the amendment has not had an impact on the Consolidated Financial Statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments, Interest Rate Benchmark Reform Phase 2. The change relates to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting. The amendment has not had a material impact on the Consolidated Financial Statements.

Amendments to IFRS 4: Insurance contracts – Deferral of IFRS 9. The amendments defer the fixed expiry date of the amendment to annual periods beginning on or after 1 January 2023.

2. Significant accounting policies continued

International Financial Reporting Standards continued

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments adopted by the UK, as well as standards and interpretations issued by the IASB but not yet adopted by the UK, have not been applied in preparing the Consolidated Financial Statements.

The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of UK endorsement. The Group continues to review the upcoming standards to determine their impact.

IFRS 9, Financial Instruments (IASB effective date 1 January 2018) has not been applied under IFRS 4 Amendment option to defer until IFRS 17 comes into effect on 1 January 2023.

IFRS 17 "Insurance Contracts" (IASB effective date 1 January 2023).

Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (IASB effective date 1 January 2022).

IAS 1 Presentation of Financial Statements Amendments, Classification of Liabilities as Current or Non-current (IASB effective date 1 January 2023).

IAS 8 Accounting Policies Amendments, Changes in Accounting Estimates and Errors (IASB effective date 1 January 2023).

IFRS 9 "Financial Instruments" (IASB effective date 1 January 2018) has not been applied under the IFRS 4 amendment option. IFRS 9 provides a reform of financial instruments accounting to supersede IAS 39 "Financial Instruments: Recognition and Measurement".

Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" contained an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4. The Group meets the eligibility criteria and has taken advantage of this temporary exemption not to apply this standard until the effective date of IFRS 17.

Principles of consolidation, business combinations and goodwill

(a) Consolidation and investments in subsidiaries

The Group Financial Statements incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries.

The Financial Statements for all of the above subsidiaries are prepared for the year ended 31 December 2021 under UK GAAP. Consolidation adjustments are made to convert the subsidiary Financial Statements prepared under UK GAAP to IFRS so as to align accounting policies and treatments.

No income statement is presented for Helios Underwriting plc as permitted by Section 408 of the Companies Act 2006. The profit after tax for the year of the Parent Company was £9,805,000 (2020: £2,636,000).

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding or partnership participation of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated.

In the Parent Company's Financial Statements, investments in subsidiaries are stated at cost and are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value to be impaired.

(b) Business combinations and goodwill

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed as incurred.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and recorded as goodwill. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or if events or changes in circumstances indicate that the carrying value may be impaired and recognised directly in the consolidated income statement. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly as revenue in the consolidated income statement as a gain on bargain purchase. The gain on bargain purchase is recognised within the operating profit, as acquiring LLVs at a discount to their net asset fair value, as is an important part of the predominant strategy for the Group. Insurance liabilities are not discounted on acquisition, when calculating their fair value, as these liabilities will likely all crystallise within three years due to the accounting framework Lloyd's syndicates operate under. Accordingly, any discount applied to insurance liabilities will not be material.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Nigel Hanbury.

2. Significant accounting policies continued

Foreign currency translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in thousands of pounds sterling, which is the Group's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Foreign currency transactions and non-monetary assets and liabilities, including deferred acquisition costs and unearned premiums, are translated into the functional currency using annual average rates of exchange prevailing at the time of the transaction as a proxy for the transactional rates. The translation difference arising on non-monetary asset items is recognised in the consolidated income statement.

Certain supported syndicates have non-sterling functional currencies and any exchange movement that they would have been reflected in other comprehensive income. As a result of this has been included within profit before tax at consolidation level, to be consistent with the Group's policy of using sterling as the functional currency.

Monetary items are translated at period-end rates; any exchange differences arising from the change in rates of exchange are recognised in the consolidated income statement of the year.

Underwriting

Premiums

Gross premium written comprises the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and includes estimates of premiums due but not yet receivable or notified to the syndicates on which the Group participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

Unearned premiums

Gross premium written is earned according to the risk profile of the policy. Unearned premiums represent the proportion of gross premium written in the year that relates to unexpired terms of policies in force at the end of the reporting period calculated on a time apportionment basis having regard, where appropriate, to the incidence of risk. The specific basis adopted by each syndicate is determined by the relevant managing agent.

Deferred acquisition costs

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

Reinsurance premiums

Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

Reinsurance premium costs in respect of reinsurance purchased directly by the Group are charged or credited based on the annual accounting result for each year of account protected by the reinsurance.

Claims incurred and reinsurers' share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported ("IBNR") and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and IBNR. The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed, in certain cases, by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from the rating and other models of the business accepted, and assessments of underwriting conditions.

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 each syndicate's 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. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly, the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used, including pricing models for recent business, are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition, the nature of short-tail risks, such as property where claims are typically notified and settled within a short period of time, will normally have less uncertainty after a few years than long-tail risks, such as some liability businesses where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

2. Significant accounting policies continued

Underwriting continued

Quota share reinsurance

Under the Group's quota share reinsurance agreements, 70% of the 2020 Underwriting year, an average of 47% of the 2021 underwriting year and an average of 26% of the 2022 underwriting year of insurance exposure is ceded to the reinsurers. Amounts payable to the reinsurers are included within "reinsurance premium ceded" in the consolidated income statement of the year and amounts receivable from the reinsurers are included within "reinsurers' share of gross claims paid" in the consolidated income statement of the year.

Unexpired risks provision

Provision for unexpired risks is made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the end of the reporting period. The provision for unexpired risks is calculated separately by reference to classes of business that are managed together, after taking into account relevant investment return. The provision is made on a syndicate-by-syndicate basis by the relevant managing agent.

Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported ("IBNR") at that date and an estimate of future claims handling costs. Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet any obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle any outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Group will include its share of the reinsurance to close premiums payable as technical provisions at the end of the current period and no further provision is made for any potential variation in the ultimate liability of that year of account.

Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result, any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Group participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the end of the reporting period.

Investment income

Interest receivable from cash and short-term deposits and interest payable are accrued to the end of the period.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Syndicate investments and cash are held on a pooled basis, the return from which is allocated by the relevant managing agent to years of account proportionate to the funds contributed by the year of account.

Other operating expenses

All expenses are accounted for on an accruals basis.

Intangible assets: syndicate capacity

With effect from 31 December 2020, the Group changed this policy so that syndicate capacity is revalued on a regular basis to its fair value which the directors believe to be the average weighted value achieved in the Lloyd's auction process. The increase in value of syndicate capacity between its fair value and its cost less impairment is taken to the revaluation reserve through the statement of comprehensive income net of any tax effect, as required by IAS 38.

2. Significant accounting policies continued

Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group does not make use of the held-to-maturity and available-for-sale classifications.

(i) Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are categorised as designated at fair value through profit or loss upon initial recognition because they are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management.

The Group's investment strategy is to invest and evaluate their performance with reference to their fair values. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for maturities greater than 12 months after the reporting period. The latter ones are classified as non-current assets.

The Group's loans and receivables comprise "other receivables, including insurance and reinsurance receivables" and "cash and cash equivalents".

The Parent Company's loans and receivables comprise "other receivables" and "cash and cash equivalents".

(b) Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to the purchase or sale of the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or is transferred and the Group has transferred substantially all its risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs incurred expensed in the income statement.

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost less any impairment losses.

Fair value estimation

The fair value of financial assets at fair value through profit or loss which are traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active 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 regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets at fair value through profit or loss held by the Group is the current bid price.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the income statement within "net investment income".

The fair values of short-term deposits are assumed to approximate to their book values. The fair values of the Group's debt securities have been based on quoted market prices for these instruments.

(c) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Asset carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash and short-term deposits at bank.

2. Significant accounting policies continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Joint Share Ownership Plan (“JSOP”)

On 16 August 2021, the Company issued and allotted 600,000 new ordinary shares of £0.10 each (“ordinary shares”). The new ordinary shares have been issued at a subscription price of 155p per ordinary share, being the closing price of an ordinary share on 16 August 2021, pursuant to the Helios Underwriting plc employees’ Joint Share Ownership Plan (the “Plan”).

The new ordinary shares have been issued into the respective joint beneficial ownership of (i) each of the participating Executive Directors as shown in Note 23 and (ii) the Trustee of JTC Employee Solutions Limited (the “Trust”) and are subject to the terms of joint ownership agreements (“JOAs”) respectively entered into between the Director, the Company and the Trustee. The nominal value of the new ordinary shares has been paid by the Trust out of funds advanced to it by the Company with the additional consideration of 145p left outstanding until such time as new ordinary shares are sold. The Company has waived its lien on the shares such that there are no restrictions on their transfer.

The terms of the JOAs provide, inter alia, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating Director receives an amount equal to the amount initially provided by the participating Director plus any growth in the market value of the jointly owned Ordinary Shares above a target share price of 174.8p (so that the participating Director will only ever receive value if the share sale price exceeds this).

The vesting of the award will be subject to performance conditions relating to growth in Net Tangible Asset Value per share measured over the three calendar years from the Net Tangible Asset per share disclosed as at 31 December 2021 of 151p.

The percentage of Jointly Owned Shares that vest shall be dependent on the average growth in Net Tangible Asset Value per share during the three financial years ending 31 December 2023. The vesting percentage shall be determined on the Average Growth in Net Tangible Asset Value per share. If the Average Growth in Net Tangible Asset Value does not exceed 5%, then no awards vest, and if the Average Growth in Net Tangible Asset Value exceeds 20% or above, then 100% of the awards vest.

The Plan was established and approved by resolution of the Remuneration Committee of the Company on 13 December 2017 and provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of ordinary shares in the Company upon the terms of a JOA. The terms of the JOA provide that if the jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners on the terms set out above.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions when appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2. Significant accounting policies continued

Other payables

These present liabilities for services provided to the Group prior to end of the financial year which are unpaid. These are classified as current liabilities, unless payment is not due within 12 months after the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Share capital and share premium

Ordinary shares are classified as equity.

The difference between the fair value of the consideration received and the nominal value of the share capital issued is taken to the share premium account. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from proceeds.

Where the Company buys back its own ordinary shares on the market, and these are held in treasury, the purchase is made out of distributable profits and hence shown as a deduction from the Company's retained earnings.

Dividend distribution policy

Dividend distribution to the Company's shareholders is recognised in the Group's and the Parent Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

3. Key accounting judgements and estimation uncertainties

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Notes 4 and 7.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Group looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Group only, and do not include estimates and judgements made in respect of the syndicates.

4. Risk management

The majority of the risks to the Group's future cash flows arise from each subsidiary's participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with its subsidiaries and members' agent, is limited to a selection of syndicate participations, monitoring the performance of the syndicates and the purchase of appropriate member level reinsurance.

Risk background

The syndicates' activities expose them to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. For the purposes of setting capital requirements for the 2019 and subsequent years of account, each managing agent will have prepared a Lloyd's Capital Return ("LCR") for the syndicate to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR and typically the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risk arises from the risk that a reinsurer fails to meet its share of a claim. The management of the syndicate's funds is exposed to investment risk, liquidity risk, credit risk, currency risk and interest rate risk (as detailed below), leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's and the Prudential Regulation Authority provides additional controls over the syndicate's management of risks.

The Group manages the risks faced by the syndicates on which its subsidiaries participate by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts, together with any other information made available by the managing agent, are monitored and if necessary enquired into. If the Group considers that the risks being run by the syndicate are excessive, it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate, will withdraw support from the next year of account. The Group also manages its exposure to insurance risk by purchasing appropriate member level reinsurance.

4. Risk management continued

Risk background continued

(a) Syndicate risks

(i) Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligations when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

2021	No stated maturity £'000	0–1 year £'000	1–3 years £'000	3–5 years £'000	>5 years £'000	Total £'000
Claims outstanding	3	64,445	66,161	27,329	28,715	186,653

2020	No stated maturity £'000	0–1 year £'000	1–3 years £'000	3–5 years £'000	>5 years £'000	Total £'000
Claims outstanding	72	40,003	38,451	18,340	16,505	113,371

(ii) Credit risk

Credit ratings to syndicate assets (Note 28) emerging directly from insurance activities which are neither past due nor impaired are as follows:

2021	AAA £'000	AA £'000	A £'000	BBB or lower £'000	Not rated £'000	Total £'000
Financial investments	22,984	30,330	33,663	16,070	6,588	109,635
Deposits with ceding undertakings	3	—	597	—	20	620
Reinsurers' share of claims outstanding	1,085	16,276	31,285	707	4,033	53,386
Reinsurance debtors	46	773	1,882	212	379	3,292
Cash at bank and in hand	675	117	7,597	19	39	8,447
	24,793	47,496	75,024	17,008	11,059	175,380

2020	AAA £'000	AA £'000	A £'000	BBB or lower £'000	Not rated £'000	Total £'000
Financial investments	10,098	20,099	22,142	8,378	4,840	65,557
Deposits with ceding undertakings	—	—	—	—	7	7
Reinsurers' share of claims outstanding	1,204	8,240	18,217	531	2,538	30,730
Reinsurance debtors	12	450	1,277	169	408	2,316
Cash at bank and in hand	12	96	3,346	41	39	3,534
	11,326	28,885	44,982	9,119	7,832	102,144

Syndicate assets (Note 28) emerging directly from insurance activities, with reference to their due date or impaired, are as follows:

		Past due but not impaired				
2021	Neither past due nor impaired £'000	Less than 6 months £'000	Between 6 months and 1 year £'000	Greater than 1 year £'000	Impaired £'000	Total £'000
Financial investments	109,633	—	—	—	—	109,635
Deposits with ceding undertakings	620	—	—	—	—	620
Reinsurers' share of claims outstanding	53,386	—	—	—	(13)	53,373
Reinsurance debtors	3,292	2,691	66	111	—	6,160
Cash at bank and in hand	8,447	—	—	—	—	8,447
Insurance and other debtors	88,144	2,833	835	672	(13)	92,471
	263,524	5,524	901	783	(26)	270,706

4. Risk management continued
Risk background continued
(a) Syndicate risks continued
(ii) Credit risk continued

2020	Neither past due nor impaired £'000	Past due but not impaired: Less than 6 months £'000	Between 6 months and 1 year £'000	Greater than 1 year £'000	Impaired £'000	Total £'000
Financial investments	65,557	—	—	—	—	65,557
Deposits with ceding undertakings	7	—	—	—	—	7
Reinsurers' share of claims outstanding	30,730	—	—	—	(10)	30,720
Reinsurance debtors	2,316	1,153	57	21	—	3,547
Cash at bank and in hand	3,534	—	—	—	—	3,534
Insurance and other debtors	49,373	1,453	458	300	(10)	51,574
	151,517	2,606	515	321	(20)	154,939

(iii) Interest rate equity price risk
Interest rate risk and equity price risk are the risks that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

(iv) Currency risk
The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities (Note 28) by currency:

2021	**GBP £'000 converted**	**USD £'000 converted**	**EUR £'000 converted**	**CAD £'000 converted**	**Other £'000 converted**	**Total £'000 converted**
Total assets	**45,145**	**191,697**	**9,537**	**24,446**	**8,605**	**279,430**
Total liabilities	**(52,934)**	**(194,965)**	**(12,655)**	**(18,028)**	**(4,335)**	**(282,918)**
(Deficiency)/surplus of assets	**(7,789)**	**(3,268)**	**(3,118)**	**6,418**	**4,270**	**(3,488)**

2020	GBP £'000 converted	USD £'000 converted	EUR £'000 converted	CAD £'000 converted	Other £'000 converted	Total £'000 converted
Total assets	29,186	106,692	6,092	13,633	4,823	160,426
Total liabilities	(38,021)	(109,050)	(6,177)	(10,180)	(2,741)	(166,169)
(Deficiency)/surplus of assets	(8,835)	(2,358)	(85)	3,453	2,082	(5,743)

The impact of a 5% change in exchange rates between GBP and other currencies would be £209,000 on shareholders' funds (2020: £153,000).

(v) Reinsurance risk
Reinsurance risk to the Group arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk, which is detailed separately below.

The Group currently has reinsurance programmes on the 2019, 2020 and 2021 years of account.

The Group has strategic collateralised quota share arrangements in place in respect of its underwriting business with XL Re Limited, Bermudan reinsurer Everest Reinsurance Bermuda Limited (part of global NYSE-quoted insurer Everest Re Group Limited), Guernsey reinsurer Polygon Insurance Co Limited and other private shareholders through HIPCC Limited.

4. Risk management continued

Risk background continued

(b) Group risks – corporate level

(i) Investment, credit, liquidity and currency risks
The other significant risks faced by the Group are with regard to the investment of funds within its own custody. The elements of these risks are investment risk, liquidity risk, credit risk, interest rate risk and currency risk. To mitigate this, the surplus Group funds are deposited with highly rated banks and fund managers. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Group to meet the claim. In order to minimise investment risk, credit risk and liquidity risk, the Group's funds are invested in readily realisable short-term deposits. The Group's maximum exposure to credit risk at 31 December 2021 is £65.3m (2020: £37.4m), being the aggregate of the Group's insurance receivables, prepayments and accrued income, financial assets at fair value, and cash and cash equivalents, excluding any amounts held in the syndicates. The syndicates can distribute their results in sterling, US dollars or a combination of the two. The Group is exposed to movements in the US dollar between the balance sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

As a result of the specific nature and structure of the Group's collateralised quota share reinsurance arrangements through Cell 6 (Guernsey based protected cell managed by HIPCC), the Group's Funds at Lloyd's calculation benefits from an aggregate £37.0m (2020: £39.5m) letter of credit ("LOC") acceptable to Lloyd's, on behalf of XL Re Limited, Everest Reinsurance Bermuda Limited, Polygon Insurance Co Limited (the reinsurers) and other private shareholders. The LOC is pledged in aggregate to the relevant syndicates through Lloyd's and thus Helios Underwriting plc is not specifically exposed to counterparty credit risk in this matter. Should the bank's LOC become unacceptable to Lloyd's for any reason, the reinsurer is responsible under the terms of the contract for making alternative arrangements. The contract is annually renewable and the Group has a contingency plan in place in the event of non-renewal under both normal and adverse market conditions.

(ii) Market risk
The Group is exposed to market and liquidity risk in respect of its holdings of syndicate participations. Lloyd's syndicate participations are traded in the Lloyd's auctions held in September and October each year. The Group is exposed to changes in market prices and a lack of liquidity in the trading of a particular syndicate's capacity could result in the Group making a loss compared to the carrying value when the Group disposes of particular syndicate participations.

(iii) Regulatory risks
The Company's subsidiaries are subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and, although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting a subsidiary of the Company is able to support.

The Company is subject to the AIM Rules. Compliance with the AIM Rules is monitored by the Board.

Operational risks
As there are relatively few transactions actually undertaken by the Group, there are only limited systems and operational requirements of the Group and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Group's key decision making and the fact that the majority of the Group's operations are conducted by syndicates provide control over any remaining operational risks.

Capital management objectives, policies and approach
The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- to maintain the required level of stability of the Group, thereby providing a degree of security to shareholders;
- to allocate capital efficiently and support the development of the business by ensuring that returns on capital employed meet the requirements of the shareholders; and
- to maintain the financial strength to support increases in the Group's underwriting through acquisition of capacity in the Lloyd's auctions or through the acquisition of new subsidiaries.

The Group's capital management policy is to hold a sufficient level of capital to allow the Group to take advantage of market conditions, particularly when insurance rates are improving, and to meet the Funds at Lloyd's ("FAL") requirements that support the corporate member subsidiaries' current and future levels of underwriting.

Approach to capital management
The capital structure of the Group consists entirely of equity attributable to equity holders of the Company, comprising issued share capital, share premium and retained earnings as disclosed in the statements of changes in equity on pages 33 and 34.

At 31 December 2021, the corporate member subsidiaries had an agreed Economic Capital Assessment ("ECA") requirement of £90.9m (2020: £58.2m) to support their underwriting on the 2022 year of account (2021 year of account). The funds to support this requirement are held in short-term investment funds and deposits or provided by the quota share reinsurance capital providers by way of an LOC. The FAL requirements are formally assessed and funded twice yearly and must be met by the corporate member subsidiaries to continue underwriting. At 31 December 2021, the agreed ECA requirements for the Group were 38% (2020: 53%) of the capacity for the following year of account.

5. Segmental information

Nigel Hanbury is the Group's chief operating decision-maker. He has determined its operating segments based on the way the Group is managed, for the purpose of allocating resources and assessing performance.

The Group has three segments that represent the primary way in which the Group is managed, as follows:

- syndicate participation;
- investment management; and
- other corporate activities.

Year ended 31 December 2021	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	**69,406**	**—**	**—**	**69,406**
Net investment income	**185**	**383**	**—**	**568**
Other income	**119**	**—**	**522**	**641**
Net insurance claims and loss adjustment expenses	**(42,423)**	**—**	**(2,319)**	**(44,742)**
Expenses incurred in insurance activities	**(24,491)**	**—**	**(916)**	**(25,407)**
Other operating expenses	**(267)**	**—**	**(2,063)**	**(2,330)**
Gain on bargain purchase (Note 22)	**—**	**—**	**1,219**	**1,219**
Impairment of goodwill	**—**	**—**	**—**	**—**
Impairment of syndicate capacity (see Note 13)	**—**	**—**	**—**	**—**
Loss before tax	**2,529**	**383**	**(3,557)**	**(645)**

Year ended 31 December 2020	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	48,769	—	—	48,769
Net investment income	2,126	(120)	—	2,006
Other income	101	—	1,718	1,819
Net insurance claims and loss adjustment expenses	(33,990)	—	(90)	(34,080)
Expenses incurred in insurance activities	(17,573)	—	(343)	(17,916)
Other operating expenses	203	—	(1,725)	(1,522)
Gain on bargain purchase (Note 22)	—	—	1,260	1,260
Impairment of goodwill	—	—	—	—
Impairment of syndicate capacity (see Note 13)	—	—	—	—
Profit before tax	(364)	(120)	820	336

The Group does not have any geographical segments as it considers all of its activities to arise from trading within the UK.

No major customers exceed 10% of revenue.

Net insurance claims and loss adjustment expenses within 2021 other corporate activities totalling £2,319,000 (2020: £90,000 – 2018, 2019 and 2020 years of account) presents the 2019, 2020 and 2021 years of account net Group quota share reinsurance premium recoverable from HIPCC Limited (Note 25). This net quota share reinsurance premium recoverable is included within "net insurance claims incurred and loss adjustments expenses" in the consolidated income statement of the year.

6. Operating loss/profit before impairments of goodwill and capacity

Year ended 31 December 2021	Underwriting year of account* 2019 and prior £'000	2020 £'000	2021 £'000	Sub-total £'000	Pre-acquisition** £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
Gross premium written	721	11,712	122,179	134,612	(28,554)	—	—	106,058
Reinsurance ceded	(713)	(2,569)	(28,909)	(32,191)	7,126	—	(1,871)	(26,935)
Net premium written	8	9,143	93,270	102,421	(21,427)	—	(1,871)	79,123
Net earned premium	3,426	40,573	48,693	92,692	(21,415)	—	(1,871)	69,406
Other income	206	(166)	(3)	37	(681)	616	2,456	2,428
Net insurance claims incurred and loss adjustment expenses	5,113	(22,945)	(36,256)	(54,088)	12,037	(2,319)	(372)	(44,742)
Operating expenses	(2,261)	(12,406)	(18,254)	(32,921)	8,788	—	(3,604)	(27,737)
Operating (loss)/profit before impairments of goodwill and capacity	6,484	5,056	(5,820)	5,720	(1,271)	(1,703)	(3,391)	(645)
Quota share adjustment	(2,392)	(2,141)	2,214	(2,319)	—	2,319	—	—
Operating (loss)/profit before impairments of goodwill and capacity, after quota share adjustment	4,092	2,915	(3,606)	3,401	(1,271)	616	(3,391)	(645)

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agent's charges.

** Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

Year ended 31 December 2020	Underwriting year of account* 2019 and prior £'000	2020 £'000	2021 £'000	Sub-total £'000	Pre-acquisition** £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
Gross premium written	348	6,105	69,693	76,146	(7,883)	—	—	68,263
Reinsurance ceded	202	(1,410)	(16,817)	(18,025)	1,462	—	(1,097)	(17,660)
Net premium written	550	4,695	52,876	58,121	(6,421)	—	(1,097)	50,603
Net earned premium	3,116	24,807	27,759	55,682	(5,816)	—	(1,097)	48,769
Other income	1,242	585	604	2,431	(515)	334	2,835	5,085
Net insurance claims incurred and loss adjustment expenses	579	(17,074)	(21,386)	(37,881)	4,174	(90)	(283)	(34,080)
Operating expenses	(1,473)	(7,373)	(10,657)	(19,503)	2,065	—	(2,000)	(19,438)
Operating (loss)/profit before impairments of goodwill and capacity	3,464	945	(3,680)	729	(92)	244	(545)	336
Quota share adjustment	(1,773)	(606)	2,289	(90)	—	90	—	—
Operating (loss)/profit before impairments of goodwill and capacity, after quota share adjustment	1,691	339	(1,391)	639	(92)	334	(545)	336

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agent's charges.

** Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

7. Insurance liabilities and reinsurance balances

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2020	95,616	25,760	69,856
Increase in reserves arising from acquisition of subsidiary undertakings	17,737	3,592	14,145
Movement of reserves	8,255	2,704	5,551
Other movements	(8,237)	(1,275)	(6,962)
At 31 December 2020	113,371	30,781	82,590
At 1 January 2021	113,371	30,781	82,590
Increase in reserves arising from acquisition of subsidiary undertakings	57,941	15,405	42,537
Movement of reserves	15,796	6,204	9,592
Other movements	(455)	1,043	(1,499)
At 31 December 2021	**186,653**	**53,433**	**133,220**

Included within other movements are the 2017 and prior years' claims reserves reinsured into the 2018 year of account on which the Group does not participate and currency exchange differences.

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2020	26,522	5,023	21,499
Increase in reserves arising from acquisition of subsidiary undertakings	4,679	613	4,066
Movement of reserves	2,481	647	1,834
Other movements	(1,326)	(255)	(1,071)
At 31 December 2020	32,356	6,028	26,328
At 1 January 2021	32,356	6,028	26,328
Increase in reserves arising from acquisition of subsidiary undertakings	15,649	3,095	12,553
Movement of reserves	11,201	1,484	9,717
Other movements	405	(69)	475
At 31 December 2021	**59,611**	**10,538**	**49,073**

Assumptions, changes in assumptions and sensitivity

As described in Note 4, the majority of the risks to the Group's future cash flows arise from its subsidiaries' participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with the Group's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Group arising from insurance contracts are calculated by the managing agents of the syndicates, derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

The key assumptions underlying the amounts carried by the Group arising from insurance contracts are:

- the claims reserves calculated by the managing agents are accurate; and
- the potential deterioration of run-off year results has been fully provided for by the managing agents.

There have been no changes in assumptions in 2021.

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

- a 10% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profits by £18,665,000 (2020: £11,337,000);
- a 10% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profits by £13,322,000 (2020: £8,259,000); and
- a 10% increase/decrease in the run-off year net claims reserves will decrease/increase the Group's pre-tax profits by £43,000 (2020: £4,000).

The 10% movement has been selected to give an indication of the possible variations in the assumptions used.

7. Insurance liabilities and reinsurance balances continued

Analysis of gross and net claims development

The tables below provide information about historical gross and net claims development:

Claims development – gross

£m

Underwriting pure year*	After one year	After two years	After three years	After four years	After five years	After six years	After seven years	After eight years	After nine years	After ten years	Profit on RITC received
2012	28	41	40	39	38	38	37	37	36	36	5
2013	24	40	39	38	37	36	36	35	35		3
2014	22	38	38	37	37	36	36	36			5
2015	21	39	39	38	38	37	37				6
2016	24	47	48	47	46	46					3
2017	48	70	72	71	71						3
2018	41	68	72	69							4
2019	37	70	69								
2020	40	72									
2021	**52**										

Claims development – net

£m

Underwriting pure year*	After one year	After two years	After three years	After four years	After five years	After six years	After seven years	After eight years	After nine years	After ten years	Profit on RITC received
2012	24	35	34	33	32	32	32	31	31	31	5
2013	21	35	34	33	32	32	31	31	31		4
2014	19	33	33	32	31	31	31	31			4
2015	18	33	34	33	32	32	32				4
2016	20	38	39	38	37	37					4
2017	34	52	54	53	52						3
2018	31	51	54	52							4
2019	28	53	53								
2020	29	53									
2021	**37**										

* Including the new acquisitions during 2020.

At the end of the three years syndicates are normally reinsured to close. Participations on subsequent years on syndicates may therefore change. The above table shows nine years of development and how the reinsurance to close received performed.

8. Net investment income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Investment income	**1,549**	1,318
Realised losses on financial assets at fair value through profit or loss	**392**	288
Unrealised losses on financial assets at fair value through profit or loss	**(1,316)**	297
Investment management expenses	**(74)**	(53)
Bank interest	**17**	156
Net investment income	**568**	2,006

9. Operating expenses (excluding goodwill and capacity impairment)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Expenses incurred in insurance activities:		
Acquisition costs	**20,299**	13,215
Change in deferred acquisition costs	**(2,358)**	(387)
Administrative expenses	**7,467**	5,039
Other	**—**	49
	25,408	17,916
Other operating expenses:		
– exchange differences	**32**	106
– Directors' remuneration	**582**	398
– acquisition costs in connection with the new subsidiaries acquired in the year	**319**	72
– professional fees	**1,106**	439
– administration and other expenses	**187**	395
Auditors' remuneration:		
– audit of the Parent Company and Group Financial Statements	**54**	47
– audit of subsidiary company Financial Statements	**49**	43
– underprovision of prior year audit fee	**—**	2
– audit related assurance services	**—**	20
	2,329	1,522
Operating expenses	**27,737**	19,438

The Group has three employees other than the Directors of the Company.

Details of the Directors' remuneration are disclosed below:

Directors' remuneration	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Arthur Manners	**212,000**	128,333
Edward William Fitzalan-Howard	**26,000**	18,000
Jeremy Evans (resigned 6 February 2021)	**2,000**	15,000
Michael Cunningham	**34,000**	20,000
Andrew Christie	**28,000**	15,000
Nigel Hanbury	**246,000**	201,667
Martin Reith (appointed 21 April 2021)	**17,000**	—
Tom Libassi (appointed 21 April 2021)	**17,000**	—
Total	**582,000**	398,000

The Chief Executive, Nigel Hanbury, and the Finance Director, Arthur Manners, had a bonus incentive scheme during 2021 in addition to their basic remuneration. The above figures for Nigel Hanbury and Arthur Manners include an accrual for the year of £139,000 and £119,000 respectively (2020: £116,500 for Nigel Hanbury and £58,500 Arthur Manners) in respect of this scheme.

No other Directors derive other benefits, pension contributions or incentives from the Group. During 2017, a Joint Share Ownership Plan was implemented as an incentive scheme for the Chief Executive, Nigel Hanbury, and the Finance Director, Arthur Manners (see Note 23).

10. Income tax charge

(a) Analysis of tax credit in the year

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax:		
– current year	**340**	(297)
– prior year	**(35)**	161
– foreign tax paid	**61**	45
Total current tax	**366**	(91)
Deferred tax:		
– current year	**(577)**	203
– prior year	**—**	(77)
Total deferred tax	**(577)**	126
Income tax (credit)/expense	**(211)**	35

(b) Factors affecting the tax credit for the year

Tax for the year is the same as (2020: the same as) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before tax	**(645)**	336
Tax calculated as profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(123)**	64
Tax effects of:		
– prior year adjustments	**(35)**	84
– rate change and other adjustments	**(299)**	(189)
– permanent disallowances	**184**	68
– foreign taxes	**61**	45
– other	**—**	(37)
Tax (credit/expense) for the year	**(211)**	35

The results of the Group's participation on the 2019, 2020 and 2021 years of account and the calendar year movement on 2018 and prior run-offs will not be assessed for tax until the years ended 2022, 2023 and 2024 respectively, being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. Full provision is made as part of the deferred tax provisions for underwriting profits/(losses) not yet subject to corporation tax.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. This was legislated on 10 June 2021. If a deferred tax balance, this has been calculated with reference to the substantively enacted rates as required under FA5 102.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company after tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Earnings per share has been calculated in accordance with IAS 33 "Earnings per Share".

11. Earnings per share continued

The earnings per share and weighted average number of shares used in the calculation are set out below:

	Year ended 31 December 2021	Year ended 31 December 2020
Profit for the year after tax attributable to ordinary equity holders of the Parent	**£(434,000)**	£301,000
Basic – weighted average number of ordinary shares*	**58,058,164**	18,921,902
Adjustments for calculating the diluted earnings per share:		
Treasury shares (JSOP scheme), Note 21	**1,100,000**	500,000
Diluted – weighted average number of ordinary shares*	**58,783,369**	19,412,902
Basic (loss)/earnings per share	**(0.75)p**	1.59p
Diluted (loss)/earnings per share	**(0.74)p**	1.55p

* Used as the denominator in calculating the basic earnings per share, and diluted earnings per share, respectively.

12. Dividends paid or proposed

A dividend of £2,018,000 was paid during the year (2020: £nil).

A final dividend of 3p is being proposed in respect of the financial year ended 31 December 2021.

13. Intangible assets

	Goodwill £'000	Syndicate capacity £'000	Total £'000
Cost			
At 1 January 2020	775	20,565	21,340
Additions	—	186	186
Disposals	—	(520)	(520)
Acquired with subsidiary undertakings	—	4,991	4,991
Revaluation	—	5,604	5,604
At 31 December 2020	775	30,826	31,601
At 1 January 2021	775	30,826	31,601
Additions	319	2,664	2,983
Disposals	—	—	—
Acquired with subsidiary undertakings	—	18,173	18,173
Revaluation	—	8,132	8,132
At 31 December 2021	**1,094**	**59,795**	**60,889**

Note 22 sets out the details of the entities acquired by the Group during the year, the fair value adjustments and the goodwill arising.

14. Investments in subsidiaries

	31 December 2021 £'000	31 December 2020 £'000
Total	**71,362**	41,233

During 2021 a reverse impairment charge of £11,192,000 was recognised on the cost of investments in subsidiaries and included in the Parent income statement.

At 31 December 2021, the Company owned 100% of the following companies and limited liability partnerships, either directly or indirectly. All subsidiaries are incorporated in England and Wales and their registered office address is at 40 Gracechurch Street, London EC3V 0BT, apart from RBC CEES Trustee Limited, which is incorporated in Jersey and its registered office address is Gaspé House, 66-72 Esplanade, Jersey JE2 3QT.

Company or partnership	Direct/indirect interest	**2021 ownership**	2020 ownership	Principal activity
Nameco (No. 917) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Devon Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 346) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Pooks Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Charmac Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
RBC CEES Trustee Limited(ii)	Direct	**100%**	100%	Joint Share Ownership Plan
Nottus (No 51) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Chapman Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Llewellyn House Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Advantage DCP Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Romsey Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Helios UTG Partner Limited(i)	Direct	**100%**	100%	Corporate partner
Salviscount LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Inversanda LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Fyshe Underwriting LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 505 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 321 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 409) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 1113) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Catbang 926 Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Whittle Martin Underwriting	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No 408) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 084 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No 510) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No 544) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
N J Hanbury Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No 1011) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No 1111) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nomina No 533 LLP	Indirect	**100%**	—	Corporate partner
North Breache Underwriting Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
G T C Underwriting Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Hillnameco Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No 2012) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No 1095) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
New Filcom Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Kemah Lime Street Capital	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No 1130) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nomina No 070 LLP	Indirect	**100%**	—	Corporate partner
Nameco (No 389) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nomina No 469 LLP	Indirect	**100%**	—	Corporate partner
Nomina No 536 LLP	Indirect	**100%**	—	Corporate partner
Nameco (No 301) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No 1232) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Shaw Lodge Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle

14. Investments in subsidiaries continued

Company or partnership	Direct/indirect interest	2021 ownership	2020 ownership	Principal activity
Queensberry Underwriting	Direct	100%	—	Lloyd's of London corporate vehicle
Nomina No 472 LLP	Indirect	100%	—	Corporate partner
Nomina No 110 LLP	Indirect	100%	—	Corporate partner
Chanterelle Underwriting Limited	Direct	100%	—	Lloyd's of London corporate vehicle
Kunduz LLP	Indirect	100%	—	Corporate partner
Exalt Underwriting Limited	Direct	100%	—	Lloyd's of London corporate vehicle
Nameco (No 1110) Limited	Direct	100%	—	Lloyd's of London corporate vehicle
Clifton 2011 Limited	Direct	100%	—	Lloyd's of London corporate vehicle
Nomina No 378 LLP	Indirect	100%	—	Corporate partner
Gould Scottish Limited Partnership	Indirect	100%	—	Corporate partner

For details of all new acquisitions made during the year 2021 refer to Note 22(a).

(i) Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Salviscount LLP, Inversanda LLP, Fyshe Underwriting LLP, Nomina No 505 LLP, Nomina No 321 LLP Nomina No 084 LLP, Nomina No 533 LLP, Nomina No 070 LLP, Nomina No 469 LLP, Nomina No 536 LLP, Nomina No 472 LLP, Nomina No 110 LLP, Kunduz LLP. Nomina No 348 LLP and Gould Scottish Limited Partnership. The cost of acquisition of these LLPs is accounted for in Helios UTG Partner Limited, their immediate parent company.

During the year, the Company sold its shares in Bernul Limited, Nameco (No 229) Limited, Nameco (No 76) Limited, Updown Underwriting Limited, Nameco (No 518) Limited, Hampden Corporate Member Limited, Halperin Limited, Nameco (No 311) Limited, Nameco (No 402) Limited and Nameco (No 507) Limited for £nil gain or loss.

(ii) RBC CEES Trustee Limited was an incorporated entity in year 2017 to satisfy the requirements of the Joint Share Ownership Plan (see Note 23).

15. Financial assets at fair value through profit or loss

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices (unadjusted) at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data inputs, either directly or indirectly (other than quoted prices included within Level 1) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The Group held the following financial assets carried at fair value on the statement of financial position:

Group	Total 2021 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Shares and other variable yield securities and units in unit trusts	15,288	3,339	9,960	1,989
Debt securities and other fixed income securities	93,548	33,244	60,263	41
Participation in investment pools	511	161	330	20
Loans and deposits with credit institutions	245	64	—	181
Derivatives	43	36	7	—
Other investments	905	905	—	—
Funds at Lloyd's	43,304	43,304	—	—
Total – fair value	153,844	81,053	70,560	2,231

Group	Total 2020 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Shares and other variable yield securities and units in unit trusts	11,104	2,878	7,140	1,086
Debt securities and other fixed income securities	53,950	19,569	34,381	—
Participation in investment pools	219	43	134	42
Loans and deposits with credit institutions	198	87	105	6
Derivatives	115	77	38	—
Other investments	7	7	—	—
Funds at Lloyd's	19,684	19,684	—	—
Total – fair value	85,277	42,345	41,798	1,134

15. Financial assets at fair value through profit or loss continued

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

In addition to funds held by Lloyd's shown above, letters of credit totalling £1,481,000 (2020: £6,971,000) are also held as part of the Group's Funds at Lloyd's.

The Directors consider any credit risk or liquidity risk not to be material.

Company

Financial assets at fair value through profit or loss are shown below:

	31 December 2021 £'000	31 December 2020 £'000
Holdings in collective investment schemes – Level 1	285	—
Total – market value	**285**	—

16. Other receivables

Group	31 December 2021 £'000	31 December 2020 £'000
Arising out of direct insurance operations	32,566	15,280
Arising out of reinsurance operations	37,128	27,306
Other debtors	18,165	15,762
Total	**87,859**	58,348

The Group has no analysis of other receivables held directly by the syndicates on the Group's behalf (see Note 27). None of the Group's other receivables are past their due date and all are classified as fully performing.

Included within the above receivables are amounts totalling £Nil (2020: £7,001,000) which are not expected to be wholly recovered within one year.

Company	31 December 2021 £'000	31 December 2020 £'000
Receivables from subsidiaries (Note 25)	37,290	20,473
Other debtors	1,206	323
Prepayments	—	—
Total	**38,496**	20,796

Included within receivables are amounts totalling £100,000 (2020: £100,000), which are not expected to be recoverable within one year.

17. Deferred acquisition costs

	31 December 2021 £'000	31 December 2020 £'000
At 1 January	7,726	6,641
Increase arising from acquisition of subsidiary undertakings (Note 22)	3,966	1,018
Movement in deferred acquisition costs	2,358	387
Other movements	(435)	(320)
At 31 December	**13,615**	7,726

18. Deferred tax

Group

Deferred tax is calculated in full on temporary differences using a tax rate of 25% on deferred tax assets and deferred tax liabilities (2020: 19% on deferred tax assets and deferred tax liabilities). The movement on the deferred tax liability account is shown below:

Deferred tax liabilities	Valuation of capacity £'000	Timing differences on underwriting results £'000	Total £'000
At 1 January 2020	4,132	(840)	3,292
On acquisition of subsidiary undertakings	1,427	1,662	3,089
Revaluation of capacity	292	1,330	1,622
Prior period adjustment	(77)	—	(77)
Credit for the year	77	126	203
At 31 December 2020	5,891	616	6,507
At 1 January 2021	5,891	616	6,507
On acquisition of subsidiary undertakings	4,683	(1,414)	3,269
Revaluation of capacity	2,766	—	2,766
Prior period adjustment	(489)	—	(489)
Credit for the year	489	(577)	(88)
At 31 December 2021	**13,340**	**(1,375)**	**11,965**

Company

The Company had no deferred tax assets or liabilities (2020: £nil), as disclosed in Note 10.

19. Borrowings

Group and Company	**31 December 2021 £'000**	31 December 2020 £'000
Secured – at amortised cost		
Bank revolving credit facility	**—**	4,000
	—	4,000
Current	**—**	4,000
Non-current	**—**	—
	—	4,000

Bank loan

(a) Revolving credit/loan facility

A sterling revolving loan facility ("RLF") was agreed with Barclays Bank Plc during the year ended 31 December 2019 to the value of £4m, of which £2m was available for general corporate purposes and acquisitions and the remaining £2m was available for use only in a large loss scenario, secured against all of the assets of Helios Underwriting plc.

On 19 December 2019, £2,000,000 was drawn down on the RLF. The maturity of the RLF was three months from the initial date of the drawdown, being 19 March 2020. On 19 March 2020, the RLF was extended by three months to 19 June 2020. On 29 July 2020, a further £2,000,000 was drawn down on the RLF. The RLF incurs interest at the following rates:

- drawn amounts: 3% per annum over LIBOR; and
- undrawn amount: 1% fixed per annum.

Total arrangement fees of £15,000 were paid to Barclays Bank Plc during 2020 for the creation of the RLF.

On 23 April 2021, a total of £4,000,000 was repaid to Barclays in full settlement of the RLF draw down.

On 21 December 2021, a new sterling revolving loan facility ("RLF") was agreed with Barclays Bank Plc to the value of £15m. The interest is 4.2% per annum. On 21 March 2022 the full £15m was drawn down (see note 29).

19. Borrowings continued
Bank loan continued
(a) Revolving credit/loan facility continued
Reconciliation of movements of liabilities to cash flows arising from financing activities:

Group	Liabilities: Other loans and borrowings £'000	Equity: Share capital/ premium £'000	Equity: Other reserves £'000	Equity: Retained earnings £'000	Total £'000
Balance at 1 January 2020	2,000	20,777	(50)	7,421	30,148
Changes from financing cash flows					
Proceeds from issue of share capital (Note 21)	—	18,141	—	—	18,141
Proceeds from loans and borrowings	2,000	—	—	—	2,000
Payments for Company buyback of ordinary shares (Note 24)	—	—	—	(23)	(23)
Repayment of borrowings	—	—	—	—	—
Dividend paid	—	—	—	—	—
Total changes from financing cash flows	2,000	18,141	—	(23)	20,118
Effect of changes in foreign exchange rates	—	—	—	—	—
Changes in fair value	—	—	—	—	—
Other changes:					
Liability related	—	—	—	—	—
Other expense	—	—	—	—	—
Interest expense	—	—	—	—	—
Interest paid	—	—	—	—	—
Total liability related other changes	—	—	—	—	—
Total equity related other changes*	—	—	—	4,283	4,283
Balance at 31 December 2020	4,000	38,918	(50)	11,681	54,549

* The equity related other changes relate to the consolidated profit for the year 2020.

Group	Liabilities: Other loans and borrowings £'000	Equity: Share capital/ premium £'000	Equity: Other reserves £'000	Equity: Retained earnings £'000	Total £'000
Balance at 1 January 2021	4,000	38,918	(50)	11,681	54,549
Changes from financing cash flows					
Proceeds from issue of share capital (Note 21)	—	—	—	—	—
Proceeds from loans and borrowings	—	54,343	(60)	—	54,283
Payments for Company buyback of ordinary shares (Note 24)	—	—	—	—	—
Repayment of borrowings	(4,000)	—	—	—	(4,000)
Dividend paid	—	—	—	(2,018)	(2,018)
Total changes from financing cash flows	(4,000)	54,343	(60)	(2,018)	(48,265)
Effect of changes in foreign exchange rates	—	—	—	—	—
Changes in fair value	—	—	—	—	—
Other changes:					
Liability related	—	—	—	—	—
Other expense	—	—	—	—	—
Interest expense	—	—	—	—	—
Interest paid	—	—	—	—	—
Total liability related other changes	—	—	—	—	—
Total equity related other changes*	—	—	—	4,932	4,932
Balance at 31 December 2021	**—**	**93,261**	**(110)**	**14,595**	**107,746**

* The equity related other changes relate to the consolidated profit for the year 2021.

19. Borrowings continued

Bank loan continued

(a) Revolving credit/loan facility continued

Company	Liabilities: Other loans and borrowings £'000	Equity: Share capital/ premium £'000	Equity: Other reserves £'000	Equity: Retained earnings £'000	Total £'000
Balance at 1 January 2020	2,000	20,777	—	16,712	39,489
Changes from financing cash flows					
Proceeds from issue of share capital (Note 21)	—	18,141	—	—	18,141
Proceeds from loans and borrowings	2,000	—	—	—	2,000
Payments for Company buyback of ordinary shares (Note 24)	—	—	—	(23)	(23)
Repayment of borrowings	—	—	—	—	—
Dividend paid	—	—	—	—	—
Total changes from financing cash flows	2,000	18,141	—	(23)	20,118
Effect of changes in foreign exchange rates	—	—	—	—	—
Changes in fair value	—	—	—	—	—
Other changes:	—	—	—	—	—
Liability related	—	—	—	—	—
Other expense	—	—	—	—	—
Interest expense	—	—	—	—	—
Interest paid	—	—	—	—	—
Total liability related other changes	—	—	—	2,636	2,636
Total equity related other changes*	—	—	—	—	—
Balance at 31 December 2020	4,000	38,918	—	19,325	62,243

* The equity related other changes relate to the Company's profit for the year 2020.

Company	Liabilities: Other loans and borrowings £'000	Equity: Share capital/ premium £'000	Equity: Other reserves £'000	Equity: Retained earnings £'000	Total £'000
Balance at 1 January 2021	4,000	38,918	—	19,325	62,243
Changes from financing cash flows					
Proceeds from issue of share capital (Note 21)	—	54,343	—	—	54,343
Proceeds from loans and borrowings	—	—	—	—	—
Payments for Company buyback of ordinary shares (Note 24)	—	—	—	—	—
Repayment of borrowings	(4,000)	—	—	—	(4,000)
Dividend paid	—	—	—	(2,018)	(2,018)
Total changes from financing cash flows	(4,000)	54,343	—	(2,018)	48,325
Effect of changes in foreign exchange rates	—	—	—	—	—
Changes in fair value	—	—	—	—	—
Other changes:	—	—	—	—	—
Liability related	—	—	—	—	—
Other expense	—	—	—	—	—
Interest expense	—	—	—	—	—
Interest paid	—	—	—	—	—
Total liability related other changes	—	—	—	—	—
Total equity related other changes*	—	—	—	9,805	9,805
Balance at 31 December 2021	**—**	**93,261**	**—**	**27,112**	**120,373**

* The equity related other changes relate to the Company's profit for the year 2021.

20. Other payables

Group	31 December 2021 £'000	31 December 2020 £'000
Arising out of direct insurance operations	2,606	2,752
Arising out of reinsurance operations	23,957	12,348
Corporation tax payable	185	288
Other creditors	8,179	3,968
	34,927	19,356

The Group has no analysis of other payables held directly by the syndicates on the Group's behalf (see Note 27).

Company	31 December 2021 £'000	31 December 2020 £'000
Payable to subsidiaries	2,959	3,328
Accruals and deferred income	904	564
	3,863	3,892

All payables above are due within one year.

21. Share capital and share premium

	Number of shares (i)	Ordinary share capital £'000	Partly paid ordinary share capital £'000	Share premium £'000	Total £'000
Ordinary shares of 10p each and share premium at 31 December 2020	33,931,345	3,343	50	35,525	38,918
Ordinary shares of 10p each and share premium at 31 December 2021	69,305,381	6,821	110	86,330	93,261

During the year, the Company issued a further 35,374,036 shares.

(i) Number of shares

	2021	2020
Allotted, called up and fully paid ordinary shares:		
– on the market	67,786,212	33,012,176
– Company buyback of ordinary shares held in treasury (Note 24)	419,169	419,169
	68,205,381	33,431,345
Uncalled and partly paid ordinary shares under the JSOP scheme (ii) (Note 23)	1,100,000	500,000
	69,305,381	33,931,345

(ii) The partly paid ordinary shares are not entitled to dividend distribution rights during the year.

22. Acquisition of Limited Liability Vehicles

Acquisitions of Limited Liability Vehicles are accounted for using the acquisition method of accounting.

Where the comparison of the consideration paid to the fair value of net assets acquired gives rise to a negative goodwill this is recognised in the revenue in the consolidated income statement as a gain on bargain purchase (negative goodwill). The below table shows the summary of the gain on bargain purchase and the impairment of goodwill as follows:

(a) 2021 acquisitions

In 2021 the Company acquired twenty eight Limited Liability vehicle, all of which are incorporate in England and Wales and are corporate members of Lloyd's.

	Nameco (No 1011) Limited	Nameco (No 1111) Limited	Nomina No 533 LLP	North Breach UW Limited	GTC UW Limited	Hill Nameco Limited	Nameco (No 2012) Limited	Nameco (No 1095) Limited	New Filcom Limited	Kemah Lime Street Capital	Total
2021 acquisition date	21 Sept	21 Sept	21 Sept	21 Sept	22 Sept	22 Sept	23 Sept	24 Sept	29 Sept	30 Sept	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	—	2	199	5	68	10	—	251	—	1	536
Uplift to fair value	602	213	225	1,814	532	467	490	1,167	227	226	5,963
	602	215	424	1,819	600	477	490	1,418	227	227	6,499
Financial investments	1,014	390	683	3,499	1,224	966	1,349	1,957	1,349	508	12,939
Deferred income tax asset	—	—	—	—	—	—	—	—	—	—	—
Reinsurers' share of insurance liabilities:											
– reinsurers' share of outstanding claims	425	251	292	1,431	504	478	639	974	658	339	5,991
– reinsurers' share of unearned premium	72	46	58	274	103	96	112	187	156	63	1,167
Other receivables, including insurance receivables	1,152	425	354	5,933	847	728	771	3,095	677	304	14,286
Deferred acquisition costs	101	55	74	380	145	126	137	252	160	67	1,497
Prepayments and accrued income	9	4	4	37	9	9	8	17	7	9	113
Cash and cash equivalents	191	69	89	455	539	259	258	388	637	428	3,313
Insurance liabilities:											
– claims outstanding	(1,705)	(791)	(1,105)	(6,502)	(1,904)	(1,686)	(2,251)	(3,307)	(2,004)	(996)	(22,251)
– unearned premiums	(417)	(219)	(283)	(1,643)	(554)	(493)	(528)	(991)	(587)	(264)	(5,979)
Deferred income tax liabilities	(151)	(53)	(57)	(516)	(170)	(117)	(123)	(335)	(57)	(57)	(1,636)
Other payables, including insurance payables	(297)	(397)	(160)	(1,071)	(562)	(658)	(430)	(1,486)	(448)	(472)	(5,981)
Accruals and deferred income	(43)	(23)	(29)	(118)	(43)	(43)	(49)	(71)	(85)	(39)	(543)
Total fair value acquired	**953**	**(28)**	**344**	**3,978**	**738**	**142**	**383**	**2,098**	**690**	**117**	**9,415**
Consideration	**891**	**—**	**280**	**3,857**	**696**	**100**	**360**	**2,024**	**651**	**145**	**9,004**
Positive goodwill on acquisition	**—**	**28**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**28**	**56**
Negative goodwill on acquisition	**(62)**	**—**	**(64)**	**(121)**	**(42)**	**(42)**	**(23)**	**(74)**	**(39)**	**—**	**(467)**
Capacity acquired											
2019 underwriting year	1,027	481	562	4,235	1,262	1,091	1,457	2,019	1,108	649	13,891
2020 underwriting year	968	495	609	3,890	1,225	1,139	1,181	2,185	1,183	504	13,380
2021 underwriting year	949	556	682	3,935	820	1,006	618	2,914	364	502	12,347

Had the Limited Liability Vehicles been consolidated from 1 January 2020, the consolidated statement of comprehensive income would show net earned premium of £90,820,000 and a profit after tax of £819,000.

Costs incurred in connection with the twenty eight acquisitions totalling £447,000 (2020: £114,000) have been recognised in the consolidated income statement.

22. Acquisition of Limited Liability Vehicles continued

(a) 2021 acquisitions continued

	Brought forward	Nameco (No 1130) Limited	Nomina No 070 LLP	Nameco (No 389) Limited	Nomina No 469 LLP	Nomina No 536 LLP	Queens-berry UW	Nameco (No 301) Limited	Nameco (No 1232) Limited	Shaw Lodge Limited	Total
2021 acquisition date		30 Sept	30 Sept	05 Oct	06 Oct	06 Oct	09 Oct	13 Oct	13 Oct	15 Oct	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	536	—	456	4	159	430	29	15	1	—	1,630
Uplift to fair value	5,963	311	100	1,017	149	405	1,048	771	381	23	10,168
	6,499	311	556	1,021	308	835	1,077	786	382	23	11,798
Financial investments	12,939	661	957	1,780	639	1,573	1,690	1,394	679	495	22,807
Deferred income tax asset	—	—	—	—	—	—	—	—	—	—	—
Reinsurers' share of insurance liabilities:											
– reinsurers' share of outstanding claims	5,991	370	409	847	343	873	876	655	358	134	10,858
– reinsurers' share of unearned premium	1,167	76	75	169	63	141	200	120	66	45	2,122
Other receivables, including insurance receivables	14,286	1,075	780	2,266	323	896	1,145	1,503	640	180	23,094
Deferred acquisition costs	1,497	96	109	205	71	168	232	145	78	51	2,653
Prepayments and accrued income	113	7	9	13	4	14	11	10	6	1	188
Cash and cash equivalents	3,313	189	181	271	93	298	279	164	102	131	5,021
Insurance liabilities:											
– claims outstanding	(22,251)	(1,286)	(1,561)	(2,984)	(1,081)	(2,958)	(2,935)	(2,330)	(1,138)	(418)	(38,942)
– unearned premiums	(5,979)	(364)	(470)	(824)	(288)	(651)	(903)	(580)	(315)	(164)	(10,538)
Deferred income tax liabilities	(1,636)	(78)	(56)	(319)	(37)	(101)	(262)	(241)	(118)	(6)	(2,854)
Other payables, including insurance payables	(5,979)	(950)	(262)	(500)	(163)	(446)	(674)	(757)	(531)	(158)	(10,422)
Accruals and deferred income	(543)	(34)	(40)	(70)	(31)	(59)	(79)	(55)	(34)	(30)	(975)
Total fair value acquired	**9,415**	**73**	**687**	**1,875**	**244**	**585**	**657**	**814**	**175**	**284**	**14,809**
Consideration	**9,004**	**31**	**645**	**1,829**	**223**	**543**	**674**	**818**	**195**	**209**	**14,171**
Positive goodwill on acquisition	**56**	**—**	**—**	**—**	**—**	**—**	**17**	**4**	**20**	**—**	**97**
Negative goodwill on acquisition	**(467)**	**(42)**	**(42)**	**(46)**	**(21)**	**(42)**	**—**	**—**	**—**	**(75)**	**(735)**
Capacity acquired											
2019 underwriting year	13,891	784	990	1,637	620	1,922	1,860	1,343	699	267	24,014
2020 underwriting year	13,380	835	1,048	1,795	648	1,412	2,054	1,261	713	296	23,411
2021 underwriting year	12,347	653	1,044	2,005	494	1,512	2,211	1,364	683	355	22,668

22. Acquisition of Limited Liability Vehicles continued

(a) 2021 acquisitions continued

	Brought forward	Nomina No 472 LLP	Nomina No 110 LLP	Chant-erelle UW	Kunduz LLP	Exalt UW Limited	Nameco (No 1110) Limited	Clifton 2011 Limited	Nomina No 348 LLP	Gould Scottish Limited	Total
2021 acquisition date		19 Nov	23 Nov	26 Nov	15 Dec	20 Dec	21 Dec	22 Dec	24 Dec	31 Dec	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	1,630	169	436	—	171	21	—	22	744	358	3,551
Uplift to fair value	10,168	100	100	1,473	150	418	1,530	684	—	—	14,623
	11,798	269	536	1,473	321	439	1,530	706	744	358	18,174
Financial investments	22,807	478	1,156	4,471	740	893	2,733	1,087	1,462	—	35,827
Deferred income tax asset	—	—	—	—	—	—	—	—	—	—	—
Reinsurers' share of insurance liabilities:											
– reinsurers' share of outstanding claims	10,858	268	526	638	351	505	918	727	613	—	15,404
– reinsurers' share of unearned premium	2,122	48	99	231	56	96	188	154	104	—	3,098
Other receivables, including insurance receivables	23,094	245	677	2,598	365	585	2,499	741	1,023	116	31,943
Deferred acquisition costs	2,652	57	123	318	82	146	281	166	140	—	3,965
Prepayments and accrued income	188	3	10	31	4	9	16	8	9	—	278
Cash and cash equivalents	5,021	81	270	1,406	110	573	831	687	221	6	9,206
Insurance liabilities:											
– claims outstanding	(38,942)	(839)	(1,850)	(5,175)	(1,173)	(1,765)	(3,798)	(2,132)	(2,269)	—	(57,943)
– unearned premiums	(10,538)	(220)	(487)	(1,285)	(299)	(544)	(1,037)	(671)	(569)	—	(15,650)
Deferred income tax liabilities	(2,854)	(25)	(44)	(368)	(38)	(105)	(388)	(171)	(74)	—	(4,067)
Other payables, including insurance payables	(10,422)	(116)	(334)	(1,440)	(184)	(419)	(622)	(1,076)	(318)	(1)	(14,932)
Accruals and deferred income	(975)	(25)	(47)	(91)	(45)	(65)	(77)	(79)	(44)	(16)	(1,464)
Total fair value acquired	**14,809**	**224**	**635**	**2,807**	**290**	**348**	**3,074**	**147**	**1,042**	**463**	**23,839**
Consideration	**14,171**	**190**	**560**	**2,662**	**220**	**410**	**3,083**	**298**	**910**	**435**	**22,939**
Positive goodwill on acquisition	**97**	**—**	**—**	**—**	**—**	**62**	**9**	**151**	**—**	**—**	**319**
Negative goodwill on acquisition	**(735)**	**(34)**	**(75)**	**(145)**	**(70)**	**—**	**—**	**—**	**(132)**	**(28)**	**(1,219)**
Capacity acquired											
2019 underwriting year	24,014	470	1,126	3,212	714	1,207	2,057	1,378	1,238	672	36,086
2020 underwriting year	23,411	495	1,099	3,081	655	1,207	2,398	1,492	1,256	711	35,736
2021 underwriting year	22,668	475	773	3,108	640	1,186	2,300	1,558	1,308	766	34,784

22. Acquisition of Limited Liability Vehicles continued

(b) 2020 acquisitions

	Nameco (No 408) Limited	Nameco (No 510) Limited	Nameco (No 544) Limited	Nomina No 084 LLP	N J Hanbury Limited	Total
2020 acquisition date	28 Jan	27 Nov	27 Nov	27 Nov	27 Nov	
	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets	—	—	1	1,371	10	1,382
Uplift to fair value	477	662	680	—	1,791	3,610
	477	662	681	1,371	1,801	4,992
Financial investments	1,172	2,067	2,437	1,855	2,957	10,488
Deferred income tax asset	—	—	—	—	—	
Reinsurers' share of insurance liabilities:						
– reinsurers' share of outstanding claims	504	818	1,282	510	478	3,592
– reinsurers' share of unearned premium	92	179	221	83	38	613
Other receivables, including insurance receivables	1,417	1,769	3,902	2,435	6,305	15,828
Deferred acquisition costs	137	278	304	129	170	1,018
Prepayments and accrued income	10	15	25	15	31	96
Cash and cash equivalents	390	232	606	256	359	1,843
Insurance liabilities:						
– claims outstanding	(2,035)	(3,541)	(5,351)	(2,602)	(4,208)	(17,737)
– unearned premiums	(532)	(1,145)	(1,343)	(679)	(983)	(4,682)
Deferred income tax liabilities	(91)	(126)	(174)	(239)	(967)	(1,597)
Other payables, including insurance payables	(325)	(449)	(780)	(486)	(682)	(2,722)
Accruals and deferred income	(42)	(61)	(80)	(67)	(71)	(321)
Total fair value acquired	**1,174**	**698**	**1,729**	**2,581**	**5,228**	**11,410**
Consideration	**1,007**	**628**	**1,602**	**2,207**	**4,706**	**10,150**
Positive goodwill on acquisition	**—**	**—**	**—**	**—**	**—**	**—**
Negative goodwill on acquisition	**(167)**	**(70)**	**(127)**	**(374)**	**(522)**	**(1,260)**
Capacity acquired						
2019 underwriting year	1,304	1,024	1,691	2,206	3,583	9,808
2020 underwriting year	1,143	982	1,683	1,936	3,443	9,187
2021 underwriting year	1,086	1,088	1,412	3,308	3,982	10,876

23. Joint Share Ownership Plan ("JSOP")

500,000 shares have been vested as at 31 December 2021.

On 16 August 2021 a further 600,000 shares were issued.

Effect of the transactions

The beneficial interests of the Executives following the transaction will be as follows:

	2021			2020		
Director	Interests in jointly owned ordinary shares issued under JSOP	Other interests in ordinary shares	Total shareholding	Interests in jointly owned ordinary shares issued under JSOP	Other interests in ordinary shares	Total shareholding
Arthur Manners	**477,500**	**709,868**	**1,187,368**	200,000	162,292	909,868
Nigel Hanbury	**622,500**	**8,927,294**	**9,549,794**	300,000	4,027,640	9,227,294

The new ordinary shares will rank pari passu with the Company's existing issued ordinary shares. The Company's issued share capital following Admission will comprise 68,205,381 ordinary shares with voting rights and no restrictions on transfer and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure Guidance and Transparency Rules.

The JSOP is to be accounted for as if it were a premium priced option, and therefore Black Scholes mathematics have been applied to determine the fair value. As the performance condition will eventually be trued up, a calculation of the fair value based on an algebraic Black Scholes calculation of the value of the "as if" option discounted for the risk of forfeiture or non-vesting is reasonable. The discount factors are for the risk that an employee leaves and forfeits the award or the failure to meet the performance condition with the result the JSOP awards do not vest in full or at all.

The basic Black Scholes calculation for the new awards is based on the following six basic assumptions:

(a) market value of a share at the date of grant (155p);

(b) expected premium or threshold price of a share (174.8p);

(c) expected life of the JSOP award (3 years);

(d) risk-free rate of capital (1%);

(e) expected dividend yield (1.9%); and

(f) expected future volatility of a Helios share (20%).

The gives a total fair value is to be charged as an expense and spread over three years, being the years 2022 to 2024.

24. Treasury shares: purchase of own shares

The Company bought back some of its own ordinary shares on the market and these are held in treasury. No shares were bought back during 2021.

The retained earnings have been reduced by £527,000, being the consideration paid on the market for these shares, as shown in the consolidated and Parent Company statements of changes in equity.

The Company cannot exercise any rights over these bought back and held in treasury shares, and has no voting rights. No dividend or other distribution of the Company's assets can be paid to the Company in respect of the treasury shares that it holds.

As at 31 December 2021, the 419,169 own shares bought back represent 0.61% of the total allotted, called up and fully paid ordinary shares of the Company of 69,305,381 (Note 21).

25. Related party transactions

Helios Underwriting plc has inter-company loans with its subsidiaries which are repayable on three months' notice provided it does not jeopardise each company's ability to meet its liabilities as they fall due. All inter-company loans are therefore classed as falling due within one year. The amounts from/(to) subsidiaries exceeding £750,00 as at 31 December are set out below:

Company	**31 December 2021 £'000**	31 December 2020 £'000
Nameco (No. 917) Limited	**9,338**	6,589
Helios UTG Partner Limited	**7,930**	3,784
Chapman Underwriting Limited	**2,554**	—
Romsey Underwriting Limited	**6,412**	5,082
Advantage DCP Limited	**(1,623)**	(1,555)
Catbang 926 Limited	**1,546**	766
Hillnameco Limited	**879**	—
Clifton 2011 Limited	**845**	—
Subsidiaries below £750,000	**6,450**	2,479
Net amount	**34,331**	17,145
Receivable from subsidiaries	**37,290**	20,473
Payable from subsidiaries	**(2,959)**	(3,328)
	34,331	17,145

Helios Underwriting plc and its subsidiaries have entered into a management agreement with Nomina plc. Jeremy Evans, who resigned as a Director of the Company on 6 February 2021, is a director of Nomina plc. Under the agreement, Nomina plc provides management and administration, financial, tax and accounting services to the Group for an annual fee of £150,000 (2020: £145,000).

25. Related party transactions continued

The Limited Liability Vehicles have entered into a members' agent agreement with Hampden Agencies Limited. Jeremy Evans, who resigned as a Director of Helios Underwriting plc on 7 February 2021, is a director of the Company's subsidiary companies and is also a director of Hampden Capital plc, which controls Hampden Agencies Limited. Under the agreement the Limited Liability Vehicles will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the Limited Liability Vehicles underwrite on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Limited Liability Vehicles will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fees payable for 2021 are £478,000 (2020: £193,000). Following acquisition into the Group, no profit commission is payable on future underwriting years.

The Group entered into quota share reinsurance contracts for the 2019, 2020, 2021 and 2022 years of account with HIPCC Limited. The Limited Liability Vehicles' underwriting year of account quota share participations are set out below:

Company or partnership	2019	2020	2021	**2022**
Nameco (No. 917) Limited	70%	70%	59%	**44%**
Nameco (No. 346) Limited	70%	70%	60%	**65%**
Chapman Underwriting Limited	70%	70%	68%	**11%**
Advantage DCP Limited	70%	70%	54%	**—**
Romsey Underwriting Limited	70%	70%	48%	**37%**
Nomina No 321 LLP	70%	70%	35%	**—**
Nameco (No. 409) Limited	70%	70%	44%	**—**
Nameco (No. 1113) Limited	70%	70%	46%	**—**
Catbang 926 Limited	—	70%	60%	**21%**
Whittle Martin Underwriting	—	70%	48%	**—**
Nameco (No. 408) Limited	—	—	53%	**—**

Nigel Hanbury, a Director of Helios Underwriting plc and its subsidiary companies, is also a director and majority shareholder in HIPCC Limited. Hampden Capital, a substantial shareholder in Helios Underwriting plc, is also a substantial shareholder in HIPCC Limited – Cell 6. Under the agreement, the Group accrued a net reinsurance premium recovery of £2,703,000 (2020: £4,741,000) during the year.

In addition, HIPCC provides stop loss, portfolio stop loss and HASP reinforce policies for the Company.

HIPCC Limited acts as an intermediary for the reinsurance products purchased by Helios. An arrangement has been put in place so that 51% of the profits generated by HIPCC in respect of the business relating to Helios will be repaid to Helios for the business transacted for the 2020 and subsequent underwriting years. The consideration paid to Nigel Hanbury of £100,000 reflects the HIPCC income that he is expected to forgo.

Nigel Hanbury was the majority shareholder of Upperton Holdings Limited, which in turn was the sole shareholder of N J Hanbury Limited, which was acquired by the Company on 27 November 2020 in exchange for 3,066,752 shares in the Company, a total consideration of £3,680,000 (see Note 22).

Nigel Hanbury was 40% owner of Nomina No 084 LLP, which was acquired by the Helios UTG Partner Limited (a subsidiary of the Company) on 27 November 2020 in exchange for 1,025,786 shares in the Company, a total consideration of £2,036,000 (see note 22).

Arthur Manners was the sole shareholder of Nameco (No 510) Limited, which was acquired by the Company on 27 November 2020 in exchange for 547,576 shares in the company, a total consideration of £657,000 (see note 22).

During 2021, the following Directors received dividends, in line with their shareholdings held:

Director	Shareholding at date dividend declared 29 June 2021	Dividend received 19 July 2021 £
Nigel Hanbury (either personally or has an interest in)	9,227,294	276,818
Andrew Christie	34,317	1,029
Arthur Manners	909,868	27,296
Edward Fitzalan-Howard (appointed 1 January 2018)	382,864	11,485
Michael Cunningham	86,848	2,605
Tom Libassi (appointed 20 April 2021)	13,000,000	390,000
Martin Reith (appointed 20 April 2021)	130,161	3,904

26. Ultimate controlling party

The Directors consider that the Group has no ultimate controlling party.

27. Syndicate participations

The syndicates in which the Company's subsidiaries participate as corporate members of Lloyd's are as follows:

		Allocated capacity per year of account			
Syndicate number	Managing or members' agent	2022 £	2021 £	2020* £	2019* £
33	Hiscox Syndicates Limited	**13,830,779**	13,830,793	14,193,201	11,926,480
218	IQUW Syndicate Management Limited	**7,070,046**	7,070,053	6,558,839	6,968,088
318	Cincinnati Global Underwriting Agency Limited	**992,637**	992,635	404,687	1,185,937
386	QBE Underwriting Limited	**2,543,190**	2,312,008	2,249,975	2,256,356
510	Tokio Marine Kiln Syndicates Limited	**32,301,169**	22,594,020	19,595,324	17,893,591
557	Tokio Marine Kiln Syndicates Limited	**3,458,576**	3,458,576	3,236,695	2,348,475
609	Atrium Underwriters Limited	**12,071,789**	11,612,849	10,545,464	9,333,876
623	Beazley Furlonge Limited	**21,576,129**	18,913,248	16,129,766	14,170,533
727	S A Meacock & Company Limited	**2,059,162**	1,999,191	3,053,284	3,151,336
1176	Chaucer Syndicates Limited	**2,784,204**	2,784,212	2,813,031	2,844,303
1200	Argo Managing Agency Limited	**10,050,000**	—	160,714	280,675
1729	Asta Managing Agency Limited	**10,148,838**	131,123	295,476	440,727
1902	Asta Managing Agency Limited	**10,000,002**	—	—	—
1969	Apollo Syndicate Management Limited	**5,610,170**	400,001	—	—
1971	Apollo Syndicate Management Limited	**6,467,147**	—	—	—
1991	Coverys Managing Agency Limited	**—**	—	53,345	123,345
2010	Lancashire Syndicates Limited	**10,137,041**	9,547,814	4,188,754	4,209,871
2014	Pembroke Managing Agency Limited	**—**	—	—	649,038
2121	Argenta Syndicate Management Limited	**10,019,394**	5,472,177	2,473,682	1,836,835
2288	Astra Managing Agency Limited	**—**	—	8,139	—
2525	Asta Managing Agency Limited	**1,281,801**	1,193,027	1,149,189	954,916
2689	Asta Managing Agency Limited	**10,025,276**	438,655	518,866	1,011,739
2791	Managing Agency Partners Limited	**9,217,847**	9,217,851	10,303,120	10,457,746
2988	Brit Syndicates Limited	**—**	—	—	639,126
4242	Asta Managing Agency Limited	**12,561,664**	8,483,065	423,592	841,866
4444	Canopius Managing Agents Limited	**—**	162,189	281,110	291,535
5623	Beazley Furlonge Limited	**6,894,032**	4,769,792	2,883,293	50,002
5886	Asta Managing Agency Limited	**22,520,345**	12,054,953	7,277,465	1,570,433
6103	Managing Agency Partners Limited	**3,073,952**	2,704,446	2,076,669	1,944,856
6104	Hiscox Syndicates Limited	**1,702,213**	1,695,393	1,738,097	1,985,770
6107	Beazley Furlonge Limited	**1,562,047**	1,548,102	1,562,779	1,771,471
6117	Argo Managing Agency Limited	**2,741,022**	1,715,599	1,556,376	5,068,808
6123	Asta Managing Agency Limited	**—**	—	—	152,550
6133	Apollo Syndicate Management Limited	**—**	—	14,400	12,000
Total		**232,700,472**	145,101,772	115,745,332	106,372,284

* Including the new acquisitions in 2021.

28. Group-owned net assets

The Group statement of financial position includes the following assets and liabilities held by the syndicates on which the Group participates. These assets are subject to trust deeds for the benefit of the relevant syndicates' insurance creditors. The table below shows the split of the statement of financial position between Group and syndicate assets and liabilities:

	31 December 2021			31 December 2020		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
Assets						
Intangible assets	60,889	—	60,889	31,601	—	31,601
Financial assets at fair value through profit or loss	43,589	110,255	153,844	19,713	65,564	85,277
Deferred income tax asset	—	—	—	—	—	—
Reinsurance assets:						
– reinsurers' share of claims outstanding	60	53,373	53,433	61	30,720	30,781
– reinsurers' share of unearned premium	—	10,538	10,538	—	6,028	6,028
Other receivables, including insurance and reinsurance receivables	5,457	82,402	87,859	12,008	46,340	58,348
Deferred acquisition costs	—	13,615	13,615	—	7,726	7,726
Prepayments and accrued income	—	799	799	662	514	1,176
Cash and cash equivalents	16,178	8,446	24,624	4,961	3,534	8,495
Total assets	126,173	279,428	405,601	69,006	160,426	229,432
Liabilities						
Insurance liabilities:						
– claims outstanding	—	186,653	186,653	—	113,371	113,371
– unearned premium	—	59,611	59,611	—	32,356	32,356
Deferred income tax liabilities	11,887	78	11,965	6,492	15	6,507
Borrowings	—	—	—	4,000	—	4,000
Other payables, including insurance and reinsurance payables	445	34,482	34,927	364	18,992	19,356
Accruals and deferred income	2,607	2,092	4,699	1,858	1,435	3,293
Total liabilities	14,939	282,916	279,855	12,714	166,169	178,883
Equity attributable to owners of the Parent						
Share capital	6,931	—	6,931	3,393	—	3,393
Share premium	86,330	—	86,330	35,525	—	35,525
Other reserves	(110)	—	(110)	(50)	—	(50)
Retained earnings	18,083	(3,488)	14,595	17,424	(5,743)	11,681
Total equity	111,234	(3,488)	107,746	56,292	(5,743)	50,549
Total liabilities and equity	126,173	279,428	405,601	69,006	160,426	229,432

28. Group-owned net assets continued

Below is an analysis of the free working capital available to the Group:

Group	31 December 2021 £'000	31 December 2020 £'000
Funds at Lloyd's supplied by:		
Reinsurers	**37,032**	39,536
Other third party	**5,609**	6,971
Group owned	**43,304**	19,469
Total funds at Lloyd's supplied (excluding solvency credits)	**85,945**	65,976
Group funds available:		
Financial assets	**43,589**	19,713
Cash	**16,178**	4,961
Total funds	**59,767**	24,674
Less Group funds at Lloyd's	**(43,304)**	(19,469)
Free working capital	**16,463**	5,205

29. Events after the financial reporting period

Dividend

In respect of the year ended 31 December 2021 a final dividend of 3p per fully paid ordinary share (note 21) amounting to a total dividend of £2,034,000, is to be proposed at the Annual General Meeting on 29 June 2022. These Financial Statements do not reflect this dividend payable.

Bank loan

On 21 March 2022 the Company drew down on a £15,000,000 loan facility from Barclays Bank Plc over a 15 month term.

Registered officers and advisers

Directors
Harold Michael Clunie Cunningham (Non-Executive Chairman)
Nigel John Hanbury (Chief Executive)
Andrew Hildred Christie (Non-Executive Director)
Arthur Roger Manners (Finance Director)
Edward Fitzalan-Howard (Non-Executive Director)
Thomas John Libassi (Non-Executive Director) appointed 21 April 2021
Martin Robert Davidson Reith (Non-Executive Director) appointed 21 April 2021
Jeremy Richard Holt Evans ((Non-Executive Director) resigned 6 February 2021

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Notes

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Corporate Governance

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