WHITE BEAR CAPITAL LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Registered Number:	**10220701**
Registered Office:	7th Floor, 70 Mark Lane
	London
	EC3R 7NQ

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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White Bear

WHITE BEAR CAPITAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Executive

John Anthony Lynch

Peter David Scales

Non executive

Adam George Beatty

Dominic James Haviland Slade

COMPANY SECRETARY

Tessa Helen Mijatovic

Registered Office and Trading Office:

7th Floor, 70 Mark Lane

London

EC3R 7NQ

Auditor:

BDO LLP

55 Baker Street

Marylebone

London

W1U 7EU

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Formation of the business

White Bear Capital Limited ("the Company") was incorporated on 8 June 2016 and operates in the UK as the holding company of a number of wholly owned subsidiaries ("the Group") in the insurance sector.

Purpose and principal activities of the business

The Company has a dual principal trading strategy, a Lloyd’s Managing Agency, managing Syndicate 5886 (“the Syndicate”) and a Financial Conduct Authority (“FCA”) registered Managing General Agency (“MGA”) managing 3 lines of business.

Its original focus was the Lloyd's insurance market with the formation on 28 June 2016 of Blenheim Underwriting Limited ("Blenheim"). Blenheim provided underwriting services, claims handling services and administrative support to Syndicate 5886, a syndicate at Lloyd's which commenced underwriting on 1 January 2017. Blenheim assumed the role of Managing Agent following the successful novation from Asta Managing Agency Ltd (“Asta”) on 6 August 2021.

On 18 April 2019, the Company set up a MGA called White Bear Managers Ltd ("WBM"). WBM is a FCA approved Insurance Intermediary providing insurance underwriting services to external clients. On 3 August 2020, WBM received authorisation from the Guernsey Financial Services Commission (“GFSC”) to act as an Insurance Manager and subsequently established a branch office in Guernsey. On 1 October 2020.

WBM was authorised as a Lloyd’s Coverholder to underwrite on behalf of Lloyd’s Syndicates. 2021 has seen the existing underwriting teams establish themselves in the market place as well as ensuring that operational processes and procedures are embedded.

On 25 April 2019, the Company set up White Bear Corporate Services Ltd ("WBCS"), a company to employ all the group employees. On 1 July 2019, all the employees of Blenheim were transferred to WBCS under TUPE. Since that date, WBCS has been responsible for its employees and for administering the payroll in respect of those employees.

On 21 November 2019, the Company acquired Nameco (No. 1036) Limited, a corporate Name at Lloyd's which underwrote on various syndicates at Lloyd's, including Syndicate 5886. The name of this company was changed to White Bear Corporate Capital Limited ("WBCC"). WBCC has an underwriting participation on Syndicate 5886 of £79.6m for the 2021 Year of Account ("YoA").

Basis of preparation
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to insurance. The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

The prior year comparatives have been restated in accordance with FRS 103.

Review of the business

The capacity of Syndicate 5886 was pre-empted to £325.0 million for the 2021 YoA to enable the continued build out across most of lines of business, in response to the favourable market conditions particularly in relation to the Direct Property and Specialty Treaty accounts. The stamp capacity of Syndicate 5886 was further pre-empted to £360.0 million for the 2022 YoA take advantage of trading conditions that continued to improve across the book.

WBM was set up and fully operational in 2020 writing business on behalf of external clients with a focus on the Construction, Energy Liability and General Aviation sectors and continues to explore other opportunities. General Aviation continues to deliver on plan and will expand into Europe for 2023. Energy Liability and Construction are behind planned budgets at present and the team are working hard to ensure they have the necessary platform to deliver their plans.

WBCC has increased its participation on Syndicate 5886 from £79.4m of capacity on Syndicate 5886 for the 2021 YoA to £104.7 for the 2022 YoA. By participating on Syndicate 5886, the Group is able to share in the profit and losses of the Syndicate for which it is the Managing Agent. The participation of the business in future years will be dependent on market conditions and available opportunities as well as the level of funds available in the Group to support the requisite Funds at Lloyd's.

During the year, the Group issued 50 G ordinary shares, as a new share class, to employees of the Group. Further details are set out in Note 21.

The Group declared a loss after tax of £8.7m for the current financial year (2020: loss of £2.5m). This is largely derived from the activities of WBCC representing the Group's shares of the trading position of Syndicate 5886 at year end. WBM produced a marginal profit and Blenheim produced a loss after tax of £1.2m.

This result is set out in the Consolidated Income Statement on Page 18 of these financial statements.

The Group's underwriting result and other income is analysed in Note 5 of these financial statements and consists of underwriting results, Managing Agency fees, overrider fees from Names participating on Syndicate 5886 (for 2020 financial year only), income for expenses recharged to Syndicate 5886 and other Group subsidiaries and consortia fees.

Overrider fees from Names
Those Names participating on Syndicate 5886 agreed to pay overrider fees to the Company for a period from 1 January 2017 to 31 December 2020.

For the financial year to 31 December 2021, the Group did not receive any overrider fees (2020: £1.8m).

Review of the business *(continued)*

Income for expenses recharged
Prior to 6 August 2021, Blenheim recharged expenses it incurred but which related to Syndicate 5886 under a services agreement it had entered into with Asta. Following 6 August 2021, Blenheim recharged expenses to the Syndicate as per the Managing Agent's agreement. This income is recognised as the expense is recognised and amounted to £12.5m for the financial year to 31 December 2021 (£11.7m for the financial year to 31 December 2020). Blenheim recharges expenses to fellow Group subsidiaries. These fees are recognised as the expense is recognised and amounted to £0.4m for the financial year to 31 December 2021 (£0.2m for the financial year to 31 December 2020).

Consortia fees
Blenheim receives fees as a consortia manager and these amounted to £0.7m for the financial year to 31 December 2021 (2020: £0.4m).

MGA Commissions
WBM receives commissions as a Managing General Agent and these amounted to £2.4m for the financial year to 31 December 2021 (2020: £1.2m).

Managing Agency fee income
Blenheim, in its capacity as Managing Agent for Syndicate 5886, is due Managing Agency fees from the Syndicate for each Underwriting Year of Account for which it is responsible. These fees are charged at 0.75% of the Syndicate stamp capacity.

Expenses & tax
The Group incurred net operating expenses relating to its participation on Syndicate 5886 of £9.2m (2020: £1.4m) and administrative expenses and other charges relating to Group operations of £18.7m (2020: £16.5m) consisting mainly of employee and IT costs. Further analysis of employee costs are set out in Note 9. Tax was £2.8m for the financial year to 31 December 2021 (2020: £0.1m).

The Group declared a total comprehensive loss of £8.7m for the year ended 31 December 2021 (2020: £2.5m). This result is set out in the Consolidated Statement of Comprehensive Income on Page 18 of these financial statements.

Review of the business *(continued)*

Key performance indicators
The Directors monitor the performance of the Group by reference to the following key performance indicators ("KPI"):

	2021	2020
Group's share of gross written premiums	**£65.5m**	£0.8m
EBITDA	**(£11.7m)**	**(£3.0m)**

EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation and is a widely used indicator in business for assessing the underlying earnings of the business.

The Directors of the Company and its subsidiaries have considered and applied their statutory duty to promote the success of the Company under s172 of the Companies Act 2006, and in so doing, have acted in accordance with these responsibilities during the year, by having regard to the issues, factors, and stakeholders relevant to each of the following:

(a) the likely consequences of any decision in the long term,
(b) the interests of the company's employees,
(c) the need to foster the company's business relationships with suppliers, customers, and others,
(d) the impact of the company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the company

The likely consequences of any decision in the long term
The importance of giving due consideration to all stakeholders is a continuous process that is weaved into the Company’s and wider Group’s governance structure and decision-making process. Annually, Group business plans are prepared which look three years forward, a process which aims to balance the interests of different stakeholders. All strategic decisions, including changes to capital, corporate and Board structures, dividend declarations and changes to accounting and outsourcing policies, are approved by the Board.

In 2020, the Board decided that the long-term strategy of the Group required additional third-party investment. As such, in November 2020, Alchemy Special Opportunities Fund IV became the majority shareholder of the Group. The Directors continue to promote the success of the Group through expansion of its activities as demonstrated by the continued increase in capital allocated to Syndicate 5886 for the 2022 YoA. This aligns with the long-term Group strategy to increase the Group’s own capitalisation of the Syndicate.

Review of the business *(continued)*

The interests of the Company's employees
The Company has no employees and receives services from a group service company, White Bear Corporate Services Ltd, which is also the Group employing company.

The Group has implemented Human Resources policies that set out the approach to ensuring fairness and equality in the workplace underpinning the interests of the Group's employees.

All Directors understand that the quality and experience of the workforce are fundamental to the success of the Group. The Group consider the training and development of its workforce to be key and therefore supports both internal and external training for employees. During the year, succession planning within the Group's leadership team is reviewed and a skills & competency assessment is carried out to identify learning and development needs so that training plans are aligned to aid the Group to promote from within.

The Directors are also committed to supporting and improving diversity within the Group's leadership team and requested enhanced board reporting from Human Resources on diversity statistics which is now received at each quarterly board meeting. The Group has also introduced measures during recruitment of senior management to ensure recruiters present more diverse candidates.

The Directors are committed to the health, safety, and wellbeing of its workforce, the Group offers comprehensive health insurance, employee assistance programmes, life cover and contributions to a defined contribution pension scheme. The Group recently conducted a review of its benefits package and made several enhancements.

The need to foster business relationships with suppliers, customers, and others
The Group is fully committed to working responsibly with its suppliers. Terms of engagement with advisors, suppliers and contractors are reviewed annually by the executive management. Clear and fair guidance and service level agreements are in place and these are amended and adjusted to align with the needs of the business. We manage our operational risk relating to our outsourcing arrangements through the monitoring of defined service level agreements.

The subsidiary companies strive to work closely with their customers and capital providers to ensure that customers are treated fairly.

In addition, Blenheim and WBM will regularly review broker and coverholder trading partners and their major Reinsurance cedant companies to understand their financial strength. In addition, regular independent audits are carried out on those who act on our behalf to ensure that they are acting appropriately within the limits of their delegation, and in the best interests of our customers.

Review of the business *(continued)*

The impact of the Company's operations on the community and the environment
The Company has a commitment to its communities, which we recognise includes environmental responsibilities including those of our stakeholders. The Group's employees are encouraged to participate in volunteering opportunities within the community and employees can apply to receive financial support for charitable fundraising activities.

The desirability of the Company maintaining a reputation for high standards of business conduct
The Group is committed to fully complying with the relevant regulatory requirements and standards across its business. To support the business, the Group compliance function seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met. Compliance reports to the Company and subsidiary boards on material compliance matters including regulatory change, reporting requirements and any regulatory breaches.

The Directors seeks to ensure that the Group's culture and behaviours put clients' interests at the heart of its business activities and that the Group's businesses act with integrity in the market.

The Group, in consultation with all Group directors and staff, have reviewed the Group's culture and values through a series of workshops. This consultation is now completed and it has defined the value statements that will guide the way in which the Group engages with internal and external stakeholders.

The need to act fairly between members of the Company
All interactions with other Group entities are carried out at arm's length and are governed by service level agreements and a robust Conflicts of Interest Policy.

Principal risks and uncertainties

All businesses face risks and uncertainties. The principal risks and uncertainties are set out in Note 4 of these financial statements.

Future development of the business

<u>Brexit</u>
On 31 January 2020, the UK formally left the European Union ("EU") and entered a transition period lasting until 31 December 2020. On 31 December 2020, the UK completed its separation from the EU with the ending of the transition period which saw the UK withdrawing from following all the rules and institutions of the EU.

Lloyd's established a subsidiary in Brussels, Lloyd's Insurance Company ("LIC"), to underwrite European Economic Area ("EEA") exposed business from 1 January 2019 and hence mitigated this risk. At the same time, to achieve contract continuity, Lloyd's transferred all remaining affected policies (comprising all relevant non-life direct EEA insurance and inwards German reinsurance business that has been written by the Lloyd's Market since 1993) to LIC. This was undertaken on 30 December 2020 via an insurance business transfer under Part VII of the UK's Financial Services and Markets Act 2000.

Future development of the business *(continued)*

Brexit (continued)

In 2021, LIC, in consultation with the Belgian insurance regulators, modified its operating model to require certain Syndicate underwriters to be seconded to its UK branch office in order to underwrite in-scope EEA business. This process was completed in Q1 2022 for the Syndicate.

The Directors continue to monitor the impact of Brexit on the business and to date this has not had a material impact on the Group.

Coronavirus

Since the start of 2020, there has been an outbreak of the Coronavirus (COVID19) which has led to significant restrictions on people, business, goods and services.

The direct impact on the Company to date is working arrangements across the Group were adjusted in line with government restrictions and guidance. While working remotely proved challenging at times the overall experience has been successful. Staff embraced new technology and maintained active communication with each other and clients. The IT infrastructure dealt well with the changes. The Group continued to meet the business and regulatory requirements.

Since July 2021, staff have returned to the office for the majority of the working week.
The Directors continue to monitor the insurance, operational and economic risks arising from the outbreak.

Climate Change

Following the Dear Chief Executive Officer ("CEO") letter in 2020, and subsequent Dear CEO letter in 2022 setting out the The Prudential Regulation Authority ("PRA") insurance supervision priorities for 2022, Blenheim have ensured Board-level engagement and accountability with the PRA’s requirements, assigning clear responsibilities for managing Syndicate 5886’s financial risks associated with climate change.

For the Syndicate, the most material identified insurance risk is through the increased physical risks to insured property from weather related events which may become more frequent or more severe due to the effects of climate change. As we develop the overall framework, the identification, assesment, quantification, mitigation and reporting of this and other associated risks will become more visible and identifiable.

Future development of the business *(continued)*

Environmental, Social and Governance
The Company's Board will approve, embed and evaluate the Group Environmental, Social and Governance ("ESG") and Sustainability strategy with Syndicate 5886 to coincide with the 2023 YoA business planning process.

The Company has a commitment to its communities, which we recognise includes environmental responsibilities including those of our stakeholders. Staff are encouraged to participate in volunteering opportunities within the community.

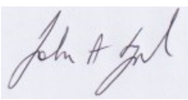
Business Development
The Company has within its trading companies a wide variety of business lines all of which are underwritten in a manner where the likelihood of a potential claim is known shortly after it happens.

As time has gone on since our establishment, both Blenheim and WBM have sought to diversify their trading books using the Group resources to support them. Our overall aim very much remains using our underwriting and management skills for fees and commissions from capital providers, consortia members and trade backers alike.

We are continually looking for the prospect of additional teams and received a decent flow of proposals from underwriting teams directly or via brokers. Many of these need a little work, but there are some great prospects which we attempt to bring into the business; a good example being our new Political Risk team led by David James.

We tend to look at the quality and franchise of the team members rather than map out areas where we would like to trade. As the insurance market is currently one in flux we are seeing some interesting opportunities in both WBM and Blenheim to review.

Approved by the Board and signed on its behalf by:



John Anthony Lynch
7 July 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors of White Bear Capital Limited present their report together with the financial statements for the financial year ended 31 December 2021.

Information required in Directors' Report which is disclosed in the Strategic Report

Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" requires certain information to be disclosed in the Directors' Report. However, the Group has chosen, in accordance with s414C(11) of the Companies Act, to disclose the information relating to credit risk and liquidity risk in Note 4 of these financial statements.

Future developments

The Directors aim for the Group to act as Managing Agent to Syndicate 5886 for the foreseeable future as well as continue to participate on Syndicate 5886. WBM will continue to be developed as conditions and opportunities allow. Further details are set out in the Strategic Report on pages 2 to 9.

Streamlined Energy and Carbon Reporting ("SECR")

The Group falls within the scope for reporting under the SECR requirements. As the Group uses less than 40,000 kwh of energy per year, it is exempt from the SECR requirements. It is for this reason that the Directors have not included information in relation to the Group’s energy and carbon usage.

Going concern basis

Having considered the principal risks and uncertainties facing the Group, the expected future profitability and cash flows of the Group, and the amount of shareholder's equity, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The current Directors of the Company are shown on page 1. All the Directors held office during the financial period under review.

Dividends

No dividends in respect of the financial year to 31 December 2021 are proposed or recommended (2020: £nil).

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity was in force from inception of the Company. Directors' and Officers liability and Professional Indemnity insurance was purchased on 2 October 2017 and has been maintained since this date.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:
(1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
(2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

It is the intention of the Directors to reappoint BDO LLP as auditor for the forthcoming year.

Approved by the Board and signed on its behalf by:

John Anthony Lynch
7 July 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
· make judgements and estimates that are reasonable and prudent;
· state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
· prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Opinion on the financial statements

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 financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of White Bear Capital Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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 and 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED
Continued

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and Parent Company and its 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED
Continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 financial statements, the Directors are responsible for assessing the Group's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

• agreement of the financial statement disclosures to underlying supporting documentation;
• our response to significant audit risks (revenue recognition and management override of controls) are intended to sufficiently address the risk of fraudulent manipulation. Specifically we review and consider adjustments made to the financial statements, unusual or unexpected journal postings, the appropriateness of accounting policies, the accuracy of management recharges and the timing of revenue recognition around the year end;
• communication of the relevant identified laws and regulations and potential fraud risks to all engagement team members, discussion of how and where these might occur and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
• enquiries of management;
• review of minutes of board meetings throughout the period;
• obtaining an understanding of the legal and regulatory framework applicable to the operations of the Company and the Group;
• obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
• review of correspondence with the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED
Continued

Auditor's responsibilities for the audit of the financial statements *(continued)*

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Rupert Livingstone
BA1570E593D7455...

Rupert Livingstone (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
London, UK

07 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED INCOME STATEMENT
TECHNICAL ACCOUNT - GENERAL BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**31 December 2021 £'000**	31 December 2020 £'000
Premiums written			
Gross premiums written	5	**65,461**	828
Outward reinsurance premium		**(16,721)**	(215)
Net written premiums		**48,740**	613
Change in the provision for unearned premiums			
Gross provision		**(23,012)**	(146)
Reinsurers' share		**2,026**	(12)
Net change in the provision for unearned premiums	6	**(20,986)**	(158)
Earned premiums, net of reinsurance		**27,754**	456
Allocated investment return		**2**	8
Total technical income		**27,756**	464
Claims paid			
Gross amount		**(7,659)**	(304)
Reinsurers' share		**137**	94
Net claims paid		**(7,522)**	(210)
Changes in the provision for claims outstanding			
Gross amount		**(28,125)**	(207)
Reinsurers' share		**8,427**	51
Change in the net provision for claims outstanding	6	**(19,698)**	(156)
Claims incurred, net of reinsurance		**(27,220)**	(366)
Net operating expenses	7	**(9,202)**	(1,385)
Balance on technical account - general business		**(8,666)**	(1,287)

All transactions are derived from continuing operations.

The Notes on pages 24 to 55 form an integral part of these accounts.

CONSOLIDATED INCOME STATEMENT
TECHNICAL ACCOUNT - GENERAL BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 2021
continued

	Notes	31 December 2021 £'000	31 December 2020 £'000
Balance on technical account - general business		**(8,666)**	(1,287)
Investment income and realised gains on investments	10	**8**	11
Unrealised gains on investments		**5**	10
Investment expenses and realised losses on investments		**(3)**	(3)
Unrealised losses on investments		**(8)**	(8)
Allocated investment return transferred to the general business technical account		**(2)**	(8)
Other income	5	**16,061**	15,124
Administrative expenses and other charges		**(18,733)**	(16,484)
Loss before taxation		**(11,338)**	(2,645)
Tax on loss		**2,804**	99
Loss for the financial year		**(8,534)**	(2,546)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 £'000	31 December 2020 £'000
Loss for the financial year	**(8,534)**	(2,546)
Currency translation differences	**(157)**	3
Total comprehensive loss before taxation	**(8,691)**	(2,543)
Tax on comprehensive loss	**30**	(1)
Total comprehensive loss for the financial year	**(8,661)**	(2,544)

All transactions are derived from continuing operations.

The Notes on pages 24 to 55 form an integral part of these accounts.

White Bear

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called Up Share Capital	**Share Premium Account**	**Profit and Loss Account**	**Total Equity**
For the year ended 31 December 2021	**£'000**	**£'000**	**£'000**	**£'000**
Opening balance	**-**	**56,164**	**7,478**	**63,642**
Proceeds from the issue of shares	**-**	**19,990**	**-**	**19,990**
Total comprehensive loss for the financial year	**-**	**-**	**(8,661)**	**(8,661)**
As at 31 December 2021	**-**	**76,154**	**(1,183)**	**74,971**

	Called Up Share Capital	Share Premium Account	Profit and Loss Account	Total Equity
For the year ended 31 December 2020	£'000	£'000	£'000	£'000
Opening balance	-	564	10,022	10,586
Proceeds from the issue of shares	-	55,600	-	55,600
Total comprehensive loss for the financial year	-	-	(2,544)	(2,544)
As at 31 December 2020	-	56,164	7,478	63,642

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called Up Share Capital	**Share Premium Account**	**Profit and Loss Account**	**Total Equity**
For the year ended 31 December 2021	**£'000**	**£'000**	**£'000**	**£'000**
Opening balance	**-**	**58,489**	**(1,121)**	**57,368**
Proceeds from the issue of shares	**-**	**19,990**	**-**	**19,990**
Total comprehensive profit for the financial year	**-**	**-**	**1,531**	**1,531**
As at 31 December 2021	**-**	**78,479**	**410**	**78,889**

	Called Up Share Capital	Share Premium Account	Profit and Loss Account	Total Equity
For the year ended 31 December 2020	£'000	£'000	£'000	£'000
Opening balance	-	564	336	900
Proceeds from the issue of shares	-	57,925	-	57,925
Total comprehensive loss for the financial year	-	-	(1,457)	(1,457)
As at 31 December 2020	-	58,489	(1,121)	57,368

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

Share premium account represents the premium paid for shares above their nominal value (net of any issue expenses).

Profit and loss account represents all current and prior period retained profits and losses.

The Notes on pages 24 to 55 form an integral part of these accounts.

White Bear

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

Assets	Notes	**31 December 2021 £'000**	31 December 2020 £'000
Intangible assets	14	**(30)**	(30)
		(30)	(30)
Investments			
Financial investments	15	**8,371**	318
Deposits with ceding undertakings		**2**	-
		8,373	318
Reinsurers' share of technical provisions			
Provision for unearned premiums	6	**1,976**	16
Claims outstanding	6	**8,718**	179
		10,694	195
Debtors			
Arising out of direct insurance operations		**7,276**	67
Arising out of reinsurance operations		**10,522**	185
Other debtors	17	**6,539**	2,684
		24,337	2,936
Cash and other assets			
Cash at bank and in hand	18	**90,449**	64,669
Property, plant and equipment	13	**328**	703
Other assets		**819**	32
		91,596	65,404
Prepayments and accrued income			
Deferred acquisition costs		**4,670**	53
Other prepayments and accrued income		**13,464**	5,654
		18,134	5,707
Total assets		**153,104**	74,530

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

continued

Total equity and liabilities	Notes	31 December 2021 £'000	31 December 2020 £'000
Capital and reserves			
Share premium		**76,154**	56,164
Profit and loss account		**(1,183)**	7,478
Total equity		**74,971**	63,642
Liabilities			
Technical provisions			
Provision for unearned premiums	6	**23,532**	270
Claims outstanding	6	**28,873**	642
		52,405	912
Deposit received from reinsurers		**1**	-
Creditors			
Arising out of direct insurance operations		**54**	9
Arising out of reinsurance operations		**5,033**	70
Amounts owed to credit institutions		**-**	1
Other creditors	20	**17,796**	6,492
		22,883	6,572
Accruals and deferred income		**2,844**	3,404
Total liabilities		**78,133**	10,888
Total shareholder's funds and liabilities		**153,104**	74,530

The financial statements were approved by the Board of Directors on 7 July 2022.
Signed on behalf of the Board of Directors:

John A Lynch

John Anthony Lynch
Director
London
7 July 2022

The Notes on pages 24 to 55 form an integral part of these accounts.

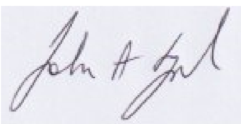
White Bear

WHITE BEAR CAPITAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	**31 December 2021 £'000**	31 December 2020 £'000
Fixed assets			
Investment in subsidiaries	16	**482**	75
		482	75
Current Assets			
Debtors - due within one year	17	**2,968**	291
Cash	18	**75,661**	58,536
		78,629	58,827
Creditors			
Amounts falling due within one year	20	**(322)**	(1,634)
Net current assets		**78,307**	57,193
Debtors			
Debtors - due after more than one year	17	**100**	100
Total assets less current liabilities		**78,889**	57,368
Net assets		**78,889**	57,368
Capital and reserves			
Share capital	21	**-**	-
Share premium	21	**78,478**	58,488
Profit and loss account		**411**	(1,120)
Total Equity		**78,889**	57,368

The financial statements were approved by the Board of Directors on 7 July 2022.
Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
7 July 2022

The Notes on pages 24 to 55 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 £'000	31 December 2020 £'000
Cash flows from operating activities		
Loss on ordinary activities before taxation	**(11,338)**	(2,642)
Depreciation on fixed assets	**384**	354
Interest income	**12**	(2)
Movement in debtors	**(27,451)**	3,208
Movement in gross technical provisions	**51,493**	-
Movement in reinsurers' share of technical provisions	**(10,498)**	-
Movement in prepayments and accrued income	**(12,428)**	(939)
Movement in creditors	**16,345**	4,926
Movement in accrued expenses and deferred income	**(561)**	735
Corporation taxes received	**2**	(51)
Other	**(157)**	-
Net cash inflow from operating activities	**5,802**	5,589
Cash flows from investing activities		
Interest (paid)/ received	**(12)**	2
Net cash inflow/(outflow) from investing activities	**(12)**	2
Cash flows from financing activities		
Proceeds from share issue	**19,990**	55,600
Net cash inflow from financing activities	**19,990**	55,600
Cash and cash equivalents at beginning of year	**64,669**	3,478
Movement in cash and cash equivalents	**25,780**	61,191
Cash and cash equivalents at end of year	**90,449**	64,669

The Notes on pages 24 to 55 form an integral part of these accounts.

1. Company information

White Bear Capital Limited (registered number 10220701) is a private company, limited by shares and incorporated in England and Wales. The Company's registered address is 7th Floor, 70 Mark Lane, London, EC3R 7NQ. Its principal place of business is 7th Floor, 70 Mark Lane, London, EC3R 7NQ.

2. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), FRS 103 "Insurance Contracts" ("FRS 103"), the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to insurance. FRS 103 is an appropriate standard as the majority of activities of the Group are insurance related. The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

The prior year comparatives have been restated in accordance with FRS 103.

The Group financial statements consolidate the financial statements of the Company drawn up to 31 December 2021. Details of its subsidiaries are set out in Note 16.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included either its own Statement of Comprehensive Income or its own Statement of Cash Flows and related notes in these financial statements. The Company's profit for the financial year was £1.5m (2020: loss £1.5m).

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

(a) The financial statements have been prepared on a going concern basis. The Directors' assessment of the going concern basis is discussed in the Directors' Report under the heading 'Going Concern Basis'.

(b) All financial statements are presented in Pounds Sterling (£), being the functional and presentational currency of the Company.

Foreign currency transactions are translated into functional currency using periodic rates. At each period end foreign currency monetary items are translated at the rate of exchange at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

(c) Basis of accounting
Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which WBCC participates.
Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these financial statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

2. Basis of preparation and summary of significant accounting policies *(continued)*

(d) Premiums

Premiums written comprise 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 include estimates of premiums due but not yet receivable or notified to the syndicates on which WBCC participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

(e) Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the Statement of Financial Position date, 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.

(f) Deferred acquisition costs

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

(g) Reinsurance premiums

Managing agents enter into reinsurance contracts on behalf of syndicates, in the normal course of business, in order to limit the potential losses arising from certain exposures. 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.

(h) 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 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 claims incurred but not yet reported ("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 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 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.

2. **Basis of preparation and summary of significant accounting policies** *(continued)*

(h) Claims incurred and reinsurers' share *(continued)*

The level of uncertainty with regard to the estimations within these provisions generally decreases with time as the exposure period recedes. In addition the nature of short tail claims 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 business 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.

(i) Unexpired risks provision

Provisions for unexpired risks are 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 Statement of Financial Position date. The provision for unexpired risks is calculated separately by reference to classes of business which 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.

(j) 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 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 its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle 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. WBCC has included 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.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(k) 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.

(l) Net operating expenses (including acquisition costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which WBCC 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 Statement of Financial Position date.

(m) Distribution of profits and collection of losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd's continues to require membership of syndicates to be on an underwriting Year of Account basis and profits and losses belong to members according to their membership of a Year of Account. Normally profits and losses are transferred between the syndicate and members after results for a Year of Account are finalised after 36 months. This period may be extended if a Year of Account goes into run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular Year of Account and subject to Lloyd's requirements.

(n) Financial assets and financial liabilities

Classification:

The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the Income Statement and Other Comprehensive Income. These classifications are made at initial recognition and subsequent classification is only permitted in restricted circumstances.

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Recognition:

Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. In respect of the purchases and sales of financial assets, they are recognised on the trade date.

Initial measurement:

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

Subsequent measurement:

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through profit or loss.

2. **Basis of preparation and summary of significant accounting policies** *(continued)*

(n) Financial assets and financial liabilities *(continued)*

De-recognition of financial assets and liabilities:
Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicates, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement:
The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date.
When quoted prices are unavailable, observable inputs developed using market data for the asset or liability, either directly or indirectly, are used to determine the fair value.
If the market for the asset is not active and there are no observable inputs, then the syndicate estimates the fair value by using unobservable inputs, i.e. where market data is unavailable.

Impairment of financial instruments measured at amortised cost or cost:
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

Offsetting:
Debtors/creditors arising from insurance/reinsurance operations shown in the Statement of Financial Position include the totals of all the syndicates' outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

(o) Investment return
Investment return comprises all investment income, realised investment gains and losses, movements in unrealised gains and losses, net of investment expenses and charges.
Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the fair value at that date.
Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

2. **Basis of preparation and summary of significant accounting policies** *(continued)*

(p) Basis of currency translation

The presentation and functional currency of the Group is Pound Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Pound Sterling at the rates of exchange at the Statement of Financial Position date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in the Statement of Other Comprehensive Income. All other exchange differences are reported within the Income Statement, Non-Technical Account.

(q) Reinsurance at corporate level

Where considered applicable by the Directors of WBCC, they may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2 (g) and (h) above.

(r) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

WBCC is taxed on its results including its share of underwriting results declared by the syndicates. These are deemed to accrue evenly over the calendar year in which they are declared. The syndicates' results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the Year of Account. No provision is made for corporation tax in relation to open years of account.

However, full provision is made for deferred tax on underwriting results not subject to current corporation tax to the extent that it is recoverable.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these financial statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by WBCC, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

(s) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

2. Basis of preparation and summary of significant accounting policies *(continued)*

(t) Intangible assets
Intangible assets are in respect of goodwill arising on the acquisition of subsidiaries. Goodwill is not amortised but is tested for impairment annually. Where the purchase price of a subsidiary is less than the net assets acquired, this gives rise to negative goodwill which is adjusted for subsequent changes in value in future years.
The intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Income Statement for the period.

(u) Cash and cash equivalents
Cash and cash equivalents include deposits held by the Group with banks and cash and the Group's share of syndicate cash and cash equivalents. The Group has no control over the disposition of assets and liabilities held by the syndicates at Lloyd's.

(v) Expenses are recognised on an accruals basis.

(w) Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

(x) Depreciation is charged on all fixed assets held so the original cost is written down to the estimated residual value over the period of their estimated useful economic lives. The depreciation is calculated over the following periods:
Leasehold premises - length of lease
Furniture, fixtures and fittings - 5 years
Computer and IT equipment - 3 years

Fixed assets include assets purchased under finance leases and the liability under the finance lease is shown within creditors.

(y) The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group's EBT is also included within the financial statements of the Group as the Group is deemed to have de facto control of the assets and liabilities of the EBT.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

(z) Subordinated loans are recognised as a debtor in the Company Statement of Financial Position. Where the loan is for greater than one year, this is recognised as such. The subordinated loan is recognised as a financial asset at amortised cost using the effective interest rate method.

2. **Basis of preparation and summary of significant accounting policies** *(continued)*

(aa) Other income includes overrider fees charged to Names that participated on Syndicate 5886 and fees charged to Syndicate 5886 for the provision of goods and services, Managing Agency fees, Consortia fees and MGA fees and commissions. Managing Agency fees are recognised over the 36 month period to close of the Year of Account to which the fees attach, in line with the activity of the Managing Agent. The overrider fees are recognised when the fees are considered certain which is at the earlier of the amounts received or at 31 December when the Syndicate list for the following year of account has been signed by the Names. Income charged for the provision of goods and services are recognised at the same time as when the expense which is to be recharged to the Syndicate has been recognised.

Consortia fees are recognised in line with the activity to which the fee relate. MGA fees and commissions in respect of business underwritten on behalf of (re)insurance clients. The fees are recognised when the policies are written.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Group'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 Note 6.
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.

<u>Purchased syndicate capacity</u>
Estimating value in use:
Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:
The assessed useful life of syndicate capacity is five years. This is on the basis that this is the life over which the original value of the capacity acquired is used up.

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

<u>Recoverability of receivables:</u>
The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers are all considered.

4. Risk management

This section summarises the financial and insurance risks the Group is exposed to either directly at its own corporate level or indirectly via its participation in Lloyd's syndicates.

Risk background

The syndicates' activities expose it to a variety of financial and non-financial risks. Each syndicate's managing agent is responsible for managing that syndicate's exposure to risks and, where possible, and where possible introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, each managing agent prepares a Lloyd's Capital Return ("LCR") for each syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting that 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 risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicates' funds is exposed to risks of investment, liquidity, currency and interest rates 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 provides additional controls over the syndicates' management of risks.

The Group manages the risks faced by the syndicates on which it participates 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 syndicates 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 underwriting year. The Group relies on advice provided by the members' agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates.

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 obligation 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").

4. Risk management *(continued)*

Syndicate risks *(continued)*

i. Liquidity risk *(continued)*

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**	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Claims outstanding	**-**	**13,604**	**10,366**	**2,767**	**2,136**	**28,873**

2020	No stated maturity	0-1 year	1-3 years	3-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Claims outstanding	-	258	215	93	76	642

ii. Credit risk

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

2021	**AAA**	**AA**	**A**	**BBB or lower**	**Not rated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial investments	**54**	**51**	**8,231**	**25**	**10**	**8,371**
Deposits with ceding undertakings	**-**	**-**	**2**	**-**	**-**	**2**
Reinsurers' share of claims outstanding	**2**	**5,756**	**892**	**2**	**2,066**	**8,718**
Reinsurance debtors	**-**	**2**	**2**	**-**	**-**	**4**
Cash at bank and in hand	**2**	**-**	**90,447**	**-**	**-**	**90,449**
	58	**5,809**	**99,574**	**27**	**2,076**	**107,544**

2020	AAA	AA	A	BBB or lower	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments	48	80	147	27	16	318
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers' share of claims outstanding	6	70	80	2	21	179
Reinsurance debtors	-	2	5	1	1	9
Cash at bank and in hand	-	-	64,669	-	-	64,669
	54	152	64,901	30	38	65,175

White Bear

WHITE BEAR CAPITAL LIMITED

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continued

4. Risk mangement *(continued)*

Syndicate risks *(continued)*

ii. Credit risk *(continued)*

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

2021	**Neither past due nor impaired**	**Past due but not impaired**				
		Less than 6 months	**Between 6 months and 1 year**	**Greater than 1 year**	**Impaired**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial investments	**9,190**	**-**	**-**	**-**	**-**	**9,190**
Deposits with ceding undertakings	**2**	**-**	**-**	**-**	**-**	**2**
Reinsurers' share of claims outstanding	**8,718**	**-**	**-**	**-**	**(0)**	**8,718**
Reinsurance debtors	**6**	**79**	**0**	**1**	**-**	**86**
Cash at bank and in hand	**90,449**	**-**	**-**	**-**	**-**	**90,449**
Insurance and other debtors	**22,629**	**2,150**	**370**	**0**	**-**	**25,149**
	130,994	**2,229**	**370**	**1**	**(0)**	**133,594**

2020	Neither past due nor impaired	Past due but not impaired				
		Less than 6 months	Between 6 months and 1 year	Greater than 1 year	Impaired	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments	350	-	-	-	-	350
Deposits with ceding undertakings	0	-	-	-	-	0
Reinsurers' share of claims outstanding	179	-	-	-	(0)	179
Reinsurance debtors	10	24	1	0	(0)	35
Cash at bank and in hand	64,669	-	-	-	-	64,669
Insurance and other debtors	279	24	1	1	(0)	305
	65,487	48	2	1	(0)	65,538

iii. Interest rate and 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.

4. Risk mangement *(continued)*

Syndicate risks *(continued)*

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 assets and liabilities by currency:

2021	**GBP**	**USD**	**EUR**	**CAD**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Total assets	**96,785**	**46,887**	**1,525**	**4,871**	**3,036**	**153,104**
Total liabilities	**(16,094)**	**(47,234)**	**(7,953)**	**(3,302)**	**(3,550)**	**(78,133)**
Surplus/(deficiency) of assets	**80,691**	**(347)**	**(6,428)**	**1,569**	**(514)**	**74,971**

2020	GBP	USD	EUR	CAD	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total assets	67,480	6,868	38	92	52	74,530
Total liabilities	(4,598)	(6,133)	(42)	(68)	(45)	(10,888)
Surplus/(deficiency) of assets	62,880	734	(3)	24	7	63,642

The impact of a 5% change in exchange rates between GBP and other currencies would be £0.7m on shareholder's funds (2020: £3.1m).

Company risks

i. Investment, credit and liquidity risks

The Group manages its cash and funding requirements to ensure it has sufficient liquid resources to meet the operating needs of the various Group businesses.

The Group is exposed to credit risk from counterparties during the normal course of operations and counterparty exposure in respect of cash deposits held at financial institutions which have a minimum long term rating of A-. Counterparty exposures are monitored regularly.

ii. Currency risks

The Syndicates can distribute their results in Pound Sterling, US dollars or a combination of the two. The Company is exposed to movements in the US dollar between the Statement of Financial Position date and the distribution of the underwriting profits and losses, which is usually in the June following the closure of a Year of Account.

4. Risk mangement *(continued)*

Company risks *(continued)*

iii. Regulatory risks

WBCC is 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 WBCC is able to support.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. Regulated group companies are required to comply with a variety of regulatory requirements including those of the Financial Conduct Authority ("FCA"), Prudential Regulatory Authority ("PRA"), The Society of Lloyd's ("Lloyd's") and the Guernsey Financial Services Commission ("GFSC"). Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. Should these regulatory approvals be revoked or restricted, the group would be unable to perform one or more regulated activities for its clients. This risk is mitigated by the operation of a compliance function that monitors business activity and regulatory developments to assess any effects on the Company. The compliance framework ensures the monitoring of, and full compliance with, all relevant regulatory requirements. This includes monitoring and compliance with applicable solvency requirements.

iv. 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 Company's key decision making and the fact that the majority of the Group's operations are conducted by syndicates, provides control over any remaining operational risks.

5. Analysis of underwriting result and other income

	2021					
	Gross written premiums £'000	**Gross premiums earned £'000**	**Gross claims incurred £'000**	**Gross operating expenses £'000**	**Reinsurance balance £'000**	**Total £'000**
Direct insurance						
Accident & health	**1,437**	**643**	**(237)**	**(235)**	**(63)**	**108**
Motor - other classes	**915**	**377**	**(289)**	**(136)**	**(54)**	**(102)**
Marine, aviation and transport	**2,473**	**1,016**	**(690)**	**(277)**	**(222)**	**(173)**
Fire and other damage to property	**19,243**	**9,392**	**(6,332)**	**(2,793)**	**(1,489)**	**(1,222)**
Third party liability	**44**	**27**	**(6)**	**(10)**	**(4)**	**7**
Credit and suretyship	**2,259**	**961**	**(551)**	**(296)**	**(16)**	**98**
	26,371	**12,416**	**(8,105)**	**(3,746)**	**(1,848)**	**(1,284)**
Reinsurance	**39,090**	**30,033**	**(27,679)**	**(5,454)**	**(4,282)**	**(7,382)**
Total	**65,461**	**42,449**	**(35,784)**	**(9,200)**	**(6,130)**	**(8,666)**

	2020					
	Gross written premiums £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident & health	13	10	(7)	(32)	-	(29)
Motor - third party liability	-	-	-	(1)	-	(1)
Motor - other classes	5	9	(5)	(23)	(1)	(20)
Marine, aviation and transport	19	22	(12)	(55)	(2)	(47)
Fire and other damage to property	241	153	(101)	(401)	(37)	(386)
Third party liability	13	47	(29)	(104)	-	(86)
Credit and suretyship	7	10	(47)	(21)	8	(50)
Legal expenses	-	-	-	(1)	-	(1)
	298	251	(203)	(638)	(32)	(621)
Reinsurance	530	430	(308)	(747)	(50)	(675)
Total	828	681	(511)	(1,385)	(82)	(1,296)

5. Analysis of underwriting result and other income *(continued)*

Other income

	31 December 2021 £'000	31 December 2020 £'000
Other income comprises:		
Overrider fees	**-**	1,781
Income charged for provision of goods and services	**12,467**	11,689
Consortia fees	**569**	438
MGA commissions	**2,431**	1,216
Managing agency fee income	**594**	-
	16,061	15,124

All other income arises from business conducted in the United Kingdom and Guernsey.

6. Technical provisions

			2021			2020
Movement in claims outstanding	**Gross**	**RI**	**Net**	Gross	RI	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
At 1 January	**642**	**179**	**462**	526	149	377
Movement of reserves	**28,125**	**8,427**	**19,698**	207	51	156
Other movements	**106**	**112**	**(6)**	(91)	(20)	(70)
At 31 December	**28,873**	**8,718**	**20,155**	642	179	463

			2021			2020
Movement in unearned premiums	**Gross**	**RI**	**Net**	Gross	RI	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
At 1 January	**270**	**16**	**254**	133	24	109
Movement of reserves	**23,012**	**2,026**	**20,986**	146	(12)	158
Other movements	**250**	**(66)**	**316**	(9)	4	(13)
At 31 December	**23,532**	**1,976**	**21,556**	270	16	254

Movement in deferred acquisition costs	**2021**	2020
	Net	Net
	£'000	£'000
At 1 January	**53**	34
Movement in deferred acquisition costs	**4,572**	20
Other movements	**45**	(1)
At 31 December	**4,670**	53

Included within other movements are foreign exchange movements and the effect of the 2018 and prior years' technical provisions being reinsured to close into the 2019 Year of Account (2020: 2017 and prior years' technical provisions being reinsured to close into the 2018 Year of Account), to the extent where the Company's syndicate participation portfolio has changed between those two years of account.

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 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 WBCC'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 and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

6. Technical provisions *(continued)*

Assumptions, changes in assumptions and sensitivity *(continued)*

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

- the net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the Statement of Financial Position date;

- the net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the Statement of Financial Position date, including appropriate allowance for anticipated losses in excess of the unearned premium;

- the claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the Statement of Financial Position date;

- the potential ultimate result of run-off year results has been accurately estimated by the managing agents;

- the values of investments and other assets and liabilities are correctly stated at their realisable values at the Statement of Financial Position date.

There have been no changes to these assumptions in 2021.

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

- a 5% increase/decrease in net earned premium (with no other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Group's pre-tax profit/loss by £1.4m (2020: £nil);

- a 5% increase/decrease in the Managing Agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profit/loss by £1.4m (2020: £nil);

- a 5% increase/decrease in the Managing Agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profit/loss by £1.0m (2020: £nil).

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

6. Technical provisions *(continued)*

Assumptions, changes in assumptions and sensitivity *(continued)*

The tables below show the historical gross and net claims development based on the Group's syndicate participations on all syndicate years during the year ended 31 December 2021. The table does not include the claims development on any syndicates which the Group no longer participates upon and is based on the latest participation shares during the year ended 31 December 2021.

Claims development - Gross

Underwriting pure year	**After one year £'000**	**After two years £'000**	**After three years £'000**	**After four years £'000**	**After five years £'000**	**After six years £'000**	**After seven years £'000**	**After eight years £'000**
2014	**61**	**104**	**106**	**102**	**104**	**102**	**101**	
2015	**58**	**109**	**109**	**106**	**105**	**105**		
2016	**66**	**131**	**132**	**129**	**127**			
2017	**126**	**187**	**196**	**192**				
2018	**104**	**182**	**193**					
2019	**96**	**192**						
2020	**394**	**556**						
2021	**35,705**							

Claims development - Net

Underwriting pure year	After one year £'000	After two years £'000	After three years £'000	After four years £'000	After five years £'000	After six years £'000	After seven years £'000	After eight years £'000
2014	51	91	92	87	87	86	85	
2015	49	93	93	91	89	88		
2016	52	105	106	103	101			
2017	82	134	140	138				
2018	75	133	141					
2019	67	141						
2020	279	412						
2021	27,054							

7. Net operating expenses

	2021	2020
	£'000	£'000
Acquisition costs	**(10,235)**	(124)
Change in deferred acquisition costs	**4,572**	20
Administrative expenses	**(2,590)**	(1,262)
Personal expenses	**(948)**	(19)
	(9,201)	(1,385)

8. Directors' emoluments

	31 December 2021	31 December 2020
	£'000	£'000
The emoluments and benefits of the Directors of the Company were:		
Executive Directors		
Remuneration	**457**	450
Other benefits	**9**	8
	466	458

	31 December 2021	31 December 2020
	No.	No.
Number of Directors that are members of a defined contribution scheme	**-**	-

Highest paid Director

	31 December 2021	31 December 2020
	£'000	£'000
The emoluments of the highest paid director were:		
Aggregate emoluments and benefits (excluding any amounts in respect of contribution to pension schemes)		
Amounts in respect of contributions to pension schemes	**233**	229
	233	229

9. Employee information

	31 December 2021 £'000	31 December 2020 £'000
Employment costs (including Directors):		
Wages and salaries	**9,280**	9,340
Employer's N.I. contributions	**1,164**	1,446
Employer's pension contributions	**958**	766
	11,402	11,552

A defined contribution scheme is in operation. Contributions are made by the Group and the employee is able to voluntarily make their own contributions to the scheme as well. Pension costs are fully expensed to the Statement of Comprehensive Income as they become due.

The monthly average number of persons working directly for the Group, including executive Directors, during the period was:

	31 December 2021 No.	31 December 2020 No.
Management	**5**	6
Underwriting and Claims	**29**	23
Operations and Administration	**43**	36
	77	65

The number of staff employed by the Group at 31 December 2021 was 84 (comprising 5 Management, 32 Underwriting and Claims and 47 Operations and Administration) (2020: 72 comprising 5 Management, 26 Underwriting and Claims and 41 Operations and Administration).

10. Investment return

	2021	2020
	£'000	£'000
Investment income	**4**	5
Interest on cash at bank	**1**	3
Other interest and similar income	**2**	-
Realised gains on investments	**1**	3
Total Investment income	**8**	11
Realised losses on investments	**(3)**	(4)
Investment expenses and charges	**(3)**	(4)
Net unrealised (losses)/gains	**(3)**	2
Total investment return	**2**	9

Analysed as follows:

	Investments at fair value through profit or loss £'000	**Investments available for sale £'000**	**2021 Total £'000**	Investments at fair value through profit or loss £'000	Investments available for sale £'000	2020 Total £'000
Realised losses	**(1)**	**-**	**(1)**	-	-	-
Unrealised gains/(losses)	**(3)**	**-**	**(3)**	2	-	2
	(4)	**-**	**(4)**	2	-	2
Interest and similar income (net of expenses)			**6**			7
Total investment return			**2**			9

11. Loss before taxation

	31 December 2021	31 December 2020
	£'000	£'000
Operating profit is stated after charging:		
Group		
Depreciation of fixed assets	**384**	354
Operating lease	**162**	139
Auditor's remuneration for audit services	**34**	64
Auditor's remuneration for tax compliance services	**42**	39
Auditor's remuneration for valuation services	**-**	10
Company		
Auditor's remuneration for audit services	**14**	5
Auditor's remuneration for tax compliance services	**7**	10
Auditor's remuneration for valuation services	**-**	10

A proportion of the depreciation and operating lease are recharged to Syndicate 5886 and included within Other income in Note 5.

12. Taxation

	31 December 2021 £'000	31 December 2020 £'000
The tax charge is based on the profit for the financial period and represents:		
Current tax		
UK Corporation tax	**16**	(42)
Foreign tax	**-**	1
Adjustments in respect of previous periods	**2**	-
Total current tax	**18**	(41)
Deferred tax		
Origination and reversal of timing differences (see Note 19)	**(2,822)**	(58)
Adjustments in respect of previous periods	**-**	-
Total deferred tax charge	**(2,822)**	(58)
Total tax on profit on ordinary activities	**(2,804)**	(99)

Factors affecting the tax charge for the financial period are set out below:

	31 December 2021 £'000	31 December 2020 £'000
Profit on ordinary activities before tax	**(11,338)**	(2,642)
Current tax at the standard rate in the UK of 19%	**(2,154)**	(502)
Effects of:		
Expenses not deductible for tax purposes	**(298)**	267
Capital allowances lower/(higher) than depreciation	**38**	47
Movement in deferred tax at balance sheet rate	**(1,875)**	(67)
Timing differences on Underwriting losses	**1,812**	10
Temporary differences	**231**	137
Foreign tax	**-**	1
Change in tax rates	**(560)**	8
Adjustment in respect of previous periods	**2**	-
	(2,804)	(99)

13. Fixed assets

	Leasehold premises	Furniture, fixtures & fittings	Computer & IT equipment	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2020	211	80	1,156	1,447
Additions	-	-	9	9
At 31 December 2021	**211**	**80**	**1,165**	**1,456**
Depreciation	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2020	91	50	603	744
Charged in the period	28	16	340	384
At 31 December 2021	**119**	**66**	**943**	**1,128**
Net book value	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2020	120	30	553	703
At 31 December 2021	**92**	**14**	**222**	**328**

The cost of computer & IT equipment includes £nil (2020: £0.3m) purchased under finance lease arrangements of which £nil (2020: £nil) was depreciated in the year.

14. Intangible assets

On 21 November 2019, White Bear Capital Limited acquired Nameco (No. 1036) Limited, a Lloyd's corporate member. On 6 January 2020, the name of Nameco (No. 1036) Limited was changed to WBCC. The acquisition gave rise to goodwill as follows:

	£'000
Consideration paid as cash	50
Net assets acquired	(80)
	(30)

The net assets of White Bear Corporate Capital Limited consisted of:

	£'000
Cash	10
Deferred tax	3
Other debtors	241
Prepayments and accrued income	2
Corporation tax payable	(24)
Net assets of participation on syndicates	(40)
Other creditors	(79)
Accruals and deferred income	(33)
Net assets	**80**

The difference between the proceeds and the net assets acquired is shown as goodwill. This goodwill is negative as the price paid for the business was lower than the sum of the net assets acquired. The net assets of the participation on syndicates is still subject to some uncertainty as the syndicates are still on risk until 31 December 2021. Although the estimate of the net assets acquired is considered to be conservative, the underwriting results will be monitored and the goodwill could be subject to revision in the next two years. However, once the 2019 Year of Account has been distributed in 2022, any negative goodwill remaining will be released to the Group's retained profits. There has been no change to goodwill as at 31 December 2021.

15. Financial investments

The Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical assets that an entity can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.
Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Syndicate

	Financial Investments held at fair value through profit or loss				Held at amortised	
	Level 1	**Level 2**	**Level 3**	**Total**	**cost**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2021						
Shares and other variable yield securities and units in unit trusts	**5**	**8,186**	**11**	**8,202**	**-**	**8,202**
Debt securities and other fixed income securities	**61**	**108**	**-**	**169**	**-**	**169**
Participation in investment pools	**-**	**-**	**-**	**-**	**-**	**-**
Loans and deposits with credit institutions	**-**	**-**	**-**	**-**	**-**	**-**
Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Other investments	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Fair value	**66**	**8,294**	**11**	**8,371**	**-**	**8,371**
				£	**£**	**£**
Cost				**8,371**	**-**	**8,371**

	Financial Investments held at fair value through profit or loss				Held at amortised	
	Level 1	Level 2	Level 3	Total	cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2020						
Shares and other variable yield securities and units in unit trusts	10	82	12	104	-	104
Debt securities and other fixed income securities	77	137	-	214	-	214
Participation in investment pools	-	-	-	-	-	-
Loans and deposits with credit	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	87	219	12	318	-	318
				£	**£**	**£**
Cost				305	-	305

Financial investments - Corporate

There were no financial investments held within the Corporate entity as at 31 December 2021 (2020: £nil).

16. Investment in subsidiaries

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Investment in subsidiaries	**-**	-	**482**	75

At 31 December 2021, the Group and Company had interests in the following subsidiaries:

Subsidiaries	**Type of share held**	**Proportion held (%)**	**Country of Incorporation**	**Nature of business**
Blenheim Underwriting Limited	Ordinary	100%	UK	Lloyd's managing agent
White Bear Corporate Services Ltd	Ordinary	100%	UK	Payroll service company
White Bear Managers Ltd	Ordinary	100%	UK	FCA registered MGA and GFSC registered Insurance Manager
White Bear Corporate Capital Limited	Ordinary	100%	UK	Lloyd's corporate member

The registered office for all subsidiaries is at 7th Floor, 70 Mark Lane, London, EC3R 7NQ.

17. Other debtors

Amounts falling due within one year:

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Lloyd's Trust account	**25**	36	**-**	-
Deferred tax asset	**2,810**	-	**45**	-
Other debtors	**3,681**	2,606	**-**	-
Corporation tax rebate	**23**	42	**1**	16
Prepayments	**-**	-	**173**	237
Accrued Income	**-**	-	**23**	38
Amounts owed by subsidiaries	**-**	-	**2,726**	-
	6,539	2,684	**2,968**	291

Amounts falling due after one year:

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Amounts owed by subsidiaries	**-**	-	**100**	100
	-	-	**100**	100

Amounts owed by subsidiaries includes a £0.1m subordinated loan with WBM.

Trade debtors includes balances owed by Syndicate 5886 and amounts due in respect of overrider fees.

18. Cash

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Cash within Funds at Lloyd's	**64,173**	48,438	**64,173**	48,438
Insurance cash balances	**8,040**	5,471	**-**	-
Cash freely available for use	**18,236**	10,760	**11,488**	10,098
	90,449	64,669	**75,661**	58,536

Cash within Funds at Lloyd's is restricted and not freely available to the Group. Insurance cash balances of £5.4m (2019: £nil) are held in trust or insurer bank accounts and are not available to the Company for working capital purposes.

19. Deferred taxation

	2021 £'000	2020 £'000
Opening balance - net	**(42)**	(99)
Profit and loss account (charge)	**2,822**	58
Tax charge on other comprehensive loss	**30**	(1)
Closing balance - net	**2,810**	(42)

The above net deferred tax position as at year end is analysed as follows:	**2021 £'000**	2020 £'000
Deferred tax asset	**2,818**	-
Deferred tax liability	**(8)**	(42)
	2,810	(42)

The deferred tax balance consists of timing differences relating to the taxation of underwriting results and calendar year losses. Deferred tax assets are shown within Other debtors Note 12.

20. Creditors

Amounts falling due within one year:

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Amounts payable to brokers	**3,042**	2,191	**-**	-
Loss fund advances	**3,676**	3,232	**-**	-
Taxation and social security	**482**	427	**-**	-
Accrued income	**9,026**	85	**-**	-
Trade creditors	**148**	115	**3**	74
Deferred tax	**-**	41	**-**	-
Finance lease creditors	**2,432**	167	**-**	-
Other creditors	**(1,116)**	22	**-**	-
Accruals and deferred income	**-**	-	**319**	575
Amounts owed to subsidiaries	**-**	-	**-**	985
	17,690	6,280	**322**	1,634

Amounts falling due after one year:

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Finance lease creditors	**106**	212	**-**	-
	106	212	**-**	-

21. Called up share capital and share premium

		31 December 2021 £'000	31 December 2020 £'000
Called up, allocated and fully paid:			
127	A Ordinary Shares of £0.01 each	-	-
Nil	B Ordinary Shares of £0.01 each	-	-
3,668	C Ordinary Shares of £0.01 each	-	-
50	G Ordinary Shares of £0.01 each	-	-
2,398	Ordinary Shares of £0.01 each	-	-
340	Deferred Shares of £0.01 each	-	-
		-	-

On 1 July 2017, the Company had 200 Ordinary shares of £0.01 each in issue.

On 6 July 2017, the Company issued 800 A Ordinary shares, as a new share class, which were acquired by Nephila Holdings Ltd, a related party for a consideration of £0.2m. The allocation of the 800 A Ordinary shares represent 20% of the voting and economic rights of the Company.

On 2 October 2017, the Company issued 100 B Ordinary shares, as a new share class, which were acquired by Estera Trust (Jersey) Ltd as trustee of the White Bear Capital Employee Benefit Trust ("the EBT") for a consideration of £1. The allocation of the B Ordinary Shares represents 2% of the economic rights of the Company but have no voting rights.

On 16 November 2017, the Company issued an additional 1,140 Ordinary shares which were acquired by employees of the White Bear Capital Limited group for a consideration of £0.2m.

On 28 February 2019, the Company issued a further 265 Ordinary shares which were acquired by employees of the White Bear Capital Limited Group for a consideration of £0.2m.

During 2020 Estera Trust (Jersey) Ltd changed name to Ocorian Limited.

On 14 September 2020, 80 Ordinary shares which were previously acquired by employees of the White Bear Capital Limited Group were acquired by Ocorian Limited as trustee of the White Bear Capital Employee Benefit Trust for a consideration of £0.1m.

On 17 September 2020, the Company issued 380 Ordinary shares which were acquired by employees of the White Bear Capital Limited Group for a consideration of £0.4m.

On 16 November 2020, 100 B Ordinary shares which were acquired by Ocorian Limited as trustee of the White Bear Capital Employee Benefit Trust were converted into 51 Ordinary shares and 49 Deferred shares, as a new share class. On this date 673 A Ordinary shares which were previously acquired by Nephila Holdings Ltd, a related party, were acquired by Ocorian Limited as trustee of the White Bear Capital Employee Benefit Trust for a consideration of £2.2m. These were converted into 382 Ordinary shares and 291 Deferred shares. The total allocation of Ordinary Shares is now at 2,418 which represents 45.51% of the voting rights and economic rights of the company. The total allocation of A Ordinary Shares is now at 127 which represents 2.39% of the voting rights and economic rights of the company.

21. Called up share capital and share premium *(continued)*

On 16 November 2020, the Company issued 2,768 C Ordinary shares, as a new share class, which were acquired by Alchemy Special Opportunities Fund IV LP, a related party for a consideration of £61.5m. On 1 October 2021, an additional 900 C Ordinary shares were issued and acquired by Alchemy Special Opportunities Fund IV LP for a consideration of £20.0m. The allocation of the 3,668 C Ordinary Shares represent 58.8% of the voting and economic rights of the Company. The total allocation of Ordinary Shares at 31 December 2020 was 2,768 which represented 52.1% of the voting and economic rights of the Company.

On 22 December 2021, the Company issued 50 G Ordinary Shares, as a new share class, which were acquired by employees of the White Bear Capital Limited group for a consideration of £9,505.

On 23 December 2021, the Company acquired 20 of its own Ordinary Shares from a former employee of the White Bear Capital Limited group for the nominal value of £0.20 paid out of the distributable profits of the Company. These 20 Ordinary Shares were then immediately cancelled. The reduction in share capital was then transferred to the capital redemption reserve in accordance with the requirements of the Companies Act 2006, Section 18, Chapter 7.

Any profits available for distribution may be distributed amongst the holders of the Ordinary Shares, the A Ordinary Shares, the C Ordinary shares and the G Ordinary shares in the amounts as recommended by the Board pro rata and pari passu to the number of shares held as if the same constituted one class of share.

22. Employee Benefit Trust

	31 December 2021 No.	31 December 2020 No.
Ordinary Shares	**513**	513
Deferred Shares	**340**	340
	853	853

The EBT is set up for the benefit of the full time employees of the Group and hold the above investments.

Although the Group only has de facto control of the EBT, it is required under Standing Interpretations Committee pronouncement 12 to account for the assets of the EBT as if they belong to the Group. Consequently, the assets and liabilities, income and expenses of the EBT appear in the Group financial statements.

The shares are valued at fair value, in accordance with UK GAAP.

EBT funds consist of debtors of £2.3m as at 31 December 2021 (2020: £2.3m) owed to WBCS.

23. Lease commitments

The Group's subsidiary, Blenheim, has entered into a sub-lease agreement to rent offices. Under this agreement, the lease runs to March 2030, although there is an option for the tenant to break the agreement in March 2025. The lessor also has an option to break the agreement in March 2025 but only if Blenheim fails certain prescribed financial tests.

23. Lease commitments *(continued)*

The agreement includes an initial 31 month rent-free period at the start of the lease and a further 6 month rent free period from March 2025 if the break is not operated. The total outstanding commitment under this operating lease is £6.8m (2020: £7.7m).

At 31 December 2021 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Consolidated 31 December 2021 £'000	Consolidated 31 December 2020 £'000	**Company 31 December 2021 £'000**	Company 31 December 2020 £'000
Within 1 year	**886**	886	**-**	-
2 to 5 years	**3,102**	3,102	**-**	-
Over 5 years	**2,844**	3,730	**-**	-
	6,832	7,718	**-**	-

The Group has entered into a finance lease agreement in respect of some computer and IT equipment. The total outstanding commitment under finance leases £0.4m (2020: £0.4m).

At 31 December 2021 the Group had future minimum lease payments under non-cancellable finance leases as follows:

	31 December 2021 £'000	31 December 2020 £'000
Within 1 year	**160**	166
2 to 5 years	**217**	212
	377	378

24. Financial liabilities

All financial liabilities are measured at amortised cost.

25. Related party transactions

Key Management Personnel
The executive directors of White Bear Capital Limited are considered to be the Key Management Personnel of White Bear Capital Limited and the White Bear Capital Limited Group. Details of their remuneration is set out in Note 8.

Ownership and related parties
The Company does not have a parent undertaking and the Directors consider that there is no ultimate controlling party.

As set out in Note 21, Nephila Holdings Ltd own a 1.9% shareholding in White Bear Capital Limited. Nephila Holdings Ltd wholly owns Nephila 2357 Limited. Adam Beatty, a director of Nephila 2357 Limited, is a non-executive director of White Bear Capital Limited.

Nephila 2357 Limited, a Name participating on 7.0% of Syndicate 5886 for the 2022 Year of Account (15.4% for 2021 Year of Account) and for whom Blenheim Underwriting Limited recognised no overrider fees in the financial year to 31 December 2021, by virtue of their participation on the Syndicate. All overrider fees were recognised and paid in 2017 and no amounts were outstanding at the period end.

Alchemy Special Opportunities Fund IV LP own a 55.7% shareholding in White Bear Capital Limited. Dominic James Haviland Slade, a director of Alchemy Partners L.P. INC., is a non-executive director of White Bear Capital Limited.

Employee Benefit Trust
As set out in Note 22, Ocorian Limited as trustee of the White Bear Capital Employee Benefit Trust own 513 Ordinary shares and 340 Deferred shares (2020: 513 Ordinary shares and 340 Deferred shares). All employees of the White Bear Capital Limited Group are potential beneficiaries, including Messrs Lynch and Scales. Ocorian Limited received fees of £nil (2020: £nil) from the Group during the year.

26. Post balance sheet events

The Group had no post balance sheet events.