

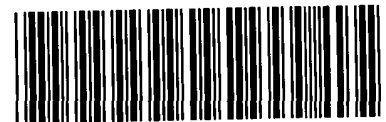


**SOMPO
INTERNATIONAL**

**ENDURANCE AT LLOYD'S LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Registered number 06539650)

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COMPANY INFORMATION

Executive directors: J T James
R J R Housley
C R Easton
J Zora
A J Golding (appointed on 25 January 2021)

Non-executive directors: M G Fergusson
C B Gallagher (resigned on 9 March 2022)
J A Giordano
I M Winchester

Company secretary: M S I L Bonnell

Company number: 06539650

Registered office: 1st Floor
2 Minster Court
Mincing Lane
London
EC3R 7BB

Website address: www.sompo-intl.com

Independent auditors: Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Bankers: Barclays Bank plc
Pall Mall 2
Leicester
LE87 2BB

STRATEGIC REPORT

The directors of Endurance at Lloyd's Limited ("the Company") present their report and audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company remains to act as Managing Agent at Lloyd's for Syndicate 5151. The Company intends to continue to act as Managing Agent for Syndicate 5151 for the foreseeable future.

The Company is a wholly owned subsidiary of Endurance Holdings Limited ("EHL"). EHL also owns 100% of Endurance Corporate Capital Limited ("ECCL"), a corporate vehicle, which provided \$540m (100%) of Syndicate 5151's underwriting capacity for the 2020 underwriting year (converting at the GBP to USD 2020 closing rate of 1.35).

With effect from January 2021, the Syndicate no longer writes new business and all existing renewals have been underwritten from alternative Sompo International entities.

Effective 1st January 2021, Syndicate 5151 has entered into a 100% Loss Portfolio Transfer (LPT) to Endurance Specialty Insurance Ltd (its Affiliate Company) on a funds withheld basis ceding all retrospective and prospective insurance risk.

Results and performance

The Company's presentational and functional currency is US dollars.

The Company's income comprises a management fee of 0.17% of Syndicate Gross Reserves (2020: 0.25% of Syndicate 5151's underwriting capacity), equivalent to \$1.6m for the current year (2020: \$1.3m).

The Company's expenses comprise fees charged by a related party company, Endurance Business Services Limited ("EBSL"), for services performed by its non-executive and executive directors on its behalf.

The directors manage the Company's business by reviewing the management accounts on a quarterly basis against budget. The Company is also required to meet three capital tests set by Lloyd's on a quarterly basis. Compliance with these tests is also reviewed by management on a quarterly basis.

The profit for the Company before tax for the year was \$0.6m (2020: \$0.1m loss). The financial position of the Company is set out on page 16 in the financial statements.

Future developments

The company remains acting as Managing agent while the Syndicate continues to oversee the settlement of claims activity.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

Credit risk

A key risk is default by one or more of the Sompo Group companies with which the Company maintains intra-group balances. In order to mitigate this risk, balances outstanding from group companies are settled on a regular basis. Credit risk also arises from counterparty exposure in respect of cash deposits held at financial institutions. To mitigate this risk the credit ratings of such financial institutions are monitored.

Liquidity risk

Liquidity risk is the risk of the Company not being able to meet its liabilities as they fall due, owing to a shortfall in cash. As a Managing Agent at Lloyd's a key risk to the Company arises from the sustainability of future cash flows in respect of income derived from the management of Lloyd's Syndicate 5151. The fees charged to Syndicate 5151 are, currently, the Company's only source of income. In 2021 there was a change to the way the Management Fee is calculated to reflect the fact that no new business is being written by Syndicate 5151 but that the Company continues to operate as its Managing Agent.

Conduct risk

Conduct risk is the risk that the Company fails to pay appropriate regard to the interest of its customers and/or the Company fails to treat them fairly at all times. Conduct risk is managed through the application of strong internal controls, compliance policies and procedures, and through the monitoring of various conduct risk metrics.

The Syndicate has a Product Oversight Group (POG) in place to manage conduct risk. The POG oversees the lifecycle of insurance products and monitors the effectiveness of our conduct risk framework and certain key touchpoints with our customers. The POG also ensures that our framework remains risk sensitive and appropriate for the conduct risk profile of the business as it develops.

Regulatory and compliance risk

Regulatory and compliance risk is considered to be the inability or failure of the Company and/or the Syndicate to comply with UK or overseas regulatory requirements. The Company's operations are subject to regulation by the Prudential Regulation Authority ("PRA"), the Financial Conduct Authority ("FCA") and by the Council of Lloyd's.

The PRA's focus with regards to Lloyd's managing agents is on solvency and risk management, whereas the FCA's focus is on policyholder treatment, financial crime, and sanctions risks. Lloyd's provides oversight of matters within the remit of both the PRA and FCA and, accordingly, has entered into co-operation arrangements with both statutory regulators for the stated purpose of minimizing duplication of regulatory oversight, where appropriate.

The Company manages this risk through ongoing constructive engagement with the Regulators, investment in an experienced and knowledgeable Compliance function, and monitoring of market-wide developments and requirements in relation to regulation.

STRATEGIC REPORT (CONTINUED)

Climate Change risk

The Company has taken a multi-faceted, strategic approach to climate change risk assessment and management, as described below. The following are key elements of climate change risk facing the Company and Syndicate:

- Physical risk involves the risk that shifts in the frequency and severity of natural catastrophes due to climate change may lead to an increase in insurance payments, leading to a possible deterioration in underwriting results.
- Transition risk involves the risk associated with the transition to a decarbonised society. Technological progress or the introduction of stricter laws and regulations aimed at transitioning toward a decarbonized society could result in structural changes to many industries. Transition risk could also have an impact on the value of the Syndicate's investment assets. It also introduces reputational risk if the Syndicate fails to adequately address the energy transition.
- Liability risk is the risk of casualty insurance claims activity from clients who may have contributed to climate change or failed to ensure that their companies were sufficiently protected from the effects of climate change.

After identifying and assessing the risks inherent in our business relating to climate change, we regard the occurrence of unexpected natural disasters as well as transition risk as material risks in the environmental, social and governance (ESG) area. The existing Board-approved risk management framework sets forth the roles and responsibilities of those overseeing the implementation and monitoring of the risk management framework, which encompasses those risks facing the Company, including climate change. As greater understanding of financial risks from climate change develops, the risk management framework continues to evolve to reflect the distinctive elements of this risk to ensure effective management and oversight, including enhancement of scenario testing in this area. In addition, the Company's ultimate parent, Sompo Holdings, has made sustainability and climate change key components of their Medium-Term Management Plan, which includes establishment of a Sustainability Management Office and a Chief Sustainability Officer, as well as pursuit of several climate related commitments, such as a pledge for net zero emissions from investments and operations by 2050. Sompo International recently established an ESG Committee to develop and implement an environmental, social and governance framework to strengthen our position as a responsible global corporate citizen in support of Sompo Holdings' broader efforts to address ESG issues.

STRATEGIC REPORT (CONTINUED)

Covid-19

The global outbreak of COVID-19 in 2020 created unprecedented challenges to individuals, companies and governments across the world. The following are key risks, facing the Company:

- **Operational Risks:** The Company continues to track developments relating to Covid-19, reviewing and analysing potential material impacts on its operations and implementing mitigation measures and strategies accordingly in response to such new developments and determinations as circumstances warrant. At this time, based upon information currently available to the Company, the current mitigation measures and strategies that have been implemented have permitted the Company to carry out its business and perform its obligations to policyholders, counterparties and regulators, and the impacts from Covid-19 have not materially adversely affected its ability to do so.
- **The Company's Business Continuity Plan ("BCP")** has operated as planned with many staff working remotely, whilst the Company's IT infrastructure remains activated and continues to respond and function without material adverse impact on the Company's ability to conduct its business. The Company's implementation of its BCP and Covid-19 response plan has not caused a material adverse impact on the organisation's cost structure or ability to carry out its strategic business plan. The Company is well positioned with sufficient resources to provide continuous service to policyholders and maintain critical operations if an employee or group of employees is unavailable or working remotely for extended periods of time.
- **Financial Risks:** The Company continues to analyse the Covid-19 outbreak and its wide-ranging consequences and notes that there remains uncertainty surrounding ultimate actual impacts on the Company. The Company's enterprise risk management framework includes periodic formal stress tests of significant risks and the potential financial impacts. At this time, based upon information currently available to the Company and subject to the limitations and qualifications described above, the Company's review and analysis indicates that Covid-19 and the related macroeconomic global impacts are not expected to have a material adverse impact on the Company's ability to carry out its business and perform its obligations to policyholders, counterparties and regulators.

Section 172(1) Statement

The members of the Board of Directors (the "Board") of the Company are aware of their obligations pursuant to Section 172 of the Companies Act 2006 ("Section 172"). Section 172 requires the Board to act in its decision-making process in a way that would be most likely to promote the success of the Company for the benefit of its shareholder as a whole while also having regard to other matters.

In this section we explain how the Directors have discharged their obligations under Section 172 when performing their duties.

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (continued)

S172(1) (A) “The likely consequences of any decision in the long term”

The Directors fully appreciate that to achieve sustainable success in an evolving environment it is imperative for the Company to consider the long-term impact of its decisions. Further the Board recognises that the long-term success of the Company requires it to be prudent in making short-term decisions. For example, throughout the annual business planning process the Board provides challenge as to the long-term sustainability of decisions being taken for the forthcoming year. As part of this decision making process, the Board discusses future developments, risks and uncertainties that could impact the Company in the long term, such as insurance risk, credit risk, market risk, liquidity risk, operational risk, conduct risk, regulatory and compliance risk, and climate risk, among others. The Board typically undertakes an annual effectiveness review that assesses, among other things, adherence to the principle that a successful company is led by a board that promotes the long-term success of the Company.

S172(1) (B) “The interests of the Company’s employees”

The Directors recognise that the Company’s employees are fundamental to the overall success of the Company. The Board recognises that the Company must attract, engage, motivate, reward and retain the most talented people in the markets in which the Company operates. In addition, the Board recognises the necessity of providing continuous professional development opportunities and a focus on employee wellbeing to ensure employees are fulfilled and equipped with the right skills to be successful and operate effectively within our professional environment.

The Board guides the culture of the business and receives regular updates on key employee metrics which provide a clear insight into employee engagement and works with management to ensure that any concerns are addressed appropriately. The Company is committed to being an inclusive, meritocratic workplace that promotes, values and embeds diversity in all aspects of what we do. Ensuring a safe working environment for all is a key component of how we operate. The Board oversees this through regular reporting and engagement with management responsible for these efforts. Furthermore, the Chair of the Board’s Audit Committee serves as the Whistleblowing Champion and oversees the Company’s whistleblowing framework. The Directors are therefore always mindful of, and consider the implications of, decisions on the interests of employees where appropriate and relevant. Taking into account the foregoing, the key decisions reached by the Board follow due considerations of the impact of such decisions on the Company’s employees.

S172(1) (C) “The need to foster the Company’s business relationships with suppliers, customers and others”

The Board and Company are mindful of the need to foster positive relationships with various stakeholders including policyholders (customers), brokers (suppliers), other counterparties and regulators.

- **Our Policyholders:** We work closely with our policyholder customers to understand their (re)insurance needs and structure (re)insurance products that meet those needs in a fair, transparent and compliant manner. The Company also maintains a framework for assessing and reviewing the

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (continued)

conduct risk associated with new products to ensure we are considering the potential impact on policyholders. Whilst work in this area is informed by the regulatory environment in which we operate, the primary motivation for our customer centricity is the contribution this makes to our long-term success. On a regular basis, the Board is informed of key metrics regarding conduct risk, complaints and claims in order to gain insight into policyholder-related issues and to ensure the Board is giving due regard to policyholders. There is active Board consideration regarding the Company's approach to monitoring these issues.

- **Our Brokers:** The Company's relationship with brokers is fundamental to its success and ability to deliver to our clients the products they need in a manner in which they require. As a result, the Board receives regular reports on key developments with our broker relationships.
- **Other Counterparties:** The Company's strategic initiatives include engaging with other counterparties such as underwriting or claims agencies, information technology service providers, investment management services, payroll services and reinsurers or retrocessionaires. Without these counterparties, the Company's ability to meet its long-term initiatives would likely be limited or more costly than expected. The Board receives regular updates and management information detailing how such key relationships are performing. However, the Board's oversight in this area is not limited to the commercial effectiveness of our relationships; instead the Board also oversees matters such as our compliance with the requirements of the Modern Slavery Act in relation to our supply chain. In addition, the Company maintains compliance with the Prompt Payment Code and provides the required reporting for payment times of supplier invoices.
- **Our Regulators:** The Company maintains an open and transparent relationship with its key regulators. These relationships involve frequent interaction with the regulators including participation by various Board members, including the executive and non-executive directors as well as the Company's Compliance Department. On a regular basis, the Board is informed by management of key operating metrics and informational updates. This process helps ensure that the Board is fully informed of all critical matters to thereby ensure that it is able to give due regard to stakeholders as it makes its decisions.

S172(1) (D) "The impact of the company's operations on the community and the environment"

As a global insurer and reinsurer, the Company's business is inextricably connected to the communities and the global environment in which we operate. The Company takes a strategic approach to community enhancement and climate change risk assessment and management.

- **Impact on community:** The Company engages with the community through various touchpoints, such as community enhancement days where staff work together to support local charities and organisations, and mentoring opportunities for young adults and teenagers from local communities who spend time working with us to learn about our business and the wider insurance and financial services sector.
- **Impact on environment:** The Company and Board acknowledge and adhere to the regulatory expectations relating to climate change, including the appointment of a senior manager within the Company responsible for this area. Beyond its regulatory obligations, the Company's strategic

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (continued)

approach to climate change risk assessment and management focuses on key elements of climate change risk facing the Company, such as physical risk, transition risk associated with moving to a decarbonized society, liability risk associated with casualty insurance claims activity and reputational risk. The Board receives regular reports on this evolving area that focus on all of the various aspects of this issue and not solely the liability risk. The Company is also working to understand the impact we have on the environment from our day-to-day operations with a view to setting for ourselves appropriate carbon reduction targets.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Company is committed to achieving the highest standards of business conduct as well as to adhering to all applicable laws, rules and regulations. Our desire to maintain a reputation for high standards of business conduct is a key pillar by which the Company measures its ability to achieve success. The Board oversees the Company's framework for ensuring high standards of business conduct. The Board leads the culture of compliance within the business, ensuring that employees conduct themselves in an honest and ethical manner. This framework is supported by Board approved policies guiding how we conduct our business and interact in all business relationships.

This framework is underpinned by the regular provision of information and updates to the Board regarding key business conduct, compliance and relevant governance standards.

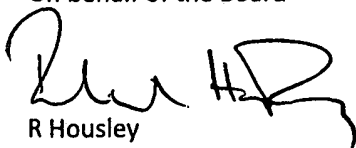
S172(1) (F) "The need to act fairly as between members of the company"

There is one shareholder of the Company. The Board recognises that the support of, and engagement with, our shareholder is a fundamental cornerstone of our future success. The Board is assured that the decisions of the Company are fair and in the interests of the shareholder.

Culture

The Company recognises the importance of embedding in the habits and behaviours of its Board, management and employees a culture that we wish to have at all levels and which informs business decisions with the highest possible level of ethics, integrity and honesty. Our corporate culture gives the Board confidence that day-to-day business decisions are being approached with an appropriate mind-set of high standards of business ethics that is consistent with the pursuit of long-term success of the business for the benefit of the shareholder whilst also considering the interests of employees and other stakeholders.

On behalf of the Board



R Housley

CEO

25th May 2022

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st December 2021.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the twelve months from the date of approving these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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. The indemnity was in force throughout the last financial year and is currently in force. Sompo International Holdings Limited ("SIHL") also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of group companies and their Directors.

Dividends

No dividend was paid or declared during the financial year (2020: \$nil). No further dividend is proposed following the 2021 year end (2020: \$nil).

Directors

The directors of the Company during the year ended 31st December 2021 up to the date of approval of the financial statements were as listed on page 1.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP were reappointed at a meeting of the Board on 28 May 2021.

On behalf of the Board

A Golding
Director
25th May 2022



DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDURANCE AT LLOYD'S LIMITED

Opinion

We have audited the financial statements of Endurance at Lloyd's Limited ("the company") for the year ended 31 December 2021 which comprise of the Income statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, 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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 company's ability to continue as a going concern for a period of 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors' report and financial statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations, related to elements of Lloyd's Byelaws and Regulations and the financial reporting framework (UK GAAP). Our considerations of other laws and regulations that may have a material effect on the company's financial statements included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We obtained a general understanding of how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board; and gained an understanding of the approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items.
- For both direct and other laws and regulations, our procedures involved: making enquiry of the directors and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with Lloyd's, the FCA and the PRA.
- The company operates in the insurance industry which is a highly regulated environment. As such

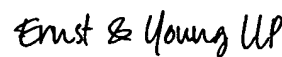
the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

- We assessed the susceptibility of the company's annual accounts to material misstatement, including how fraud might occur by considering the controls established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.

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

Use of our report

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

DocuSigned by:

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Angus Millar (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25th May 2022

Notes:

- 1. The maintenance and integrity of the Endurance at Lloyd's Limited's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*
- 2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Turnover	5	1,627,968	1,270,000
Administrative expenses		(903,588)	(1,401,654)
Operating profit/(loss)		<u>724,380</u>	<u>(131,654)</u>
Interest receivable and similar income		45	92
Profit/(loss) on ordinary activities before taxation	6	<u>724,425</u>	<u>(131,562)</u>
Tax (charge)/credit on ordinary activities	8	(138,754)	25,236
Profit/(loss) for the financial year		<u>585,671</u>	<u>(106,326)</u>

All operations are continuing.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Profit/(loss) for the financial year		585,671	(106,326)
Total comprehensive income/(loss) for the year		<u>585,671</u>	<u>(106,326)</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Current assets			
Debtors	9	156,148	184,097
Cash at bank and in hand		4,534,487	3,531,309
		<u>4,690,635</u>	<u>3,715,406</u>
Creditors: Amounts falling due within one year	10	(414,733)	(25,175)
Net current assets		<u>4,275,902</u>	<u>3,690,231</u>
Net assets		<u>4,275,902</u>	<u>3,690,231</u>
Capital and reserves			
Called up share capital	11	6	6
Share premium account	12	1,910,577	1,910,577
Profit and loss account		2,365,319	1,779,648
Total shareholder's funds		<u>4,275,902</u>	<u>3,690,231</u>

The financial statements on pages 15 to 23 were approved by the Board of Directors and were signed on its behalf by:



A Golding
Director
25th May 2022

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

	Called up share capital \$	Share premium account \$	Retained earnings \$	Shareholder's funds \$
2021				
Balance at the beginning of the year	6	1,910,577	1,779,648	3,690,231
Profit for the financial year	-	-	585,671	585,671
Net addition to shareholder's funds	-	-	585,671	585,671
Balance at the end of the year	<u>6</u>	<u>1,910,577</u>	<u>2,365,319</u>	<u>4,275,902</u>
	Called up share capital \$	Share premium account \$	Retained earnings \$	Shareholder's funds \$
2020				
Balance at the beginning of the year	6	1,910,577	1,885,974	3,796,557
Profit for the financial year	-	-	(106,326)	(106,326)
Net addition to shareholder's funds	-	-	(106,326)	(106,326)
Balance at the end of the year	<u>6</u>	<u>1,910,577</u>	<u>1,779,648</u>	<u>3,690,231</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Statement of compliance

Endurance at Lloyd's Limited ("the Company") is a limited liability company incorporated in England. The Registered Office is 1st Floor, 2 Minster Court, Mincing Lane, London EC3R 7BB. The financial statements cover those of the individual entity and are prepared as at 31 December 2021 and for the year ended 31 December 2021.

The financial statements have been prepared in compliance with FRS 102, being the applicable UK GAAP accounting standard, and in accordance with the provisions of Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations.

The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

2. Basis of preparation

The financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on 25th May 2022.

The financial statements are prepared in US Dollars and rounded to the nearest \$.

Financial Reporting Standard ("FRS") 102 describes functional currency as the currency of the primary economic environment in which the entity operates. Determining when the functional currency of an entity has changed is a matter of judgement as the determining factors may move gradually over time. Management deem the functional currency of the Company to be US Dollars as the majority of the cash flows and expenses are denominated in US Dollars.

Having considered the solvency and liquidity position of the Company for a period of 12 months from the date of approving these financial statements, the directors of the managing agent consider it appropriate to prepare the accounts on the going concern basis.

The Company has taken advantage of the reduced disclosures available for qualifying entities under paragraph 1.12 of FRS 102, including the exemption from preparing a cash flow statement and disclosing the aggregate remuneration of key management personnel. The company is included in the consolidated financial statements of Sompo International Holdings Limited, a limited liability company incorporated in Bermuda. The Company has also taken advantage of the exemption permitted by FRS 102 section 33, Related Party Disclosures, not to disclose amounts involved in contracts between members of a group where a party to the transaction is a wholly-owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Information about significant areas of critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the annual report and accounts, are described within the significant accounting policies below.

4. Significant accounting policies

Turnover

Turnover is comprised of Agency fees 0.17% of Syndicate Gross Reserves (2020: 0.25% of Syndicate capacity). The fee is apportioned across the duration of the year taking into account the timing of services provided under the terms of the agency agreement.

Taxation

Current tax

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4. Significant accounting policies (continued)

Financial assets and liabilities

The Company's financial assets comprise receivables and prepayments. These are initially recorded at fair value and subsequently measured at amortised cost, less any provision for impairment.

The Company's financial liabilities comprise amounts payable in respect of services provided by other group companies, taxes and social security and other trade creditors. These balances are recognised initially at fair value and subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign currencies

The Company's functional currency and presentational currency is US dollars.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date. Non-monetary items denominated in a foreign currency, measured at fair value are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined.

Exchange differences are recorded in the income statement; differences on translation to presentational currency are recorded in other comprehensive income.

5. Turnover

The Company generated turnover of \$1.6m (2020: \$1.3m) for the provision of services as a Managing Agency to Lloyd's Syndicate 5151.

The turnover, net assets and profit before tax are attributable to the one principal activity of the Company.

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2021	2020
	\$	\$
Auditor's remuneration:		
Fees payable to the auditors for audit services	22,805	20,660

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. Directors' emoluments

	2021 \$	2020 \$
Directors' emoluments for services to the company were:		
Aggregate emoluments	172,804	481,408
Contributions to defined contribution pension scheme	6,617	24,759
	<u>179,421</u>	<u>506,167</u>
Highest paid director:		
Aggregate emoluments	59,715	198,810
Contributions to defined contribution pension scheme	2,449	9,042
	<u>62,164</u>	<u>207,852</u>

The Company has no employees (2020: nil).

The directors are remunerated by EBSL and the Company receives a charge for services performed by them on its behalf.

8. Tax on profit on ordinary activities

	2021 \$	2020 \$
Current tax		
Current tax (credit)/charge for the year	138,738	(24,995)
Adjustments in respect of prior years	16	(241)
Tax on (loss)/profit on ordinary activities	<u>138,754</u>	<u>(25,236)</u>

The tax assessed for the year is higher (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 \$	2020 \$
Profit/(Loss) on ordinary activities before taxation	<u>724,425</u>	<u>(131,562)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%).	137,641	(24,997)
Effects of:		
Adjustments in respect of prior years	16	(241)
Other permanent differences	1,097	2
Total tax charge/(credit) for the year	<u>138,754</u>	<u>(25,236)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Factors that may affect future tax charges

The chancellor announced in the Budget on 3 March 2021 that the UK corporation tax rate will increase from 19% to 25% from 1 April 2023 onwards. The future increase in the corporate tax rate to 25% has not been reflected in our deferred tax balances at the balance sheet date as the balance is nil. The current year corporation tax has been calculated at the enacted rate of 19% (2020: rate of 19%).

9. Debtors

	2021 \$	2020 \$
Amounts owed by other group undertakings	156,148	166,441
UK corporate tax – group relief	-	17,656
	<u>156,148</u>	<u>184,097</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Creditors: Amounts falling due within one year

	2021 \$	2020 \$
Amounts due to other group undertakings	272,864	184
UK corporate tax	114,966	-
Accruals and deferred income	26,903	24,991
	<u>414,733</u>	<u>25,175</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

11. Called up share capital

	2021 \$	2020 \$
Allotted and fully paid:		
3 ordinary shares of £1 each (2020: 3)	<u>6</u>	<u>6</u>

12. Share premium account

	2021 \$	2020 \$
At 31 December	<u>1,910,577</u>	<u>1,910,577</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. Capital and other commitments

There are no contracts placed for future capital expenditures not provided for in the financial statements for the year ended 31 December 2021.

14. Parent companies

The Company's immediate parent undertaking is Endurance Holdings Limited (EHL) incorporated in London, UK.

The Company's ultimate parent undertaking is Sompo Holdings Inc incorporated in Tokyo, Japan. A copy of the financial statements of Sompo Holdings Inc can be obtained from 1st Floor, 2 Minster Court, Mincing Lane, London EC3R 7BB, or 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338.

15. Events since the reporting date

On 24 February 2022, Russian armed forces launched a military offensive into Ukraine. The military offensive which is currently ongoing prompted multiple jurisdictions to impose enhancements to existing sanctions as well as tranches of new sanctions on Russia. At the time of writing this report, the Russian invasion of Ukraine was still a live and ongoing situation.

The wider group has performed a preliminary exposure assessment and it is not expected to have a material effect on the Company or on the affiliated companies upon which the Company is dependent.