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STATUTORY INSTRUMENTS

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**2008 No. 1950**

**The Insurance Accounts Directive (Lloyd's Syndicate  
and Aggregate Accounts) Regulations 2008**

**PART 2**

**SYNDICATE ACCOUNTS**

**Preparation of syndicate's annual accounts**

**5.—**(1) Managing agents must prepare or cause to be prepared the accounts and reports required by paragraph (2), in respect of—

- (a) each syndicate that they manage on 31st December; and
- (b) any syndicate that they were the last managing agent to manage during the preceding year and which has no managing agent on 31st December.

(2) Managing agents must, for the financial year preceding 31st December, in respect of each syndicate—

- (a) prepare annual accounts;
- (b) prepare an annual report; and
- (c) cause to be prepared an auditor's report.

(3) The accounts and annual report required by paragraph (2) must—

- (a) be prepared within a period of 3 months beginning immediately after the end of the syndicate's financial year;
- (b) state that they are prepared under this regulation; and
- (c) comply with the requirements in Schedule 1 to these Regulations.

(4) The accounts required by paragraph (2)(a) must also contain the information on auditor remuneration required by Schedule 2 to these Regulations.

(5) Schedules 1 and 2 to these Regulations have effect.

**Preparation of syndicate underwriting year accounts**

**6.—**(1) Managing agents must, in respect of each syndicate to which regulation 5(1) refers, prepare or cause to be prepared underwriting year accounts in accordance with paragraph (2), unless—

- (a) no underwriting year of that syndicate has been closed in the preceding financial year or is being closed at the end of that financial year; or
- (b) the members of the syndicate for each underwriting year included in the underwriting year accounts, agree unanimously, in writing, that no underwriting year accounts shall be prepared in respect of that syndicate.

(2) The underwriting year accounts must be an account which—

- (a) is prepared on an underwriting year basis; and
  - (b) gives a true and fair view of the result of that underwriting year at closure.
- (3) The accounts required by this regulation must—
- (a) be prepared within a period of 3 months beginning immediately after the end of the syndicate’s financial year; and
  - (b) state that they are prepared under this regulation.
- (4) Managing agents must cause to be prepared an auditor’s report on the underwriting year accounts required by this regulation stating whether a true and fair view is given of the result of the underwriting year at closure.
- (5) Part 42 of the 2006 Act (statutory auditors) applies to an auditor appointed for the purposes of this regulation subject to any necessary modifications to take account of the fact that the syndicate is unincorporated, as it applies to the person appointed for the purposes of regulation 5 or the person appointed to report on the aggregate accounts under section 1210 of the 2006 Act (meaning of “statutory auditor”)(1).

#### **Approval and signing of accounts**

7.—(1) A syndicate’s annual accounts must be approved and signed by the syndicate’s managing agent and, where the managing agent is a body corporate or a partnership, the accounts must be approved by the board of directors or partners and signed by a director or partner of the managing agent, authorised to sign on its behalf.

(2) The signature must be on the syndicate’s balance sheet.

(3) Every copy of the balance sheet which is circulated, published, issued or delivered to the Authority must state the name of the person who signed it on behalf of the syndicate’s managing agent.

#### **Accounts to be sent to syndicate members, the Council of Lloyd’s and the Authority**

8.—(1) The managing agent responsible for the preparation of the accounts of a syndicate must send a copy of the accounts and reports prepared under regulations 5 and 6 to every member of Lloyd’s who participates in that syndicate and to the Council of Lloyd’s, within 3 months from the end of the financial year.

(2) The managing agent responsible for the preparation of the accounts of a syndicate must send a copy of the accounts and reports prepared under regulations 5 and 6 to the Authority within 6 months from the end of the financial year.

(3) References in this regulation to sending documents to a person include references to using electronic communications for sending copies of those documents to such address as may for the time being be notified to the managing agent by that person for that purpose.

#### **Publication of syndicate accounts and reports**

9. Where a managing agent has sent accounts and reports to the Council of Lloyd’s under regulation 8, the Council must—

- (a) make available, on reasonable notice, those accounts and reports for inspection by any person without charge and during business hours at the Council’s head office for a period of three years from the date of signature of each document; and

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(1) Section 1210 was amended by regulation 15(1) of [S.I. 2008/565](#), and by regulation 14 of [S.I. 2008/567](#).

- (b) supply to any person upon request a copy of those accounts and reports (or such part of those accounts and reports as may be requested) at a price not exceeding the administrative cost of making the copy, for a period of three years from the date of signature of each document.

### **Auditor's report**

**10.**—(1) A syndicate's auditor must make a report to the syndicate's members on all annual accounts of the syndicate of which copies are to be sent to the syndicate members during the auditor's tenure of office.

- (2) The auditor's report must include—
  - (a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation; and
  - (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.
- (3) The report must state clearly whether, in the auditor's opinion, the annual accounts—
  - (a) give a true and fair view—
    - (i) in the case of an individual balance sheet, of the state of affairs of the syndicate as at the end of the financial year; and
    - (ii) in the case of an individual profit and loss account, of the profit or loss of the syndicate for the financial year;
  - (b) have been properly prepared in accordance with the relevant financial reporting framework; and
  - (c) have been prepared in accordance with the requirements of these Regulations.
- (4) The report on the syndicate's annual accounts must also state whether in the auditor's opinion the information given in the managing agent's report for the financial year for which the annual accounts are prepared is consistent with those accounts.
- (5) The auditor's report—
  - (a) must be unqualified or qualified; and
  - (b) must include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report.

### **Duties of auditors**

**11.**—(1) A syndicate's auditor, in preparing the audit report, must carry out such investigations as will enable the auditor to form an opinion as to—

- (a) whether adequate accounting records have been kept on behalf of the syndicate; and
  - (b) whether the syndicate's annual accounts are in agreement with the accounting records.
- (2) If the auditor is of the opinion—
- (a) that adequate accounting records have not been kept; or
  - (b) that the syndicate's annual accounts are not in agreement with the accounting records,
- the audit report shall state that fact.
- (3) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief, are necessary for the purposes of the audit, the audit report shall state that fact.

(4) If the requirements of paragraph 5 of Schedule 1 are not complied with in the annual accounts the audit report must include, so far as the auditor is reasonably able to do so, a statement giving the required particulars.

### **Signature of auditor's report**

**12.**—(1) The syndicate's auditor's report on the syndicate's annual accounts required under regulation 5(2), and on the underwriting year accounts required by regulation 6, must state the name of the auditor and be signed and dated.

(2) Where the auditor is an individual, the report must be signed by that individual.

(3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his or her own name, for and on behalf of the auditor.

### **Names to be stated in copies of auditor's report published or filed**

**13.**—(1) Every copy of the syndicate's auditor's report that is published by or on behalf of the syndicate or the Council of Lloyd's or which is sent to the Authority under regulation 8(2) must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor; or
- (b) if the conditions in regulation 14 are met, state that a resolution has been passed and notified to the Authority in accordance with regulation 14(2)(b).

(2) For the purposes of this regulation, the syndicate (or the Council) is regarded as publishing the report if it publishes, issues, circulates or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

### **Circumstances in which names may be omitted**

**14.**—(1) The auditor's name, and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor, may be omitted from copies of the report circulated, published, issued or delivered where the conditions in paragraph (2) are met.

(2) The conditions referred to in paragraph (1) are that the managing agent responsible for preparing the syndicate's accounts—

- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior statutory auditor, or any other person, would be subject to violence or intimidation, has resolved that the name should not be stated; and
- (b) has given notice of the resolution to the Authority, stating—
  - (i) the name and number of the syndicate;
  - (ii) the year to which the report relates; and
  - (iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor.

### **Requirements in connection with publication of statutory accounts**

**15.**—(1) If a managing agent publishes any of the statutory accounts of a syndicate, they must be accompanied by the auditor's report on those accounts.

(2) If a managing agent publishes non-statutory accounts of a syndicate, it must publish with them a statement indicating—

- (a) that they are not the syndicate's statutory accounts;

- (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been sent to the Authority under regulation 8(2) of these Regulations; and
- (c) whether an auditor's report has been made on the syndicate's accounts for any such financial year, and if so whether the report—
  - (i) was qualified or unqualified, or included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report; or
  - (ii) contained a statement under regulation 11(2), (3) or (4).
- (3) The managing agent must not publish the auditor's report on the syndicate's statutory accounts with non-statutory accounts.
- (4) References in this regulation to the publication by a managing agent of "non-statutory accounts" are to the publication of any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the syndicate or an underwriting year of the syndicate otherwise than as part of the syndicate's statutory accounts.
- (5) A syndicate's "statutory accounts" are its accounts for a financial year specified in regulations 5(2)(a) and 6 (1) and required to be sent to the Authority under regulation 8(2).

### **Delivery and publication of accounts in euros**

- 16.—(1) The amounts set out in the syndicate's annual accounts may also be shown in the same accounts translated into euros.
- (2) When complying with regulation 8(2) the managing agent may send to the Authority an additional copy of the syndicate's annual accounts in which the amounts have been translated into euros.
- (3) In both cases—
  - (a) the amounts must have been translated at the exchange rate prevailing on the date to which the balance sheet is made up; and
  - (b) that rate must be disclosed in the notes to the accounts.
- (4) For the purposes of regulation 15 any additional copy of the syndicate's annual accounts sent to the Authority under paragraph (2) above shall be treated as statutory accounts of the syndicate.
- (5) In the case of such a copy, references in regulation 15 to the auditor's report on the syndicate's annual accounts must be read as references to the auditor's report on the annual accounts of which it is a copy.

### **Penalties for non-compliance**

- 17.—(1) If the managing agent of a Lloyd's syndicate fails to comply with regulation 5(1), within the period referred to in regulation 5(3), the managing agent and every person who was a director or partner of it immediately before the end of that period, is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (2) If the managing agent of a Lloyd's syndicate fails to comply with regulation 6(1), within the period referred to in regulation 6(3), the managing agent and every person who was a director or partner of it immediately before the end of that period, is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (3) If accounts which are approved under regulation 7 do not comply with the requirements of these Regulations, the managing agent of the Lloyd's syndicate and every person who was a director or partner of the managing agent at the time when the accounts were approved who—
  - (a) knew that they did not comply, or was reckless as to whether they complied, and

- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the accounts from being approved,

is guilty of an offence and liable on conviction on indictment, to a fine, and on summary conviction to a fine not exceeding the statutory maximum.

(4) If an annual report which is approved under paragraph 12 of Schedule 1 does not comply with the requirements of these Regulations, the managing agent of the Lloyd's syndicate and every person who was a director or partner of the managing agent at the time when the accounts were approved who—

- (a) knew that they did not comply, or was reckless as to whether they complied, and
- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the accounts from being approved,

is guilty of an offence and liable on conviction on indictment to a fine, and on summary conviction to a fine not exceeding the statutory maximum.

(5) If a managing agent fails to comply with regulation 8(1), it and every person who was a director or partner of the managing agent at the time when the failure took place is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(6) If a managing agent fails to comply with regulation 8(2), it and every person who was a director or partner of the managing agent at the time when the failure took place is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(7) If a copy of the syndicate auditor's report is sent to the Authority or published without the statement required by regulation 13, the managing agent, and every person who was a director or partner of the managing agent at the time when the failure took place is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(8) If a managing agent contravenes any provision of regulation 15, the managing agent and every person who was a director or partner of the managing agent at the time when the contravention took place, is guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(9) It is a defence for a person charged with an offence under this regulation to show that he or she took all reasonable steps for securing that the requirements in question would be complied with.