Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd’s website, which have been filed with Lloyd’s in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd’s, and Lloyd’s has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd’s or membership on any syndicate of Lloyd’s, and no offer to join Lloyd’s or any syndicate is being made hereby. Members of Lloyd’s are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate’s performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

AmTrust

Syndicate 5820

Annual Report and Accounts
For the year ended 31 December 2016

AmTrust Syndicates Limited
An AmTrust Financial Company

Contents

Directors and Advisers

Managing Agent
AmTrust Syndicates Limited

Registered office
47 Mark Lane
London EC3R 7QQ

Managing Agent's registration No. 4434499
FCA firm registration No. 226696
Lloyd's registration No. 2073D

Syndicate: 5820

Directors

B Jansli	Non-Executive Chairman	Appointed 08/11/2016
N C T Pawson	Non-Executive Director	
J P Fox	Non-Executive Director	Appointed 22/11/2016
B Jackson	Non-Executive Director	Appointed 08/11/2016
J E Cadle	Non-Executive Deputy Chairman	Appointed 08/12/2016
M G Caviet	Non-Executive Director	Appointed 08/12/2016
P Dewey		Appointed 08/11/2016
S J Helson		Appointed 22/01/2016
J M Hamilton		
B Gilman		
G Sweatman		Appointed 22/11/2016; Resigned 20/02/2017
M A Sibthorpe		Appointed 08/12/2016
D J L Barrett		Appointed 29/11/2016
J M P Taylor	Non-Executive Chairman	Resigned 07/11/2016
J G M Verhagen	Non-Executive Director	Resigned 12/07/2016
A P Hulse	Non-Executive Director	Resigned 07/11/2016
A C Barker		Resigned 31/10/2016
G M Van Loon		Resigned 07/11/2016
L J Cross		Resigned 07/11/2016
A S W Hall		Resigned 07/11/2016
S Lacy		Appointed 11/08/2016; Resigned 07/11/2016

Company secretary

A S W Hall	Resigned 22/01/2016
G Luckett	Appointed 22/01/2016; Resigned 07/11/2016
D J L Barrett	Appointed 29/11/2016

Active Underwriter
B Whitmee

Bankers
Lloyds Bank plc
City Office, Bailey Drive
Gillingham Business Park
Kent ME8 0LS

Investment Managers
Amundi Asset Management
41 Lothbury
London EC2R 7HF

Statutory Auditor
PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

Report of the Directors of the Managing Agent

The directors of the Managing Agent present their report, which incorporates the strategic review, for the year ended 31 December 2016. The Syndicate's Managing Agent is a company registered in England and Wales.

This Annual Report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (Lloyd's Regulations 2008).

These Financial Statements and related notes have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 100 ('Application of Financial Reporting Requirements'), FRS 102 ('The Financial Reporting Standard Applicable in the UK and Republic of Ireland') and FRS 103 ('Insurance Contracts') as promulgated by the Financial Reporting Council (FRC).

An underwriting year account has been prepared on the traditional fund accounting basis in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) for the closed 2014 year and is included after the Annual Report.

Principal activity
The Syndicate's principal activity continued to be the transaction of general insurance and reinsurance business. The Syndicate capacity for the 2016 and 2017 year of account remained at £131.1m.

AmTrust
The Managing Agent is an indirect wholly owned subsidiary of AmTrust Financial Services, Inc. (AFSI), the ultimate parent company of the AmTrust group of companies (the Group / AmTrust) a multinational property and casualty insurer writing a diversified portfolio of specialty property and casualty, workers compensation and warranty insurance and related products and services. With extensive underwriting experience and a prestigious "A" (Excellent) Financial Size XIV rating from A. M. Best, AmTrust has built a reputation as an innovative, technology-driven insurance company with a commitment to excellence.

AmTrust at Lloyd's
AmTrust's Lloyd's platform, trading as AmTrust at Lloyd's, combining syndicate underwriting and managing agency operations, is central to the Group's international operations, allowing AmTrust to access profitable specialty business on a worldwide basis.

Syndicate 5820 is managed by AmTrust Syndicates Limited (ASL), which was renamed following the acquisition of ANV Holdings BV (ANV), ASL's former ultimate parent company, by AmTrust Lloyd's Holdings (UK) Ltd, an indirect, wholly owned subsidiary of AFSI in November 2016, having previously traded as ANV Syndicates Limited.

During 2016 ASL managed Lloyd's Syndicates 1861, 5820 and 779, wrote a globally diversified risk portfolio with twelve diverse lines of business, selected based on the platform's strategic position, the market opportunity within Lloyd's and the portfolio diversification and capital benefits these classes offered.

The following lines of business were identified as core to ASL:

- Accident & Health and Special Risks
- Aviation
- Consumer Products
- Cyber
- Energy
- Life
- Marine
- Non-Marine Liability
- Property
- Political Risks and Political Violence
- Professional Lines
- Specialty Reinsurance

5820 Underwriting Review

During 2016, Syndicate 5820 continued its strategy of underwriting Consumer Products and Political Risks as a lead market, and accessing specialty business through Syndicate 1861 across Accident & Health, Cyber, Non-Marine Liability and Property classes.

In 2015 the Consumer Products team revisited the strategy for the division, defining and communicating risk appetite, successfully protecting renewal business from competitors, and embedding new processes and operational best practice. During 2016 the team made strong progress in delivering the strategy with the focus this year on building a diverse underwriting portfolio of high volume/low sum insured business from longer term relationships, producing stable underwriting margins while maintaining good customer outcomes. The principles of Conduct Risk continue to be embedded within all Consumer Products activities, and regulatory reviews have validated the considerable progress made by the Syndicate.

For 2016 the team has focussed on improving the profitability of the portfolio, rationalising the product range and account lists, re-pricing and re-underwriting key accounts and reducing commission levels within the portfolio. This exercise has been undertaken alongside enhancing the analytical capability within the team, with the improved visibility of data resulting in a strengthening of forecast loss ratios on certain schemes within the legacy Consumer Products portfolio, contributing to the Syndicate's loss for 2016.

The challenging market conditions in the Political Risks market, driven by over capacity and depreciating oil and other commodity prices, continue to prevail. The underwriting team has continued to focus on driving returns through a highly disciplined underwriting approach and portfolio management. A number of large claims on the credit focused book in the year has driven net claims to £10m during 2016, primarily stemming from the 2014 & Prior year of account.

The Property account, written through a consortium managed by Syndicate 1861, continues to experience a challenging rating environment across the market, which coupled with the prevalence of broker facilities, has driven a reduction to income levels against the 2016 plan. Claims experience on the property consortium, written since the 2015 year of account, are favourable for the year with limited impact of the market catastrophe events to the portfolio in 2016.

The Syndicate renewed its line on the Syndicate 1861-led consortia for Accident & Health, Cyber and Non-Marine Liability classes in the 2016 year of account, increasing its participations on Accident & Health and Cyber, thereby offering further diversification for the Syndicate.

The Managing Agency Board approved the reinsurance to close of the 2014 year into the 2015 year of account.

Significant Events

ANV Syndicates Limited had been rated red for Solvency II Pillar 2 compliance by Lloyd's in 2015, in respect of Governance and Risk Management. In April 2016, Lloyd's confirmed that the issues preventing a Solvency II green rating had been addressed and at mid-year Coming into Line the 20% capital loading applied in 2015 was removed by Lloyd's. At mid-year Coming into Line Lloyd's also removed the £2.5m capital loading applied in relation to conduct risk, in light of the considerable progress made by the Syndicate.

At the beginning of 2016 ASL was a subsidiary of ANV Holdings B.V. (ANV), the parent of the ANV Group which was a privately owned and held Dutch registered holding company and its lead investor was Ontario Teachers' Pension Plan (OTPP). ANV held an 80% majority shareholding in ASL's immediate parent, ANV Syndicate Management Limited, with the remaining 20% held by Jubilee Group Holdings Ltd (JGHL), a subsidiary of the Ryan Specialty Group. ANV purchased JGHL's minority shareholding in July 2016, resulting in ASL being 100% owned by ANV. Johanna Verhagen, a non-executive director and a representative of Ryan Specialty Group, resigned in July 2016 following the transaction.

In November 2016, AmTrust completed the acquisition of ANV and its affiliates from OTPP, at which point ASL was renamed AmTrust Syndicates Limited, having previously traded as ANV Syndicates Limited. Following the acquisition, an exercise was completed to align the Board structure with AmTrust's existing Lloyd's Managing Agency, AmTrust at Lloyd's Limited. The changes to the Board composition are detailed within the Directors and Advisers Report.

Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis during the year and were as follows:

	2016 £m	2015 £m
Written Premiums		
Gross premiums written	251.4	228.0
Premiums written, gross of reinsurance, net of brokerage and commissions	133.0	81.1
Net premiums written[1]	236.4	210.0
Earned Premiums		
Gross earned premiums	205.3	140.3
Premiums earned, gross of reinsurance, net of brokerage and commissions	93.4	66.9
Earned premiums, net of reinsurance[2]	192.7	131.6
Result for the year	(15.2)	(2.4)
Cash, investments and overseas deposits	105.9	75.1
Members' Balances	(21.8)	(16.9)
Key Ratios	**%**	**%**
Claims ratio (net)	42.5	36.5
Acquisition ratio (net)	59.0	58.2
Expense ratio (net)	7.1	7.9
Combined ratio[3]	108.6	102.6

[1] Net premiums written are stated gross of brokerage and commission, and net of associated reinsurance costs.
[2] Earned premiums, net of reinsurance are stated gross of brokerage and commission, and net of associated reinsurance costs.
[3] The combined ratio is the ratio of net claims incurred, acquisition costs and net operating expenses to net premiums earned.

Gross premiums written

Gross premiums written increased by £23.4m (9.3%) to £251.4m for the 2016 calendar year. On a gross of acquisition costs basis, growth was largely driven by the Political Risks and Cyber classes; the former following the decision to no longer sign forward long-term contracts to future years of account and the latter driven by an increased share of the Cyber consortium led by another AmTrust Syndicate. On a gross basis the Consumer Products classes remain in line with the previous year however certain discontinued Consumer Products binding authority contracts, which continued to attach in 2015, carried very high acquisition ratios relative to other Consumer Products business and standard Property and Casualty business. These contracts make it difficult to draw immediate conclusions based purely on year on year analysis of gross premiums written.

Premiums written gross of reinsurance, net of brokerage and commissions were £133.0m for 2016 (2015: £81.1m) the growth significantly driven by the Affinity business within Consumer Products classes where net premiums increased by £39.3m driven by the 2016 and 2015 years of account as a result of the traction achieved by the introduction of the new Consumer team in 2015. There was a £6.2m reduction in the Other Consumer Products classes driven by the decision to cease writing Creditor business for 2016.

Net premiums written

On a net of reinsurance, gross of acquisition costs basis, premiums have increased by £26.4m to £236.4m. This is as a result of the growth in gross premiums outlined above is reflective of a one-off reinsurance purchase made in 2015. Outwards reinsurance premiums decreased by £3.0m to £15.0m for the 2016 calendar year. The 2015 reinsurance costs included the purchase of proportional reinsurance cover to significantly reduce the tail risk on the Structural Defects exposures written on the 2014 and prior years. This was a one off purchase of £2.8m in the previous year, excluding the effects of this outwards reinsurance premiums; the reinsurance costs are comparable year on year.

Gross earned premiums

The growth in gross earned premiums of £65.0m (31.7%) is more pronounced than that seen for written premiums as a consequence of the 2016 calendar year benefiting from the earning through of the additional premium written in 2015 following the restructuring of the Syndicate and the growth in written premiums in the 2016 calendar year. In addition, the discontinued high acquisition ratio Consumer Products business written in 2015 earns over 5 years thereby reducing the earned/written ratio of the 2015 calendar year. The effects of this can be seen in premiums earned net of brokerage and commissions, gross of reinsurance, where growth of £26.5m (28.4%) was achieved. The movement in net earned premiums closely reflects the movement seen on the gross side.

Net Claims Ratio
The net claims ratio increased by 6.0% to 42.5% for the 2016 calendar year driven largely by adverse development on prior years in the Political Risks and Consumer Products classes. The Consumer business saw adverse development in certain large binding authority arrangements which have either been discontinued or re-underwritten. There was higher than expected attritional development in the legacy European Creditor business. The Political Risks class was impacted by a number of large notifications in relation to the credit book impacting single premium exposures on prior years of account. In addition, there was an unfavourable development in a legacy Property claim.

Loss for the year
Overall the Syndicate has reported a loss of £15.2m representing a combined ratio of 108.6% (after excluding investment income of £0.6m) driven by the claims experience as outlined above.

Combined ratio
The deterioration in the combined ratio by 6.0% is reflective of the adverse movement in the claims ratio with the increase in acquisition ratio (0.8%) being offset by the reduction in the expense ratio (0.8%).

Cash and investments
The increase in cash and investments of £30.8m during the year follows the increase in premiums written and the lag in the payment of the additional technical reserves, together with the collection of £10.5m following the closure of the 2013, 2011 and 2010 years of account.

Members' Balances
Members' balances, representing members' net liabilities of £21.8m have increased by £4.9m from 31 December 2015 following the 2016 calendar year loss of £15.2m, movements in members' agents' fees payable of £0.3m and the collection of the uncalled loss on the 2010, 2011 and 2013 years of account of £10.0m.

Investments and investment return

	2016	**2015**
Average amount of syndicate funds available for investment during the year:	**£m**	**£m**
Sterling	24.3	11.9
Euro	4.3	3.9
US Dollar	63.0	37.2
Canadian Dollar	4.1	1.8
Australian Dollar	2.6	1.9
Combined in sterling	98.3	56.7
Gross aggregate investment return for the calendar year in Pounds Sterling	0.6	0.1
Gross calendar year investment return:		
Sterling	0.36%	0.52%
Euro	0.00%	0.00%
US Dollar	0.77%	0.15%
Canadian Dollar	0.27%	0.65%
Australian Dollar	1.25%	(1.72)%
Combined in sterling	0.59%	0.17%

The investment manager during the year was Amundi Asset Management.

Prior to 2016 the Syndicate held minimal investments given the requirement to maintain separate funds between the unnaturally open 2011 and 2010 & Prior years and the need to build liquidity on the 2013, 2014 and 2015 years of account. Following the closure of the legacy years of account the investment portfolio, composed of debt instruments, has been built up as investment opportunities have materialised.

As a result of the "build-up" nature of the portfolio and the desire to keep duration short (given the expectation of rate rises in the US), and the desire to redeploy investments to take advantage of the changing investment environment, the investment return is at the lower end of the investment manager's original forecasts.

The investment return of 0.59% (2015 0.17%) is calculated using average funds based on the monthly cash balances and investments revalued to month-end market prices including accrued interest. The return on the invested assets, which are held at fair value through the income statement, was 1.37%.

It is the Managing Agency's policy to actively monitor the Syndicate's currency exposures, and where possible, it seeks to match the Syndicate's assets and liabilities to the extent that regulatory restrictions allow.

Underwriting Years of Account

2014 year of account
The 2014 year of account reinsured to close into the 2015 year of account of the Syndicate at 31 December 2016 at a loss of £9.5m, excluding members' agents' fees, representing a loss on stamp of 7.3%.

The final position at closure was determined after consideration of the valuation of members' balances under Solvency II principles given the significant levels of unearned premium at 36 months, reflecting the earning profile of certain of the Consumer Products classes.

Excluding foreign exchange gains and losses, the 2014 pure year of account recorded a loss of £4.7m whilst the 2013 & prior years, which reinsured to close into the 2014 year of account at 31 December 2015, recorded a loss of £5.9m. There was an overall foreign exchange gain of £1.1m for the 36 month period.

For the 2014 pure year of account achievement of planned premium volume was a significant challenge – premiums written net of reinsurance and acquisition costs amounted to £94.8m against original planned premiums of £119.9m. The 2014 year of account represented a transitional year for the Syndicate following the acquisition of the Managing Agency by ANV Holdings BV on 6 December 2013, the subsequent development and diversification of the portfolio, and replacement of the Active Underwriter and core Consumer Products underwriting teams. In addition, the underlying performance was adverse to plan – the net claims to net premiums (net of reinsurance and acquisition costs) ratio was 84.6% against a planned 78.4%. This variance was principally the result of adverse performance on the Consumer Products book and higher than anticipated large loss development on the Political Risks class offset in part by better than expected performance of the Property book following benign catastrophe and large loss experience. The acquisition ratio of 61.8% (excluding administrative expenses incurred in writing business) reflects the high proportion of Consumer Products business which incurs significantly higher acquisition costs than the Syndicate's Property and Casualty business. Significant savings were achieved on expenses against budget as a result of the efficiencies realised on the acquisition of Jubilee by ANV Holdings BV.

The adverse development of the 2013 & Prior years of account during the calendar year followed a number of large loss notifications on the Political Risks book in relation to the long period single premium exposures, adverse performance on certain large Consumer Products accounts, higher than anticipated levels of attrition on the legacy European Creditor business and an unfavourable settlement on a long-standing Property claim.

2015 year of account
The 2015 year of account is forecast to make an ultimate loss of £6.5m, before members' agents' fees, representing a loss on stamp of 5.0%. At the 24 months stage, management expect the final result to fall within the range of -2.0% to -7.5% of stamp representing a loss of £2.6m to £9.8m.

The 2015 year of account represented the first year of implementation of ANV's strategy for the Syndicate. A new Active Underwriter was appointed following the departure of the Active Underwriter and part of the team and a new Consumer Products team was established. Effort was undertaken to rebalance the portfolio with the addition of the Cyber account and restructuring of the Property and Casualty accounts – all of which were written through consortium arrangements with Syndicate 1861, another Syndicate managed by AmTrust Syndicates Limited. In addition there were significant reductions in the Creditor and Mortgage Indemnity accounts and a cessation of the Terrorism account.

In addition to the repositioning of the Syndicate, the non-renewal of Consumer Products schemes outside of the Syndicate's strategic appetite, and challenging market conditions across the Property and Political Risks classes have added further pressure to the Syndicate's top-line. Material adverse performance on two large Consumer Products accounts, a strengthening to the Political Risks reserves and higher than expected claims activity on the Engineering Structural Defects book has further contributed to the disappointing result. To date the Property, Cyber and Accident & Health classes have performed favourably against plan.

2016 year of account
The earning profile of the business is such that much of the premium remains unearned at the end of the first calendar year – net earned premiums represent 22.0% of forecast net ultimate premiums at 12 months. It is therefore too early to assess accurately the likely ultimate outcome. The first public forecast will be made at the 15 month stage.

Principal risks and uncertainties
On completion of AmTrust's purchase of ANV, the AmTrust at Lloyd's Governance and Risk Frameworks were adopted.

The Syndicate's activities expose the Managing Agent to a number of key risks which have the potential to affect the Managing Agent's ability to achieve its and the Syndicate's objectives. The Managing Agent's Risk Committee oversees the operation of the Syndicate's risk management framework and reviews and monitors the management of the risks to which the Syndicate is exposed. Risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The principal risks and uncertainties facing the Syndicate are as follows:

Insurance risk
Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Board then monitors performance against the business plan.

The Managing Agent uses catastrophe modelling software to model maximum probable losses from catastrophe-exposed business in major territories. Reserve adequacy is monitored through quarterly review by the Reserving Committee. In addition the Agency receives independent external analysis of the reserve requirements annually.

Binding authority arrangements are an important part of the business and present operational risk to the Syndicate. The Managing Agent has established a dedicated Product Governance Committee to oversee pre-bind reviews and on-going annual reviews including periodic on-site third party audits.

Investment risk
The key aspect of investment risk is the risk of the Syndicate's investments not meeting their anticipated returns. All investments are managed under the direction of the Investment Committee. The broad investment strategy adopted is focused on capital preservation and, in that context, on maximising return while maintaining a low risk portfolio. Investment management has been outsourced to professional fund managers whose performance is monitored by the Investment Committee.

Credit risk
Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation. The Syndicate is exposed to credit risk in respect of the following:

- Debt securities;
- Overseas deposits;
- Cash at bank and deposits with credit institutions;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of settled claims;
- Amounts due from group undertakings; and
- Amounts due from insurance intermediaries.

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The Syndicate also limits the amount of cash and cash equivalents that can be deposited with a single counterparty.

The Syndicate's exposure to reinsurance counterparties is managed by the Executive Committee which establishes standards applicable to all reinsurers and the reinsurance department which monitors the financial status of reinsurance debtors. The Board's policy is that the Syndicate will only reinsure with businesses rated A- or higher unless collateralised.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices which could be caused by movements in interest rates or exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk arises primarily from the Syndicate’s financial investments, cash and overseas deposits. The risk of change in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis.

Exchange rate risk arises when the Syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Managing Agent’s Chief Financial Officer (CFO), together with the Risk Committee, reviews currency matching quarterly.

Liquidity risk
This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. The CFO, together with the Investment Committee, monitors cash flows and manages liquid assets to ensure that cash is available to meet obligations and operational liquidity needs.

Operational risk
This is the risk that errors caused by people, processes, systems or external events lead to losses to the Syndicate. The Managing Agent seeks to manage this risk through the use of detailed procedures manuals and regular reviews of systems and controls, and a structured programme of testing of processes and systems by internal audit. The internal audit process is designed to provide management and the Board, through its Audit Committee, with reasonable assurance that the controls and procedures are able to contain the risks within acceptable limits.

Regulatory risk
Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA) and the Council of Lloyd’s. Lloyd’s requirements include those imposed on the Lloyd’s market by overseas regulators, particularly in respect of US Situs business. The Managing Agent has a compliance officer who monitors regulatory developments and assesses the impact on the Managing Agent’s policy.

Conduct Risk is the risk that customers experience poor outcomes in their engagement with ASL and is part of Regulatory Risk. This risk applies to all of the Syndicate’s business but is particularly focused where the Syndicate insures retail risks especially using delegated underwriting. This has been an area of particular emphasis by the FCA and by Lloyd’s, with the introduction of new minimum standards in this area. ASL has a Product Review Committee which oversees its response to these requirements and operates a conduct framework designed to ensure that appropriate outcomes are delivered to customers.

Supplementing and informing the assessment of risk in the categories identified above, management receives regular risk reports highlighting the material areas of risk, uncertainty and comparison with risk appetite as well as risk events, near misses and emerging risks.

Corporate Governance
Prior to the acquisition of ASL by AmTrust Lloyd’s Holdings (UK) Ltd the ASL Board was chaired by Max Taylor and supported by three further Non-Executive Directors. Until the acquisition ASL had seven Executive Directors in total. Following the acquisition of ASL the Board is chaired by Bjorn Jansli and supported by five further Non-Executive Directors. ASL has eight Executive Directors in total.

A defined operational and management structure as well as terms of reference for all Board committees has been in place throughout the period.

The ASL Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and has appointed an Executive Committee to manage the operations of the business. The Board and the Executive Committee are supported by an Audit Committee and a Risk Committee. The Committee Framework includes a number of other Committees, including a dedicated Product Governance Committee to manage conduct risk issues.

Future Developments
For 2017 the Syndicate capacity has remained at £131.1m (2016: £131.1m).

The Syndicate is forecasting growing gross premiums by £5m to £209m; representing growth on the Consumer Products business of £27m, offset by a contraction in the Specialty classes. The latter is primarily driven by a reduction in 5820's share of the Syndicate 1861-led Accident & Health and Cyber consortia back to 2015 levels.

This rebalances the portfolio towards Consumer Products which continues to be the core business of the Syndicate. The strategy for the Consumer division will be unchanged. Following a period where the team expended significant efforts managing the make-up of the existing portfolio to drive improved profitability, the team will continue to look to generate new mid-size scheme opportunities, targeting growth outside of the UK with a focus on emerging territories both with existing partners and through new broker and coverholder relationships. As part of the global AmTrust Group Warranty division, the team will have greater access to distribution and servicing capability, as well as additional tools and resources, to maximise profitable growth opportunities across the group.

At the end of 2016, the lead underwriter of 5820's Political Risks account left the Syndicate. For 2017 the portfolio will fall under the management of Syndicate 1861's Political Risks and Violence team. The portfolio will be written within the 1861 team's underwriting and risk appetite, with 5820 participating on a consortium basis.

Management do not expect that the 'Brexit' vote represents a threat to delivering on the Syndicate Strategy. In the short-term the UK continues to be a full member of the EU with access to the single market and operating under the current passporting regime. Lloyd's remains committed to its European markets and is delivering on plans to continue trading with the single market.

The acquisition of 100% of the freehold capacity for the 2017 year of account of the Syndicate and the novation of the management of Syndicate 1206 from AmTrust at Lloyd's Limited to ASL in March 2017 were the first steps in delivering on AmTrust at Lloyd's strategy to have one agency to manage the activities of a single combined property and casualty syndicate. For the 2017 year of account ASL has £636m of property and casualty capacity under management on its aligned participations on Syndicates 1861, 1206 and 5820. Management is looking to combine its underwriting interests across Syndicates 1861, 5820 and 1206 into one syndicate for the 2018 year of account by way of transferring the business and associated expenses.

It is management's expectations that this will not impact the results of the 2015, 2016 and 2017 years of account and that the 2015 and 2016 years of account will close by way of reinsurance to close into the successor years of account of this Syndicate at the normal 36 month period on a similar basis to the closure of the 2014 year of account at 31 December 2016.

The overarching AmTrust at Lloyd's vision is for all managed syndicates to be classed as top quartile by Lloyd's, representative of both strong performance against plan and relative to peers and the overall capabilities of the managing agency. The underlying ethos is based on achieving a satisfactory return on capital employed across all syndicates whilst taking a long term view across the market cycle.

Finally, this is an opportunity for syndicate management to thank all employees for their continued commitment and hard work during a demanding, but stimulating, year in the Agency; as we look forward to capitalising on the opportunities that are available to a larger, combined AmTrust at Lloyd's platform in 2017 and beyond.

Going Concern
After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate is able to continue to write new business in future underwriting years of account subject to the successful combination of the underwriting of ASL's aligned syndicates for the 2018 year of account as outlined above in Future Developments. Accordingly, they continue to adopt the going concern basis in preparing the annual (and underwriting year) financial statements.

Directors and directors' interests
The names of persons who were members of the Board of directors at any time during the period are given on page 2. Directors' interests are shown in note 26 as part of the related parties note to the accounts.

Staff matters

ASL considers its staff to be a key resource and the retention of staff fundamental to the success of the business. The strategy adopted by ASL is designed to ensure that the terms and conditions offered to employees, as part of their overall remuneration package, remain competitive with the rest of the London Market insurance industry.

The Managing Agent seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there has been no significant injury to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

Disclosure of information to the auditors

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

Auditors

Following the acquisition of ANV Holdings B.V. and its affiliates, including the Syndicate's Managing Agent, by AmTrust Lloyd's Holdings (UK) Ltd. it is anticipated that the auditors of the Syndicate and Managing Agent will be aligned with the wider AmTrust group and that KPMG LLP will duly be appointed as auditors to the Syndicate and Managing Agent. Should any potential conflict arise, KPMG LLP will put the appropriate safeguards in place.

Syndicate's Annual General Meeting

AmTrust Syndicates Limited does not propose to hold an annual general meeting of the members of the Syndicate to appoint KPMG LLP as the Syndicate auditors. Members are asked to note that any objections to this proposal should be submitted, in writing, to AmTrust Syndicates Limited within 21 days of this notice.

P Dewey
Chief Executive Officer
AmTrust Syndicates Limited

21 March 2017

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate Annual Accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate annual accounts, the Managing Agent is required to:

- select suitable accounting policies 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 notes to the Syndicate annual accounts; and
- prepare the Syndicate annual accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate Annual Accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Report of the Auditor

Independent Auditor's Report to the Members of Syndicate 5820
We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2016 as set out on pages 15 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

This report is made solely to the Members of the Syndicate as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's Members those matters that we are required to state to them in an auditors' 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 Syndicate and the Syndicate's Members as a body for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of the Managing Agent and the Auditor
As explained more fully in the Statement of Managing Agent's Responsibilities, the Managing Agent is responsible for the preparation of the Syndicate Annual Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Syndicate Annual Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the Annual Financial Statements sufficient to give reasonable assurance that the Annual Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Annual Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate Annual Financial Statements
In our opinion the Annual Financial Statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2016 and of its loss 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Opinion on other matter prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008
In our opinion based upon the work undertaken in the course of the audit:

- the information given in the Report of the Directors of the Managing Agent for the financial year for which the Annual Financial Statements are prepared is consistent with the Annual Financial Statements; and
- the Report of the Directors of the Managing Agent has 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 Syndicate and its environment obtained in the course of the audit we have not identified any material misstatements in the Report of the Directors of the Managing Agent.

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- the Managing Agent in respect of the Syndicate has not kept adequate accounting records; or
- the Syndicate Annual Financial Statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Neil Coulson (Senior statutory auditor)
For and on behalf of Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

21 March 2017

Income Statement: Technical Account – General Business

Year Ended 31 December 2016

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Earned premiums, net of reinsurance					
Gross premiums written	5	251,374		227,951	
Outward reinsurance premiums		(15,028)		(18,031)	
Net premiums written			236,346		209,920
Change in the provision for unearned premiums					
Gross amount	6	(46,026)		(87,638)	
Reinsurers' share	6	2,394		9,302	
Change in the net provision for unearned premiums			(43,632)		(78,336)
Earned premiums, net of reinsurance			192,714		131,584
Allocated investment return transferred from the non-technical account			578		96
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(68,280)		(58,439)	
Reinsurers' share		2,096		2,823	
Net claims paid			(66,184)		(55,616)
Change in the provision for claims					
Gross amount	6	(21,630)		11,890	
Reinsurers' share	6	5,865		(4,317)	
Change in the net provision for claims			(15,765)		7,573
Claims incurred, net of reinsurance			(81,949)		(48,043)
Net operating expenses	7		(127,348)		(86,903)
Balance on the technical account for general business			**(16,005)**		**(3,266)**

All of the Syndicate's activities are classed as continuing. The accompanying notes form an integral part of the financial statements.

Income Statement: Non-Technical Account

Year Ended 31 December 2016

	Note	2016 £'000	2015 £'000
Balance on the technical account – general business		(16,005)	(3,266)
Investment income	11	723	284
Investment expenses and charges	11	(65)	(38)
Unrealised gains on investments	11	90	-
Unrealised losses on investments	11	(170)	(150)
Allocated investment return transferred to technical account		(578)	(96)
Profit on foreign exchange		789	850
Loss for the financial year		(15,216)	(2,416)

The accompanying notes form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Statement of Financial Position – Assets

at 31 December 2016

Assets	**Note**	**2016**	**2016**	**2015**	**2015**
		£'000	**£'000**	**£'000**	**£'000**
Investments					
Other financial investments	12		87,046		63,847
Reinsurers' share of technical provisions					
Provision for unearned premiums	6	18,309		13,341	
Claims outstanding	6	11,062		4,280	
			29,371		17,621
Debtors					
Debtors arising out of direct insurance operations	13	89,967		39,806	
Debtors arising out of reinsurance operations	14	833		357	
Other debtors	15	2,015		1,930	
			92,815		42,093
Other assets					
Cash at bank and in hand		14,234		7,664	
Other	16	4,605		3,628	
			18,839		11,292
Prepayments and accrued income					
Deferred acquisition costs	17	203,066		189,551	
Other prepayments and accrued income		2,453		479	
			205,519		190,030
Total assets			433,590		324,883

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position – Liabilities

at 31 December 2016

Liabilities	**Note**	**2016 £'000**	**2016 £'000**	**Restated 2015 £'000**	**Restated 2015 £'000**
Capital and reserves					
Members' balances			(21,802)		(16,867)
Technical provisions					
Provision for unearned premiums	6	327,838		266,693	
Claims outstanding	6	87,278		57,106	
			415,116		323,799
Deposits received from reinsurers	18		10,901		3,282
Creditors					
Creditors arising out of direct insurance operations	19	16,763		9,018	
Creditors arising out of reinsurance operations	20	11,166		5,012	
Other creditors	21	-		380	
			27,929		14,410
Accruals and deferred income	22		1,446		259
Total liabilities			433,590		324,883

The accompanying notes form an integral part of the financial statements.

The annual accounts on pages 15 to 45 were approved by the Board of ASL on 21 March 2017 and were signed on its behalf by:

J M Hamilton
Director

21 March 2017

Statement of Changes in Equity

Year Ended 31 December 2016

	2016	2015
	£'000	£'000
Members' balances brought forward at 1 January	(16,867)	(18,318)
Loss for the financial year	(15,216)	(2,416)
Members' agents fees advances	(185)	(275)
Amount called from members' personal reserve funds	10,476	4,028
Non-standard personal expenses	(10)	5
Cash call received	-	109
Members' balances carried forward at 31 December	(21,802)	(16,867)

Members participate on syndicates by reference to years of account and the ultimate result therefrom. Assets and liabilities are determined by reference to policies incepting in that year of account in respect of their membership of a particular year.

Statement of Cash Flows

Year Ended 31 December 2016

	2016 £'000	2015 £'000
Loss for the year	(15,216)	(2,416)
Adjustment for:		
Increase in gross technical provisions	91,317	77,432
Increase in reinsurers share of technical provisions	(11,750)	(5,534)
Increase / (decrease) in deposits received from reinsurers	7,619	(9,338)
Operating cash flow before movement in working capital	71,970	60,144
Increase in debtors	(50,722)	(2,621)
Increase in creditors	13,519	5,834
Increase in other assets / liabilities	(14,302)	(72,672)
Investment return	(578)	(96)
Net cash inflow / (outflow) from operating activities	19,887	(9,411)
Cash flows from investing activities		
Net purchase of other financial investments	(23,279)	(1,990)
Investment income received	658	96
Movements in overseas deposits	(977)	(178)
Net cash outflow from investing activities	(23,598)	(2,072)
Net cash flow from financing activities:		
Transfer from members in respect of underwriting participations	10,476	4,028
Members' agents' fees paid on behalf of members	(185)	(275)
Non-standard personal expenses	(10)	5
Cash calls received	-	109
Net cash inflow from financing activities	10,281	3,867
Net increase / (decrease) in cash and cash equivalents	6,570	(7,616)
Cash and cash equivalents at 1 January	7,664	15,280
Cash and cash equivalents at 31 December	14,234	7,664

Notes to the Financial Statements

1. Basis of preparation

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's managing agent is 47 Mark Lane, London EC3R 7QQ.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103 Insurance Contracts (FRS 103).

The financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value through profit or loss. The Syndicate has early adopted the March 2016 amendment to paragraph 34.22 of FRS 102 in relation to fair value hierarchy. The fair value hierarchy is detailed in note 12.

Within the 2015 Statement of Financial Position on page 18, amounts relating to accrued consortium fees have been reclassified from 'Other Creditors', as disclosed within note 21, to 'Accruals and deferred income', as disclosed within note 22.

The financial statements are presented in Pounds Sterling (GBP), which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate is able to continue to write new business in future underwriting years of account subject to the successful combination of the underwriting of ASL's aligned syndicates for the 2018 year of account as outlined in the Future Developments section within the Report of the Directors of the Managing Agent. Accordingly, the annual accounts have been prepared on the going concern basis.

2. Use of judgements and estimates

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified.

The Syndicate's principal estimates are for claims provisions and related recoveries. Management regularly reviews and revises these estimates as appropriate based on current information. Any adjustments made to these estimates are reflected in the period the estimates are revised.

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate Managing Agent's in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to estimate the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in 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 uncertainty arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 4.

3. Significant accounting policies

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

Gross premiums written
Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums incepted in prior accounting periods. Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet received.

Additional or return premiums are treated as a re-measurement of the initial premium.

Outwards reinsurance premiums
Written outwards reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to a re-measurement retrospectively they are recognised as soon as there is an obligation to the reinsurer.

Outwards reinsurance premiums are accounted for and earned in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Technical provisions
Technical provisions comprise claims outstanding whether reported or not, provisions for unearned premiums and provisions for unexpired risk.

Claims provisions and related recoveries
Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

The amount of any salvage and subrogation recoveries is separately identified and where material, reported within other debtors.

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported (IBNR) as well as claims incurred but not enough reported (IBNER) at the statement of financial position date based on statistical methods.

These techniques generally involve projecting from past experience of 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.

For the most recent years, where a high degree of uncertainty 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 amounts of claims outstanding and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

Accordingly the most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development, that the outstanding claims estimates are reasonable and that the rating and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred. The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks.

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 Directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the 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.

Provisions for unearned premiums
Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the statement of financial position date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Unexpired risks provision
A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date are expected, in the normal course of events, to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated separately by reference to classes of business which are regarded as managed together after taking into account relevant investment return.

Net operating expenses (including acquisition costs)
Net operating expenses include acquisition costs and amounts charged to members through the Syndicate.

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs are deferred in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the statement of financial position date.

Certain contracts between the Syndicate and its producing agents and brokers include the requirement to pay overrider commissions based on the volume of business produced on the Syndicate's behalf. Amounts in relation to this and other commissions are accrued and earned in line with the premium to which they relate and classified as acquisition costs.

Consortium fees
The Syndicate is a member of a number of underwriting consortia. Under the terms of these consortia participants are required to pay fees to the consortium leader in return for the business written on their behalf. Fees are accrued by the Syndicate in line with earning of the business written on each consortium and are calculated in accordance with the individual contractual arrangements. In addition the consortium arrangements include provisions for the payment of profit commissions based on the performance of the business written. The Syndicate accrues commissions in respect of these arrangements in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commissions are included within administrative expenses.

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

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Financial assets and liabilities
The Syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities, with the amendment to section 12.17 as set out in Amendments to FRS 102 section 34.22.

The Syndicate's investments comprise debt investments and cash and cash equivalents. The Syndicate does not invest in derivative financial instruments.

Recognition:
Financial assets and liabilities are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. 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 an undertaking after deducting all of its liabilities. The Syndicate does not hold any equity instruments.

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 financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The Syndicate was not party to any financing transactions during the period.

Subsequent measurement:
All debt instruments are measured at fair value through the income statement.

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities:
Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Syndicate, despite having retained some significant risks and rewards of ownership, has 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 in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value.

FRS 102 section 34.22 provides the fair value hierarchy criteria upon which the financial instruments should be categorised, as defined below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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.

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 income statement immediately.

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

Investment return
Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges and interest.

Realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. Unrealised gains and losses on investments represent the difference between the fair value at the statement of financial position date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

Investment return is initially recorded in the Non-Technical Account and subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Deposits received from reinsurers
The Syndicate requires certain reinsurers to collateralise their potential exposure to the Syndicate through the depositing of funds under the control of the Syndicate. To the extent that the funds are not called upon as paid recoveries at the statement of financial position date they are recorded as cash with a corresponding liability recorded as deposits received from reinsurers.

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

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

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

Managing Agent's profit commission
ASL has agreed contractual terms with the capital providers to the Syndicate for the payment of profit commissions based on the performance of the individual years of account of the Syndicate. Profit commissions are accrued in line with the contractual terms and the development of the result of the underlying years of account.

Amounts charged to the Syndicate do not become payable until after the appropriate year of account closes, normally at 36 months, although the Managing Agent may receive payments on account of anticipated profit commissions in line with interim profits released to members.

Retirement benefit scheme costs
ASL operates a defined contribution scheme through a related party, ANV Central Bureau of Services Limited (CBS). Pension contributions relating to staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

4. Risk and capital management

The Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Risk Committee oversees the operation of the Syndicate's risk management framework and reviews and monitors the management of the risks to which the Syndicate is exposed. These risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Insurance Risk

i. Management of insurance risk
Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Board then monitors performance against the business plan.

The Managing Agent uses catastrophe modelling software to model maximum probable losses from catastrophe-exposed business in major territories. Reserve adequacy is monitored through quarterly review by the Syndicate's actuaries. The Reserving Committee performs a comprehensive review of the projected reserves, both gross and net of reinsurance, and makes recommendations to the Managing Agent's board of directors, via the executive committee, as to the claims provisions to be established. In addition the Agency receives independent external analysis of the reserve requirements annually.

Binding authority arrangements are an important part of the business and present operational risk to the Syndicate. The Managing Agent has established a dedicated Product Governance Committee to oversee pre-bind reviews and on-going annual reviews including periodic on-site third party audits.

ii. Concentration of insurance risk
The Syndicate's exposure to insurance risk is well diversified as shown by the following table which provides an analysis of the geographical breakdown of its written premiums by destination.

Territory	2016 £'000	Restated[1] 2015 £'000
United Kingdom	110,082	111,702
United States of America	38,505	33,227
Asia	18,203	9,366
Europe (exc.UK)	28,638	32,079
Other Worldwide	55,946	41,577
Total	**251,374**	**227,951**

[1] *The prior year has been restated as we have reanalysed the geographical territories disclosed in the table.*

iii. Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses or catastrophes or from changes in the level of attritional losses. A five per cent increase or decrease in the ultimate cost of settling gross claims arising is considered to be reasonably possible at the reporting date and would have the following approximate effect on the result of the Syndicate.

	2016 £'000		2015 £'000	
	Gross	**Net**	**Gross**	**Net**
5% increase in total claims liabilities	(4,114)	(3,561)	(2,610)	(2,421)
5% decrease in total claims liabilities	4,114	3,561	2,610	2,421

Investment risk

The key aspect of investment risk is the risk of the Syndicate's investments not meeting their anticipated returns. All investments are managed under the direction of the Investment Committee. The broad investment strategy adopted is focused on capital preservation and in that context on maximising return while maintaining a low risk portfolio. Investment management has been outsourced to professional fund managers whose performance is monitored by the Investment Committee.

Credit risk

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

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

- Debt securities;
- Units in unit trusts and overseas deposits;
- Cash at bank and deposits with credit institutions;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of settled claims;
- Amounts due from group undertakings; and
- Amounts due from insurance intermediaries.

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The Syndicate also limits the amount of cash and cash equivalents that can be deposited with a single counterparty.

The Syndicate's exposure to reinsurance counterparties is managed by the Executive Committee which establishes standards applicable to all reinsurers and the reinsurance department which monitors the financial status of reinsurance debtors. The Board's policy is that the Syndicate will only reinsure with businesses rated A- or higher unless collateralised.

The credit rating of the assets within the statement of financial position is as follows:

As at 31 December 2016	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	39,886	-	-	-	-	39,886
Debts securities and other fixed income securities	6,580	23,179	11,836	5,565	-	47,160
Participation in investment pools	-	-	-	-	-	-
Overseas deposits	4,605	-	-	-	-	4,605
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	-	2,002	8,851	-	209	11,062
Reinsurers' share of unearned premiums	-	-	-	-	18,309	18,309
Debtors arising out of direct insurance operations	-	-	-	-	89,967	89,967
Debtors arising out of reinsurance operations	-	-	-	-	833	833
Cash at bank and in hand	-	-	14,234	-	-	14,234
Other Debtors and accrued income:						
Deferred acquisition costs	-	-	-	-	203,066	203,066
Other debtors	-	-	-	-	4,468	4,468
Total	51,071	25,181	34,921	5,565	316,852	433,590

As at 31 December 2015	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	35,924	-	-	-	-	35,924
Debts securities and other fixed income securities	3,215	12,212	5,040	3,122	-	23,589
Participation in investment pools	4,334	-	-	-	-	4,334
Overseas deposits	3,628	-	-	-	-	3,628
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	-	816	3,464	-	-	4,280
Reinsurers' share of unearned premiums	-	-	-	-	13,341	13,341
Debtors arising out of direct insurance operations	-	-	-	-	39,806	39,806
Debtors arising out of reinsurance operations	-	-	-	-	357	357
Cash at bank and in hand	-	-	7,664	-	-	7,664
Other Debtors and accrued income:						
Deferred acquisition costs	-	-	-	-	189,551	189,551
Other debtors	-	-	-	-	2,409	2,409
Total	47,101	13,028	16,168	3,122	245,464	324,883

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties. The Syndicate does not consider these debtors to be impaired on the basis of stage collection of amounts owed to the Syndicate.

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

Debtors arising from direct insurance operations	2016 £'000	2015 £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	329	336
91 to 180 days	328	220
More than 180 days	945	198
Past due but not impaired financial assets	**1,602**	**754**
Impaired financial assets	-	-
Neither past due nor impaired financial assets	**88,365**	**39,052**
Net carrying value	**89,967**	**39,806**

There are no impaired or past due debtors arising from reinsurance operations.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices which could be caused by movements in interest rates or exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of change in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis. An analysis of the Syndicate's sensitivity to interest rate changes on the result and net assets of the Syndicate is presented in the following table.

	2016 Profit or loss for the year £'000	2015 Profit or loss for the year £'000
+ 50 basis points shift in yield curves	435	161
- 50 basis points shift in yield curves	(435)	(161)

The key aspect of exchange rate risk is that the Syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Managing Agent's Chief Financial Officer (CFO) reviews currency matching quarterly. Where there is a significant mismatch, appropriate risk mitigation techniques to minimise the effects of currency movements are considered such as the use of currency forward contracts.

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

As at 31 December 2016	Sterling £'000	Euro £'000	US Dollar £'000	Canadian Dollar £'000	Australian Dollar £'000	Total £'000
Total assets	223,340	55,756	144,039	5,689	4,766	433,590
Total liabilities	(247,718)	(71,007)	(130,235)	(3,168)	(3,264)	(455,392)
Net assets / (liabilities)	**(24,378)**	**(15,251)**	**13,804**	**2,521**	**1,502**	**(21,802)**

As at 31 December 2015	Sterling £'000	Euro £'000	US Dollar £'000	Canadian Dollar £'000	Australian Dollar £'000	Total £'000
Total assets	191,584	43,923	81,056	3,692	4,628	324,883
Total liabilities	(216,900)	(52,143)	(69,088)	(2,571)	(1,048)	(341,750)
Net assets / (liabilities)	**(25,316)**	**(8,220)**	**11,968**	**1,121**	**3,580**	**(16,867)**

If the exchange rates of all non-GBP currencies moved by a foreseeable 5% either to the benefit or detriment of the Syndicate at the same time, the impact on both the result for the year and the members' balances would be £0.1m (2015: £0.0m).

Liquidity risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. The CFO monitors cash flows and manages liquid assets to ensure that cash is available to meet obligations and operational liquidity needs. The table below summarises the maturity profile of the Syndicate's statement of financial position based on the estimated timing of claims payments and other undiscounted contractual obligations.

			Undiscounted net cash flows			
As at 31 December 2016	**Carrying amount**	**Total cash flows**	Less than 1 year	1-2 years	2-5 years	More than 5 years
	£'000	**£'000**	£'000	£'000	£'000	£'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	39,886	39,886	39,886	-	-	-
Debts securities and other fixed income securities	47,160	47,160	20,216	13,274	13,093	577
Participation in investment pools	-	-	-	-	-	-
Overseas deposits	4,605	4,605	4,605	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	11,062	11,062	7,717	2,611	734	-
Reinsurers' share of unearned premiums[1]	18,309	-	-	-	-	-
Debtors arising out of insurance operations	90,800	90,800	90,711	89	-	-
Cash at bank and in hand	14,234	14,234	14,234	-	-	-
Other Debtors and accrued income:						
Deferred acquisition costs[1]	203,066	-	-	-	-	-
Other debtors	4,468	2,172	2,060	56	53	3
Total assets	**433,590**	**209,919**	**179,429**	**16,030**	**13,880**	**580**
Gross share of technical provisions:						
Outstanding claims	(87,278)	(87,278)	(34,142)	(22,550)	(27,760)	(2,826)
Unearned premiums[1]	(327,838)	-	-	-	-	-
Insurance and reinsurance payables	(27,929)	(27,929)	(27,862)	(67)	-	-
Creditors	(12,347)	(12,347)	(12,347)	-	-	-
Total liabilities	**(455,392)**	**(127,554)**	**(74,351)**	**(22,617)**	**(27,760)**	**(2,826)**
Net assets / (liabilities)	**(21,802)**	**82,365**	**105,078**	**(6,587)**	**(13,880)**	**(2,246)**

1 These assets/liabilities are not cash settled and therefore have no future net cash flow in the above note.

As at 31 December 2015 Restated[2]	Carrying amount £'000	Undiscounted net cash flows Total cash flows £'000	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	35,924	35,924	35,924	-	-	-
Debts securities and other fixed income securities	23,589	23,589	5,285	12,549	5,755	-
Participation in investment pools	4,334	4,334	4,334	-	-	-
Overseas deposits	3,628	3,628	3,628	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	4,280	4,280	3,121	837	314	8
Reinsurers' share of unearned premiums[1]	13,341	-	-	-	-	-
Debtors arising out of insurance operations	40,163	40,163	40,163	-	-	-
Cash at bank and in hand	7,664	7,664	7,664	-	-	-
Other Debtors and accrued income:						
Deferred acquisition costs[1]	189,551	-	-	-	-	-
Other debtors	2,409	1,930	109	1,801	20	-
Total assets	**324,883**	**121,512**	**100,228**	**15,187**	**6,089**	**8**
Gross share of technical provisions:						
Outstanding claims	(57,106)	(57,106)	(23,134)	(14,043)	(18,229)	(1,700)
Unearned premiums[1]	(266,693)	-	-	-	-	-
Insurance and reinsurance payables	(14,030)	(14,030)	(14,030)	-	-	-
Creditors	(3,921)	(3,921)	(3,921)	-	-	-
Total liabilities	**(341,750)**	**(75,057)**	**(41,085)**	**(14,043)**	**(18,229)**	**(1,700)**
Net assets / (liabilities)	**(16,867)**	**46,455**	**59,143**	**1,144**	**(12,140)**	**(1,692)**

1 These assets/liabilities are not cash settled and therefore have no future net cash flow in the above note.
2 The 2015 note has been restated to align with the treatments adopted for 2016.

In the above tables debt securities are presented according to their maturity dates. In practice cash could be realised through the sale of these investments which are actively traded. The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

Operational risk
This is the risk that errors caused by people, processes, systems or external events lead to losses to the Syndicate. The Managing Agent seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit. The internal audit process is designed to provide management and the Board, through its Audit Committee, with reasonable assurance that the controls and procedures are able to contain the risks within acceptable limits.

Regulatory risk
Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA) and the Council of Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. The Managing Agent has a compliance officer who monitors regulatory developments and assesses the impact on the Managing Agent's policy.

Capital management (excluding Funds at Lloyd's)
The Managing Agent's objectives in managing the capital of the Syndicate, consistent with the risk profile and the regulatory and market requirements of its business are:

- To match the profile of assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of the policyholders, regulators and rating agencies; and
- To manage exposure to movements in exchange rates.

Capital framework at Lloyd's
The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulation Authority (PRA) under the Financial Services and Markets Act 2000 and in accordance with the Solvency II framework. Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of Syndicate 5820 is not disclosed in these financial statements.

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicates on which it participates though not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR is therefore determined by the sum of the member's shares of the Syndicates' SCR to ultimate. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss to ultimate for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the combination of both is known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift was 35% of the member's SCR to ultimate, plus an additional 20% uplift until the mid-year 2016 Coming into Line.

Provision of capital by members
Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the Statement of Financial Position on pages 17 to 18, represent resources available to meet members' and Lloyd's capital requirements.

Funds at Lloyd's
Funds at Lloyd's (FAL) are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these financial statements by way of such capital resources. However, the Managing Agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses through a formal process controlled by Lloyd's.

5. Business class analysis

An analysis of the technical account result by business class before investment return is set out below:

2016 Calendar Year	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	14,130	17,508	(8,996)	(10,158)	87	(1,559)
Motor (Third party liability)	1,129	1,435	(887)	(992)	32	(412)
Motor (Other classes)	9,270	9,679	(4,157)	(7,248)	-	(1,726)
Marine, Aviation, Transport and Non-Marine Energy	1,464	928	(612)	(232)	20	104
Fire and other damage to Property	75,523	67,930	(19,957)	(42,900)	(4,562)	511
Third party liability	19,049	12,975	(8,531)	(5,041)	69	(528)
Credit and Suretyship	101,468	72,461	(31,577)	(53,495)	(180)	(12,791)
Total direct	222,033	182,916	(74,717)	(120,066)	(4,534)	(16,401)
Reinsurance	29,341	22,432	(15,193)	(7,282)	(139)	(182)
Total	251,374	205,348	(89,910)	(127,348)	(4,673)	(16,583)

2015 Calendar Year	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	19,208	19,904	(9,113)	(11,511)	(19)	(739)
Motor (Third party liability)	(8)	2,174	(1,109)	(949)	-	116
Motor (Other classes)	5,604	5,176	(2,493)	(3,408)	-	(725)
Marine, Aviation, Transport and Non-Marine Energy	176	96	24	(19)	103	204
Fire and other damage to Property	117,347	53,997	(13,664)	(36,881)	(4,493)	(1,041)
Third party liability	8,729	5,014	(2,290)	(1,859)	(652)	213
Credit and Suretyship	70,269	43,775	(13,458)	(28,057)	(1,786)	474
Total direct	221,325	130,136	(42,103)	(82,684)	(6,847)	(1,498)
Reinsurance	6,626	10,177	(4,446)	(4,219)	(3,376)	(1,864)
Total	227,951	140,313	(46,549)	(86,903)	(10,223)	(3,362)

Gross operating expenses are the same as net operating expenses shown in the income statement as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2016 and 2015.

Commissions on direct insurance gross premiums earned during 2016 were £109.3m (2015: £143.2m).

All premiums relate to contracts concluded in the UK.

The gross premiums written for direct insurance by business origin are presented in the table below:

	2016 £'000	2015 £'000
UK	222,033	221,325

6. Technical provisions

The Syndicate has applied a similar approach at the current year end to that applied at the previous year end in establishing the technical provisions for claims outstanding reserves and reinsurers' share thereof. Included within net claims incurred of £81.9m (2015: £48.0m) is a deterioration of £10.9m (2015: improvement of £0.2m) to claims reserves established at the prior year end principally due to the unfavourable development of Property, Political Risks and European Creditor business.

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2016	266,693	57,106	323,799
Movement in provision	46,026	21,630	67,656
Foreign exchange	15,119	8,529	23,648
Movement in salvage and subrogation	-	13	13
At 31 December 2016	327,838	87,278	415,116
Reinsurance			
At 1 January 2016	(13,341)	(4,280)	(17,621)
Movement in provision	(2,394)	(5,865)	(8,259)
Foreign exchange	(2,574)	(917)	(3,491)
At 31 December 2016	(18,309)	(11,062)	(29,371)
Net technical provisions			
At 31 December 2016	309,529	76,216	385,745
At 31 December 2015	253,352	52,826	306,178

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2015	179,318	67,049	246,367
Movement in provision	87,638	(12,550)	75,088
Foreign exchange	(263)	1,947	1,684
Movement in salvage and subrogation	-	660	660
At 31 December 2015	266,693	57,106	323,799
Reinsurance			
At 1 January 2015	(3,743)	(8,344)	(12,087)
Movement in provision	(9,302)	4,317	(4,985)
Foreign exchange	(296)	(253)	(549)
At 31 December 2015	(13,341)	(4,280)	(17,621)
Net technical provisions			
At 31 December 2015	253,352	52,826	306,178
At 31 December 2014	175,575	58,705	234,280

7. Net operating expenses

	2016 £'000	2015 £'000
Brokerage and commissions	118,382	146,865
Other acquisition costs	2,446	2,436
Acquisition costs	120,828	149,301
Change in deferred acquisition costs	(7,112)	(72,766)
Administrative expenses	11,163	9,134
Members' standard personal expenses	2,469	1,234
	127,348	86,903

8. Auditors' remuneration

	2016 £'000	2015 £'000
Audit of syndicate annual accounts	114	116
Other services pursuant to regulations and Lloyd's byelaws	20	39
Other services relating to taxation	4	7
	138	162

9. Staff numbers and costs

All staff are employed by a related party, ANV Central Bureau of Services Limited (CBS). The average number of persons employed by CBS, but working for the Syndicate during the year, analysed by category, was as follows:

	2016	2015
Finance and administration	31	25
Underwriting	13	15
Claims	7	7
	51	47

Following the repositioning of the portfolio, including participation in a number consortia led by other syndicates, there has been a reduction in the number of underwriters.

The following amounts were recharged by CBS to the Syndicate in respect of payroll costs:

	2016 £'000	2015 £'000
Wages and salaries	5,091	5,121
Social security costs	641	610
Other pension costs	367	382
	6,099	6,113

10. Key management personnel compensation

The Directors of ASL received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2016 £'000	2015 £'000
Emoluments	824	1,021
Contributions to defined contribution pension schemes	32	22
	856	1,043

The remuneration of 11 directors was charged to the Syndicate (2015: 10). Profit-related remuneration for the directors and Active Underwriter is not charged to the Syndicate. No other compensation was payable to key management personnel.

The active underwriter received the following aggregate remuneration charged as a syndicate expense:

	2016 £'000	2015 £'000
Emoluments	267	261
Contributions to defined contribution pension schemes	12	14
	279	275

11. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2016 £'000	2015 £'000
Investment income:		
Interest and dividend income	698	282
Realised gains	25	2
Unrealised gains on investments	90	-
Investment expenses and charges:		
Investment management expenses, including interest	(18)	(15)
Losses on the realisation of investments	(47)	(23)
Unrealised losses on investments	(170)	(150)
Total investment return transferred to the technical account from the non-technical account	578	96

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2016 £'000	2015 £'000
Financial assets at fair value through profit or loss	596	111
Investment management expenses, excluding interest	(18)	(15)
Total investment return	578	96

12. Financial instruments

The carrying values of the Syndicate's financial assets and liabilities are summarised by category below:

	2016 £'000	2015 £'000
Financial assets		
Measured at fair value through profit and loss		
• Shares and other variable yield securities and units in unit trusts	39,886	35,924
• Debt securities and other fixed income securities	47,160	23,589
• Participation in investment pools	-	4,334
	87,046	63,847
• Overseas deposits (see note 16)	4,605	3,628
	91,651	67,475
Measured at cost		
• Cash and cash equivalents	14,234	7,664
	14,234	7,664
Measured at undiscounted amount receivable		
• Other debtors (see note 15)	2,015	1,930
Total financial assets	107,900	77,069
Financial liabilities		
Measured at cost		
• Reinsurance collateral (see note 18)	10,901	3,282
Measured at undiscounted amount payable		
• Other creditors (see note 21 and 22)	1,446	639
Total financial liabilities	12,347	3,921

Shares and other variable yield securities, units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges. The cost on acquisition of debt securities and other fixed income securities was £47.2m (2015: £23.7m). The cost on acquisition of other financial instruments is the same as the carrying value.

All investments are measured at fair value through profit or loss. The Syndicate did not hold any derivative financial instruments during the year (2015: none). The Syndicate does not enter into or trade instruments for speculative purposes.

The Syndicate classifies its financial instruments held at fair value in its statement of financial position using a fair value hierarchy, as follows:

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

The table below analyses financial instruments held at fair value in the Syndicate's statement of financial position at the reporting date by its level in the fair value hierarchy.

31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	3,889	35,997	-	39,886
Debt securities and other fixed income securities	12,910	34,250	-	47,160
Participation in investment pools	-	-	-	-
Overseas deposits	-	4,605	-	4,605
	16,799	74,852	-	91,651

31 December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	801	35,123	-	35,924
Debt securities and other fixed income securities	8,528	15,061	-	23,589
Participation in investment pools	-	4,334	-	4,334
Overseas deposits	-	3,628	-	3,628
	9,329	58,146	-	67,475

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

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

Shares and other variable yield securities and units in unit trusts represent the Syndicate's interest in money market funds. The categorisation of the fair value of these by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

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

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis.

13. Debtors arising out of direct insurance operations

	2016 £'000	2015 £'000
Due within one year – intermediaries	89,967	39,806

14. Debtors arising out of reinsurance operations

	2016 £'000	2015 £'000
Due within one year – intermediaries	744	357
Due after one year – intermediaries	89	-
	833	357

15. Other debtors

	2016 £'000	2015 £'000
Salvage and subrogation recoveries	1,787	1,775
Amounts due from group companies	228	-
Other debtors	-	155
	2,015	1,930

16. Other assets - Other

	2016 £'000	2015 £'000
Overseas deposits	4,605	3,628

Other assets comprise overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

17. Deferred acquisition costs

	2016 £'000	Restated[1] 2015 £'000
At 1 January	189,551	117,308
Movement in provision	7,112	72,766
Exchange adjustments	6,403	(523)
At 31 December	203,066	189,551

[1] *This note has been restated to include deferred acquisition expenses.*

18. Deposits received from reinsurers

	2016 £'000	2015 £'000
Reinsurance collateral	10,901	3,282

Cash at bank and in hand includes £10.9m in relation to funds deposited by reinsurers to collateralise their potential exposure (2015: £3.3m). A corresponding creditor is recorded as deposits received from reinsurers.

19. Creditors arising out of direct insurance operations

	2016 £'000	2015 £'000
Due within one year – intermediaries	16,763	9,018

20. Creditors arising out of reinsurance operations

	2016 £'000	2015 £'000
Due within one year – intermediaries	11,099	5,012
Due after one year – intermediaries	67	-
	11,166	5,012

21. Other creditors

	2016 £'000	Restated[1] 2015 £'000
Amounts due to group companies	-	374
Other creditors including taxation and social security	-	6
	-	380

22. Accruals and deferred income

	2016 £'000	Restated[1] 2015 £'000
Consortium fee accruals	1,323	259
Accrued expenses	123	-
	1,446	259

[1] Notes 21 and 22 have been restated for the reclassification of consortium fee accruals in the 2015 calendar year.

23. Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. Balances have been translated at exchange rates prevailing at 31 December 2016 in all cases. All balances presented are in respect of premiums earned to statement of financial position date. Given the long earning patterns of the business written, claims development is expected over an extended number of years. The entity chose not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which FRS 103 is applied in line with a transitional provision (FRS 103.6.3).

Gross basis as at 31 December 2016:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	Total £m
Incurred gross claims							
At end of underwriting year	44.7	27.4	18.4	15.9	14.3	21.1	
one year later	77.6	45.2	53.8	40.8	45.7	-	
two years later	65.8	58.5[1]	60.3[1]	66.4	-	-	
three years later	63.0	60.2[1]	68.0	-	-	-	
four years later	64.5	63.4	-	-	-	-	
five years later	66.4	-	-	-	-	-	
Gross ultimate claims on premium earned to date	66.4	63.4	68.0	66.4	45.7	21.1	331.0
Gross ultimate claims on premium earned to date for 2010 & Prior years	11.8	-	-	-	-	-	11.8
Less gross claims paid	(63.5)	(58.7)	(61.1)	(49.8)	(19.3)	(3.1)	(255.5)
Gross claims reserves	**14.7**	**4.7**	**6.9**	**16.6**	**26.4**	**18.0**	**87.3**

Net basis as at 31 December 2016:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	Total £m
Incurred net claims							
At end of underwriting year	42.8	21.4	17.8	15.9	12.8	17.0	
one year later	75.1	39.4	50.4	40.8	41.0	-	
two years later	63.1	53.5[1]	59.2[1]	66.3	-	-	
three years later	60.2	54.7[1]	66.7	-	-	-	
four years later	63.5	57.0	-	-	-	-	
five years later	65.3	-	-	-	-	-	
Net ultimate claims on premium earned to date	65.3	57.0	66.7	66.3	41.0	17.0	313.3
Net ultimate claims on premium earned to date for 2010 & Prior years	11.2	-	-	-	-	-	11.2
Less net claims paid	(62.5)	(53.4)	(60.2)	(49.8)	(19.3)	(3.1)	(248.3)
Net claims reserves	**14.0**	**3.6**	**6.5**	**16.5**	**21.7**	**13.9**	**76.2**

[1] The figures for the 2012 and 2013 pure underwriting years during the 2014 and 2015 calendar years have been restated to include the movement in salvage and subrogation.

An analysis of the unearned premium development, net of reinsurance and acquisition costs, is presented below for each successive underwriting year at each reporting date. Balances have been translated at exchange rates prevailing at 31 December 2016 in all cases. All balances presented are in respect of premiums written to the statement of financial position date.

Unearned premiums net of reinsurance and acquisition costs as at 31 December 2016:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	Total £m
At end of underwriting year	22.6	21.2	20.1	22.3	17.5	38.5	
one year later	8.5	12.2	23.3	27.1	34.2	-	
two years later	3.1	9.3	14.9	20.6	-	-	
three years later	3.1	3.1	9.0	-	-	-	
four years later	1.6	2.5	-	-	-	-	
five years later	0.7	-	-	-	-	-	
Net unearned premium	0.7	2.5	9.0	20.6	34.2	38.5	105.5
2010 & Prior Years	0.9	-	-	-	-	-	0.9
Total net unearned premium	1.6	2.5	9.0	20.6	34.2	38.5	106.4

Given the long earning profile of the business written, the analysis below has been prepared to combine the net unearned premiums and net claims reserves for each successive underwriting year at each reporting date. Developments represent the effects of the writing profile of the business written, primarily in relation to binding authorities which can develop over a number of periods, premium adjustments such as profit commissions and reinstatement premiums and the difference between unearned premiums recorded at one period end and subsequent performance as they earn.

Net earned ultimate claims development and unearned premiums, net of reinsurance and acquisition costs, combined as at 31 December 2016:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	Total £m
At end of underwriting year	65.4	42.6	37.9	38.2	30.3	55.5	
one year later	83.6	51.6	73.7	67.9	75.2	-	
two years later	66.2	62.8	74.1	86.9	-	-	
three years later	63.3	57.8	75.7	-	-	-	
four years later	65.1	59.5	-	-	-	-	
five years later	66.0	-	-	-	-	-	
Net unearned premiums and net earned claims	66.0	59.5	75.7	86.9	75.2	55.5	418.8
2010 & Prior Years	12.1	-	-	-	-	-	12.1
Total net unearned premiums and net earned claims	78.1	59.5	75.7	86.9	75.2	55.5	430.9

24. Year of account result development

The table below presents the annual results for each year of account until the earlier of the current year end and closure of the year of account by reinsurance to close. Subsequent movements in results for closed years of account are reflected within the results for the year into which they closed. The Syndicate has a significant proportion of unearned business at the end of year one in comparison with its peers as a result of the longer earnings profile of the Consumer Products business written relative to Property and Casualty insurance. A deficit therefore occurs in the first year of a year of account as a result of the timing of expense charges. This would be expected to improve in subsequent years.

Year of Account	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	(Loss) / profit before members' agents fees £'000
2010	(11,788)	(18,822)	6,150	2,905	3,428	(1,422)		(19,549)
2011		(23,643)	(3,696)	11,522	1,966	1,113		(12,738)
2012			(8,703)	7,510	(2,836)			(4,029)
2013				(4,926)	2,414	(1,721)		(4,233)
2014					(5,406)	4,000	(8,142)	(9,548)
2015						(4,386)	655	(3,731)
2016							(7,729)	(7,729)
Calendar year result	**(11,788)**	**(42,465)**	**(6,249)**	**17,011**	**(434)**	**(2,416)**	**(15,216)**	

25. Retirement benefit schemes

ANV Central Bureau of Services Limited (CBS) operates a defined contribution retirement benefit scheme for all qualifying employees. The funds of the scheme are administered by Aviva plc and are held separately. Contributions are paid by CBS and staff. The group also makes payments into certain other staff personal pension plans. The total expense charged to the Syndicate's income statement for the year ended 31 December 2016 in respect of these was £0.4m (2015: £0.4m).

26. Related parties

Prior to 15 July 2016, ANV Holdings (UK) Limited (AHUK) held 80% of the ordinary shares of ANV Syndicate Management Limited (ASML) with the remaining 20% held by Ryan Specialty Group, LLC (RSG). Following AHUK's acquisition of RSG's 20% shareholding on 15 July 2016, AHUK owns 100% of the issued share capital of ASML. ASML is the immediate parent company of AmTrust Syndicates Limited (formerly ANV Syndicates Ltd – ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group is ANV Holdings BV.

On 7 November 2016, ANV Holdings BV, and its subsidiary undertakings (ANV Group), was acquired by AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) from the company's former lead investor, the Ontario Teachers' Pension Plan. Following this transaction the name of ANV's managing agency was changed to AmTrust Syndicates Ltd.

Syndicate capital

Prior to the acquisition of ANV Holdings BV by AmTrust Lloyd's Holdings (UK) Ltd, and prior to the sale of Jubilee Managing Agency Limited (subsequently renamed ANV Syndicates Limited and then AmTrust Syndicates Limited) to the ANV Group before that, the parent company of JMAL was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency. Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

2010 YOA (closed into 2014 YOA on 18 February 2016)

Cassidy Capital Limited (CCL) provided 85.6% of the Underwriting Capacity of the Syndicate. Following agreement from Lloyd's, the Funds at Lloyd's held by JMPL to support Syndicate 1231 (a run-off motor syndicate formerly managed by ASL) on the 2009 year of account, were made inter-available to CCL to support Syndicate 5820 until the closure of the 2010 year of account.

2011 YOA (closed into 2014 YOA on 18 February 2016)

Cassidy Capital Limited (CCL) provided 55.6% of the Underwriting Capacity of the Syndicate.

During 2011, T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were JGHL Directors and shareholders, as well as providers of capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock also had an interest in the Syndicate capital provided by JGHL. R J G Lowe and Lord Marland of Odstock further had an interest in the Syndicate capital provided to CCL by Insurance Capital Partners.

A P D Lancaster and A C Loucaides were also JGHL Directors during 2010 and 2011 and provided capital via CCL to support the Syndicate until the acquisition by RSG.

Guardian Re (SAC) Limited, a JGHL shareholder until the acquisition by RSG, and certain Syndicate underwriters also provided capital to support the Syndicate.

For the 2011 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. This direct corporate participant was set up solely as a vehicle for a third party reinsurer to participate on the Syndicate. JCCL provided 9.99% of the capacity of the 2011 underwriting year and the Funds at Lloyd's were provided under a third party deposit arrangement with the third party reinsurer.

On 20 December 2012, JCCL was sold to Jubilee Member 1 Limited (JM1) at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

2013 YOA (closed into 2014 YOA on 18 February 2016)
Following the acquisition of JMAL by RSG in 2011, Jubilee Corporate Member LLP, a limited liability partnership owned by Jubilee Member 1 Limited (JM1), provided 18.4% of the Underwriting Capacity of the Syndicate for the 2013 year of account.

2014 YOA
Jubilee Corporate Member LLP provided 16.8% of the Underwriting Capacity of the Syndicate.

Following the acquisition of JMAL by the ANV Group, ANV Corporate Name Limited acquired capacity in the Syndicate and provided 51.1% of the Underwriting Capacity of the Syndicate for the 2014 year.

2015 YOA
Jubilee Corporate Member LLP continued to provide 16.8% of the Underwriting Capacity of the Syndicate.

ANV Corporate Name Limited provided 51.7% of the Underwriting Capacity of the Syndicate for the 2015 year.

2016 YOA
Jubilee Corporate Member LLP reduced its participation from 16.8% to 6.1% of the Underwriting Capacity of the Syndicate for the 2016 year.

ANV Corporate Name Limited increased its participation to 68.3% of the Underwriting Capacity of the Syndicate for the 2016 year.

2017 YOA
Further to AmTrust's acquisition of ANV Holdings BV on 7 November 2016, inter-availability arrangements were put in place between all AmTrust-owned corporate members. Following a decision by third party capital providers to cease their participation on the Syndicate, AmTrust Corporate Member Ltd took up 100% of the underwriting capacity for the 2017 year.

Transactions with group entities
Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is AmTrust Syndicates Limited (formerly ANV Syndicates Ltd - ASL).

AmTrust entities
From 1 January 2015 ANV Central Bureau of Services Limited (CBS), a group company, has performed the recharging of all costs to the Syndicate under intragroup service agreements. Included within the recharges are amounts relating to the remuneration of Directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriters and ASL Directors is not charged to the Syndicate. These intragroup service agreements have been updated with effect from 7 November 2016 to include AmTrust services companies (AmTrust Lloyd's Holdings Ltd and AmTrust Management Services Ltd). No recharges were made from these entities during the period.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis.

For the 2016 underwriting year of account, ASL charged an average agent's fee of 0.7% of capacity (2015: 0.7%) and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit after allowance for any prior year losses subject to the provision of the loss deficit clause. Within the financial statements, fees of £1.0m (2015: £0.9m) and profit commission of £nil (2015: £nil) have been charged. At 31 December 2016 there are no unpaid fees (2015: £nil).

In 2016 and 2015 CBS incurred a large proportion of the expenses incurred in operating the Syndicate and recharged them to the Syndicate on a basis that reflected the Syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred.

The total amount recharged by CBS to the Syndicate during 2016 and 2015, including amounts relating to the remuneration of Directors of ASL but excluding agent fees and profit commission, was £11.6m (2015: £12.3m). As at 31 December 2016, an amount of £0.2m was due from CBS in relation to expenses (2015: amount of £0.4m due to CBS).

Other entities
A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by Ryan Direct Group Limited and its subsidiaries which are part of RSG. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services (see below);
- R-T Specialty LLC – US wholesale broker; and
- RSG Underwriting Mangers LLC – US managing general agency

The fee income paid to these companies in respect of services provided to Syndicate 5820 was £nil (2015 £0.1m). The balance due to the companies at 31 December 2016 was £nil (2015: £nil).

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe B.V), a wholly owned subsidiary of JGHL, provided underwriting and claims services to the Syndicate. It also held a limited binding authority to accept business on behalf of the Syndicate. In 2015, RSG began the process of winding up JE and transferred the services performed for the Syndicate to Intrust BV, an unrelated company.

Syndicate 5820 may source business from RSG on the open market through Lloyd's brokers. All risks are entered into on an arm's length basis and ASL has unfettered underwriting discretion for all opportunities.

The Directors of ASL consider the commissions and fees charged to the Syndicate by these Ryan Direct Group subsidiaries and companies within the RSG Group to be consistent with those payable to a third party for similar services.

Other capital providers
During 2015 and 2016, a number of outwards reinsurance transactions have been entered into by Syndicate 5820 with Transatlantic Re and Hannover Ruckversicherung AG, who provide or have provided capital to the Syndicate. All such transactions were undertaken on an arm's length basis and amounted to less than 5% of outwards premium for the calendar year.

Prior to the commencement of underwriting on the 2015 and 2016 years of account an agreement was entered into with Securis with respect to the periods beginning on 1 January 2015 and 2016 to support the Funds at Lloyd's of ANV Corporate Name Limited, an ANV group company and a corporate member participant on the capacity of the Syndicate, through the provision of a letter of credit backed by an excess of loss reinsurance contract. Securis participate on the capacity of 2015 and 2016 years of account of the Syndicate on a limited tenancy basis. The Syndicate also purchased reinsurance protection through Axe Insurance PCC Ltd, a Securis group company, on normal terms for such reinsurance.

The Syndicate is a member of a number of consortia on which Syndicate 1861, another Syndicate managed by ASL, is the consortium leader. ASL acts as the manager on these consortia on behalf of Syndicate 1861. During the period £51.1m (2015: £28.7m) was written by the Syndicate under these consortia. Fees are charged by ASL as the consortium manager to the consortium members on behalf Syndicate 1861. At 31 December 2016 the Syndicate had accrued fees payable of £1.3m (2015: £0.3m) due to Syndicate 1861 in this respect.

Directors' interests
Members of the ASL Board are also directors of other AmTrust Group companies that transact with ASL and/or the Syndicate, as follows:

- Adam Barker (resigned from ASL 31 October 2016) was a director of ANV Corporate Name Limited (resigned 31 October 2016);
- Janice Hamilton is a director of ANV Corporate Name Limited and ANV Central Bureau of Services Limited (appointed 7 November 2016); and
- Lynsey Cross (resigned from ASL 7 November 2016) is a director of ANV Central Bureau of Services Limited.

Nicholas Pawson, a non-executive director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2013, 2014, 2015 and 2016 years of account. No other directors or the active underwriter participate on the Syndicate.

27. Ultimate parent company

AmTrust Syndicate Limited's immediate parent is ANV Syndicate Management Limited ("ASML"), a company registered in England and Wales. The company's ultimate holding company is AmTrust Financial services, Inc. (AFS) a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market. A copy of AFS's consolidated accounts can be obtained from that company's registered office, which is located at 59 Maiden Lane, 43rd Floor, New York, USA.

AmTrust

Syndicate 5820

Underwriting Year Accounts for the 2014 Year of Account
As at 31 December 2016

Syndicate Underwriting Year Accounts – 2014 Year of Account

Report of the Directors of the Managing Agent

The Directors of the Managing Agent present their report for the year ended 31 December 2016 in respect of the 2014 Year of Account of Syndicate 5820. The principal activity of the Syndicate is that of underwriting Property and Consumer Products business, further diversified to include Casualty, Terror and Political Risks business, all of which is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided within the Report of the Directors of the Managing Agent within the Annual Accounts.

Review of the closed 2014 year of account
A review of the performance of the closed 2014 year of account has been included within the Report of the Directors of the Managing Agent of the Annual Accounts.

Seven Year Summary of Results
A seven year summary of underwriting results is presented on page 65.

Disclosure of information to the auditors
Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Syndicate's auditor is unaware; and
- the Director has taken all the steps that one ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Auditors
Following the acquisition of the ANV Holdings B.V. and its affiliates, including the Syndicate's Managing Agent, by AmTrust Financial Services, Inc. it is anticipated that the auditors of the Syndicate and Managing Agent will be aligned with the wider AmTrust group and that KPMG LLP will duly be appointed as auditors to the Syndicate and Managing Agent.

Approved by Order of the Board

P Dewey
Chief Executive Officer
AmTrust Syndicates Limited
Company number: 4434499

21 March 2017

Statement of Managing Agent's Responsibilities

ASL, as Managing Agent, is responsible for preparing syndicate underwriting year of accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulation 2008 (the "Lloyd's Regulations) require the managing agent to prepare Syndicate underwriting year accounts for each Syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December 2016. These Syndicate underwriting year accounts must give a true and fair view of the result of the closed year of account.

In preparing the Syndicate underwriting year of accounts, the Managing Agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

The Managing Agent is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate underwriting year of accounts comply with the Lloyd's Regulations and Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

Independent Auditor's Report to the Members of Syndicate 5820 – 2014 Closed Year of Account
We have audited the Syndicate Underwriting Year Accounts for the 2014 Closed Year of Account of Syndicate 5820 for the three years ended 31 December 2016 as set out on pages 52 to 63, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

This report is made solely to the members on the 2014 Year of Account of the Syndicate, as a body, in accordance with the Regulation 6(4) of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' 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 Syndicate members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and Auditor
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 49, the Managing Agent is responsible for the preparation of the Syndicate Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Underwriting Year Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Underwriting Year Accounts
An audit involves obtaining evidence about the amounts and disclosures in the Syndicate Underwriting Year Accounts sufficient to give reasonable assurance that the Syndicate Underwriting Year Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Syndicate Underwriting Year Accounts. In addition we read all the financial and non-financial information in the Report of the Directors of the Managing Agent to identify material inconsistencies with the Syndicate Underwriting Year Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate Underwriting Year Accounts
In our opinion the Syndicate Underwriting Year Accounts:
- give a true and fair view of the loss for the 2014 Closed Year of Account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) requires us to report to you if, in our opinion:

- the Managing Agent in respect of the Syndicate has not kept proper accounting records; or
- the Syndicate Underwriting Year Accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Neil Coulson (Senior statutory auditor)
For and on behalf of Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

21 March 2017

Income Statement: Technical Account

2014 Closed Year of Account for the three years ended 31 December 2016

	Note	£'000	£'000
Syndicate allocated capacity			131,123
Earned premiums, net of reinsurance			
Gross premiums written	3	316,540	
Outward reinsurance premiums		(7,828)	
Net premium written and earned			308,712
Reinsurance to close premium received, net of reinsurance	4		47,035
			355,747
Allocated investment return transferred from the non-technical account			473
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(68,372)	
Reinsurers' share		2,108	
Net claims paid			(66,264)
Reinsurance to close premium payable, net of reinsurance	5		(72,565)
			(138,829)
Net operating expenses	6		(235,896)
Balance on the technical account			(18,505)

The accompanying notes form an integral part of the financial statements.

Income Statement: Non-Technical Account

2014 Closed Year of Account for the three years ended 31 December 2016

	Note	£'000
Balance on the technical account		(18,505)
Investment income	7	675
Investment expenses and charges	7	(55)
Unrealised gains on investments	7	51
Unrealised losses on investments	7	(198)
Allocated investment return transferred to the technical account		(473)
Profit on foreign exchange	9	8,958
Loss for the three years as at 31 December 2016	8	(9,547)

The accompanying notes form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Statement of Financial Position

2014 Closed Year of Account as at 31 December 2016

	Note	£'000
Investments		
Financial investments	0	55,480
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	8,716
Debtors		
Debtors arising out of direct insurance operations	11	25,577
Other assets		
Cash at bank and in hand		1,845
Overseas deposits		2,723
		4,568
Prepayments and Accrued Income		
Other prepayments and accrued income		99
Amounts due from members		9,853
Total assets		104,293
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	5	81,281
Creditors		
Creditors arising out of direct insurance operations	12	10,262
Creditors arising out of reinsurance operations	13	691
Other creditors	14	11,702
		22,655
Accruals and deferred income		357
Total liabilities		104,293

The accompanying notes form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 52 to 64 were approved by the Board of ASL on 21 March 2017 and were signed on its behalf by:

J M Hamilton
Director

21 March 2017

Statement of Changes in Equity

2014 Closed Year of Account for the three years ended 31 December 2016

	£'000
Amounts due from members at 1 January 2014	-
Loss for the 2014 closed year of account	(9,547)
Prepaid members' agents' fees	(306)
Amounts due from members at 31 December 2016	(9,853)

Members participate on Syndicates by reference to years of account and the ultimate result therefrom.

Statement of Cash Flows

2014 Closed Year of Account for the three years ended 31 December 2016

	£'000
Loss for the 2014 closed year of account	(9,547)
Adjustment for:	
Increase in gross reinsurance to close payable	81,281
Increase in reinsurers share of reinsurance to close	(8,716)
Operating cash flow before movement in working capital	63,108
Increase in debtors	(25,577)
Increase in creditors	22,655
Increase in other assets / liabilities	258
Investment return	(473)
Net cash inflow from operating activities	59,881
Cash flows from investing activities	
Purchase of other financial instruments	(55,480)
Investment income received	473
Movements in overseas deposits	(2,723)
Net cash outflow from investing activities	(57,730)
Net cash flow from financing activities:	
Members' agents' fees paid on behalf of members	(306)
Net cash outflow from financing activities	(306)
Net increase in cash and cash equivalents	1,845
Cash and cash equivalents at 1 January 2014	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2016	1,845

Notes to the Syndicate Underwriting Year Accounts

1. Basis of preparation and accounting policies

These Underwriting Year Accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) and applicable Accounting Standards in the United Kingdom. FRS 102 and FRS 103 have been applied to the extent necessary to produce a true and fair view of the results.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These Underwriting Year Accounts relate to the 2014 year of account which has been closed as at 31 December 2016. Consequently the statement of financial position represents the assets and liabilities of the 2014 year of account at the date of closure. The income statement and statement of cash flows reflect the transactions for that year of account during three years until closure.

The Underwriting Year Accounts cover three years from the date of inception of the 2014 year of account to the date of closure. Accordingly, these are the only reporting periods and so corresponding amounts are not shown.

As a consequence of the 2014 year of account reinsuring to close into the 2015 year of account, the residual risks to the members on the closed year has been minimised. The risk disclosure requirements of FRS 102 and FRS 103 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

2. Accounting policies

The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

The accounting policies disclosed within the notes to the Syndicate Annual Accounts have been applied consistently on an annual basis from 1 January 2014 in dealing with items which are considered material in relation to the Underwriting Year Accounts. In addition to the policies disclosed in the annual accounts, the Underwriting Year Accounts have been prepared in line with the following:

Gross premiums written
Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, lineslip or consortium arrangements are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes. Premiums written are treated as fully earned.

Outwards reinsurance premiums
Outwards reinsurance premiums are allocated to years of account in accordance with the underlying risks being protected.

Gross and reinsurance earned premiums
These accounts are prepared on a fund accounting basis and consequently all premium is treated as being fully earned. Any residual unearned premium relating to the years of account existing on an annual accounting basis has been included in the reinsurance to close premium payable. Where a year of account is held open any unearned premium existing on an annual accounting basis is included within the amount retained to meet all known and unknown liabilities.

Claims paid and related recoveries
Gross claims paid include internal and external settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to close premium payable
A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the accounting policies to the annual accounts.

In determining the reinsurance to close premium payable consideration is given to the forecast development of the business of the closing year of account including an assessment of the future development of unearned premiums at the date of the reinsurance to close. Where development is forecast to be profitable a discount is applied to the estimate of future liabilities. In circumstances where adverse development is forecast a premium is applied.

A similar approach is adopted to the determination of the amount retained to meet all known and unknown liabilities when the year of account is held open.

The calculation of the RITC premium payable is determined by the Directors on the basis of the information available to them at the time. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

Investment return

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses charges and interest. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Syndicate operating expenses

Costs incurred by the Managing Agent or ANV Central Bureau of Services Limited (CBS) in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent or CBS and the Syndicate, they are apportioned on bases that are considered to fairly reflect the nature and usage of the expense concerned in order to comply with the Lloyd's Code for Underwriting Agents: Syndicate Expenses made by the Council on 6 September 2000.

Basis of currency translation

The financial statements are presented in Pound Sterling (GBP), which is the Syndicate's functional currency. The Syndicate maintains five settlement currencies, Sterling, US Dollars, Euros, Australian Dollar and Canadian Dollar. All items recorded within the Income Statement on translation from settlement currency to functional currency are stated at historic rates of exchange and all items within the Statement of Financial Position are stated at the closing rates of exchange at the period end.

The historic rates of exchange basis used within the Income Statement includes the valuation of the reinsurance to close received on the closure of predecessor years of account at the exchange rates prevailing at the time of the closure, the valuation of the reinsurance to close premium payable for closing year of account at rates of exchange prevailing at the period end, and the translation of the other elements of the Income Statement at monthly average rates.

Any differences arising between the translation of the Statement of Financial Position at closing rates and the Income Statement at historic rates of exchange are included within the profit or loss on exchange account within net operating expenses. All differences arising on translation of foreign currency amounts in the Syndicate have been included in the non-technical account.

3. Business class analysis

	Gross premiums written[1]	Gross claims incurred[2]	Gross operating expenses	Reinsurance balance[3]	Total
	£'000	£'000	£'000	£'000	£'000
Direct insurance					
Accident and health	21,813	(13,129)	(22,620)	(90)	(14,026)
Motor	8,024	(4,163)	(11,805)	0	(7,944)
Other	3,025	(1,756)	(2,615)	(216)	(1,562)
Fire and other damage to property	172,157	(28,268)	(106,512)	(4,482)	32,895
Credit and suretyship	84,888	(20,921)	(71,562)	(904)	(8,499)
Total direct	289,907	(68,237)	(215,114)	(5,692)	864
Reinsurance	17,985	(14,936)	(11,769)	(1,802)	(10,522)
2014 Pure Year of Account	307,892	(83,173)	(226,883)	(7,494)	(9,658)
RITC Accepted	64,710	(66,480)	(9,013)	1,463	(9,320)
Total	372,602	(149,653)	(235,896)	(6,031)	(18,978)

Notes for the Business class analysis:
1 Gross premiums written are treated as fully earned. Amounts in respect of RITC accepted relate to the gross reinsurance to close premium received in respect of the closure of the 2013 & Prior years of account at 31 December 2015 and any movements in written premiums on these closed years of account in the period. Premiums written excluding RITC accepted were £316,540 during the period. All premiums written are in respect of contracts concluded in the UK.
2 Gross claims incurred comprises of gross claims paid and gross reinsurance to close premium payable.
3 The reinsurance balance comprises outwards reinsurance premiums, reinsurers' share of claims paid and reinsurance recoveries anticipated on reinsurance to close premium payable. Amounts in respect of RITC accepted additionally include anticipated reinsurance recoveries in relation to the 2013 & Prior years of account on the reinsurance to close premium received at 31 December 2015. Outwards reinsurance premiums are treated as fully earned.
4 All balances are presented at historic rates of exchange. Refer to note 9 "Profit on foreign exchange".

4. Reinsurance to close premium received

	Outstanding claims	IBNR	Total
	£'000	£'000	£'000
Gross reinsurance to close premium received	15,821	40,241	56,062
Reinsurance recoveries anticipated	(2,581)	(6,446)	(9,027)
Reinsurance to close premium received, net of reinsurance	13,240	33,795	47,035

5. Reinsurance to close premium payable

	Outstanding claims	IBNR	Total
	£'000	£'000	£'000
Gross reinsurance to close premium payable	(21,546)	(59,735)	(81,281)
Reinsurance recoveries anticipated	1,437	7,279	8,716
Reinsurance to close premium payable, net of reinsurance	(20,109)	(52,456)	(72,565)

6. Net operating expenses

	£'000
Brokerage and commissions	221,957
Other acquisition costs	2,769
Acquisition costs	224,726
Administrative expenses	9,449
Members' standard personal expenses	1,721
	235,896
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	306

7. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	£'000
Investment income:	
Interest and dividend income	657
Realised gains	18
Unrealised gains on investments	51
Investment expenses and charges:	
Investment management expenses, including interest	(18)
Losses on the realisation of investments	(37)
Unrealised losses on investments	(198)
Total investment return transferred to the technical account from the non-technical account	473

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	£'000
Financial assets at fair value through profit or loss	491
Investment management expenses, excluding interest	(18)
Total investment return	473

8. Balance on the technical account

	2013 & Prior years of account £'000	2014 pure year of account £'000	Total 2014 Year of account £'000
Technical account balance before net operating expenses and allocated investment return	(307)	217,225	216,918
Acquisition cost	(8,852)	(215,874)	(224,726)
	(9,159)	1,351	(7,808)
Allocated investment return transferred from the non-technical account			473
Net operating expenses other than acquisition costs			(11,170)
Profit on foreign exchange			8,958
Loss for the 2014 closed year of account			(9,547)

For the 2013 & Prior years of account, the technical account balance before net operating expenses and allocated investment return of £0.3m represents written (and earned) premiums net of reinsurance of £8.8m less incurred claims movements of £9.1m. For the 2014 year of account, the technical account balance before net operating expenses and allocated investment return of £217.2m represents written (and earned) premiums net of reinsurance of £299.9m less incurred claims movements of £82.7m. The deterioration on the 2013 & Prior years of account is detailed within the Report of the Directors of the Managing Agent in the Annual Accounts. Furthermore, the technical result is impacted by the movement in exchange rates during the period as detailed in note 9.

9. Profit on foreign exchange

All items within the Income Statement have been recorded at historic cost and all items within the Statement of Financial Position have been stated at the closing rates of exchange at 31 December 2016.

The historic cost basis used within the Income Statement includes the valuation of the reinsurance to close received on the closure of the 2013 (including 2012), 2011 and 2010 & Prior years of account at 31 December 2015 and the valuation of reinsurance to close premium payable for the 2014 & Prior years of account at 31 December 2016, being the value of the technical provisions at prevailing rates of exchange.

Following the significant change in exchange rates between the Syndicate's Sterling functional currency and its 4 other settlement currencies during the 36 month period the revaluation of the reinsurance to close received at 31 December 2015 has led to a deterioration in the underwriting result, either through claims settled in 2016 or the reinsurance to close payable at 31 December 2016, whilst the gain on revaluation of the supporting assets of the reinsurance to close received led to a material gain through Profit on Foreign Exchange. Additionally, the net earned premiums and net paid claims represent the premiums earned and claims paid at historic rates whilst the reinsurance to close payable represents claims reserves on that premium at 31 December 2016 rates of exchange further skewing the appearance of the Income Statement.

Rates of exchange to GBP	01 January 2014	31 December 2015[1]	31 December 2016
US Dollars	1.66	1.47	1.23
Euros	1.20	1.36	1.17
Canadian Dollars	1.76	2.05	1.66
Australian Dollars	1.85	2.03	1.71

[1] *being the date of the reinsurance to close of the 2013, 2011 and 2010 years of account.*

10. Financial investments

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	30,895	30,895
Debt securities and other fixed income securities	24,585	24,616
	55,480	55,511

11. Debtors arising out of direct insurance operations

	£'000
Due within one year - intermediaries	25,577

12. Creditors arising out of direct insurance operations

	£'000
Due within one year - intermediaries	10,262

13. Creditors arising out of reinsurance operations

	£'000
Due within one year - intermediaries	691

14. Other creditors

	£'000
Inter-year loans	11,702

15. Related parties

Prior to 15 July 2016, ANV Holdings (UK) Limited (AHUK) held 80% of the ordinary shares of ANV Syndicate Management Limited (ASML) with the remaining 20% held by Ryan Specialty Group, LLC (RSG). Following AHUK's acquisition of RSG's 20% shareholding on 15 July 2016, AHUK owns 100% of the issued share capital of ASML. ASML is the immediate parent company of AmTrust Syndicates Limited (formerly ANV Syndicates Ltd - ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group is ANV Holdings BV.

On 7 November 2016, ANV Holdings BV was acquired by AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) from the company's former lead investor, the Ontario Teachers' Pension Plan. Following this transaction the name of ANV's managing agency was changed to AmTrust Syndicates Ltd.

Syndicate capital
Jubilee Corporate Member LLP, an RSG subsidiary entity, provided 16.8% of the Underwriting Capacity of the Syndicate.

ANV Corporate Name Limited provided 51.1% of the Underwriting Capacity of the Syndicate for the 2014 year.

Transactions with group entities
Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is AmTrust Syndicates Limited (formerly ANV Syndicates Ltd - ASL).

AmTrust Entities
Following a transfer of all employment and other service contracts to ANV Central Bureau of Services Limited (CBS) at the end of 2014, intragroup service arrangements between ASL and CBS were updated to enable CBS to perform the recharge of all costs to the Syndicate from 1 January 2015. These recharges were performed by ASL during 2014. Included within the recharges are amounts relating to the remuneration of Directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriters and ASL Directors is not charged to the

Syndicate. These intragroup service agreements have been updated with effect from 7 November 2016 to include AmTrust service companies (AmTrust Lloyd's Holdings Ltd and AmTrust Management Services Ltd).

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis.

For the 2014 underwriting year of account, ASL charged an average agent's fee of 0.7% of capacity. Within the financial statements, fees of £0.9m and profit commission of £nil have been charged. At 31 December 2016 there are no unpaid fees.

The Managing Agent or CBS incurred a large proportion of the expenses incurred in operating the Syndicate and recharged them to the Syndicate on a basis that reflected the Syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred.

The total amount recharged by the Managing Agent or CBS to the 2014 year of account was £12.2m including amounts relating to the remuneration of Directors of ASL, but excluding agent fees and profit commission. As at 31 December 2016, an amount of £nil was due from the Managing Agent and CBS in relation to expenses.

Other Entities
A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by Ryan Direct Group Limited and its subsidiaries which are part of RSG. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services; and
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services (see below)
- R-T Specialty LLC – US wholesale broker; and
- RSG Underwriting Mangers LLC – US managing general agency

The fee income paid to these companies in respect of services provided to the 2014 year of account of Syndicate 5820 was £nil. The balance due to these companies at 31 December 2016 was £nil.

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe B.V), a wholly owned subsidiary of JGHL, provided underwriting and claims services to the Syndicate. It also held a limited binding authority to accept business on behalf of the Syndicate. In 2015, RSG began the process of winding up JE and transferred the services performed for the Syndicate to Intrust BV, an unrelated company.

The profit commission payable to JE in respect of the 2014 year of account by the Syndicate was £nil. The balance due to JE at 31 December 2016 was £nil.

The Directors of ASL consider the commissions and fees charged to the Syndicate by these Ryan Direct Group subsidiaries to be consistent with those payable to a third party for similar services.

Syndicate 5820 may source business from RSG on the open market through Lloyd's brokers. All risks are entered into on an arm's length basis and ASL has unfettered underwriting discretion for all opportunities.

Directors' interests
Members of the ASL Board are also directors of other ANV Group companies that transact with ASL and/or the Syndicate, as follows:

- Adam Barker (resigned from ASL 31 October 2016) was a director of ANV Corporate Name Limited (resigned 31 October 2016);
- Janice Hamilton is a director of ANV Corporate Name Limited and ANV Central Bureau of Services Limited (appointed 7 November 2016); and
- Lynsey Cross (resigned from ASL 7 November 2016) is a director of ANV Central Bureau of Services Limited.

Nicholas Pawson, a non-executive director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2014 year of account. No other directors or the active underwriter participate on the Syndicate.

16. Ultimate parent company

AmTrust Syndicate Limited's immediate parent is ANV Syndicate Management Limited ("ASML"), a company registered in England and Wales. The company's ultimate holding company is AmTrust Financial services, Inc. (AFS) a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market. A copy of AFS's consolidated accounts can be obtained from that company's registered office, which is located at 59 Maiden Lane, 43rd Floor, New York, USA.

Seven Year Summary of Underwriting Results

As at 31 December 2016

	2008	2009	2010	2011	2012	2013	2014
Syndicate allocated capacity (£'000)	42,000	63,100	138,924	100,081	112,715	131,118	131,123
Number of underwriting members	2	1	2	5	4	826	744
Aggregate net premiums [2] (£'000)	31,854	52,764	52,870	50,906	63,590	72,341	83,985

Result for a name with an illustrative share of £10,000:

	2008	2009	2010	2011	2012	2013	2014
Gross premiums	*15,907*	*15,173*	*9,364*	*12,167*	*13,635*	*13,520*	*24,141*
Net premiums	*15,832*	*13,887*	*7,915*	*11,028*	*12,608*	*12,271*	*23,545*
Premium for reinsurance to close an earlier year of account	*6,471*	*4,306*	*3,214*	-	-	*1,337*	*3,587*
Net claims	*(6,273)*	*(6,762)*	*(6,466)*	*(4,973)*	*(3,246)*	*(3,942)*	*(5,054)*
Reinsurance to close the year of account	*(6,469)*	*(7,076)*	*(930)*	*(445)*	*(1,555)*	*(2,262)*	*(5,534)*
Syndicate operating expenses	*(747)*	*(836)*	*(897)*	*(1,001)*	*(1,064)*	*(766)*	*(721)*
Acquisition costs	*(8,248)*	*(5,525)*	*(4,109)*	*(5,942)*	*(6,966)*	*(6,754)*	*(17,139)*
Balance on technical account	*566*	*(2006)*	*(1,273)*	*(1,333)*	*(223)*	*(116)*	*(1,316)*
Investment return	*204*	*321*	*195*	*70*	*16*	*(2)*	*36*
Profit/(loss) before personal expenses	*770*	*(1,685)*	*(1,078)*	*(1,263)*	*(207)*	*(118)*	*(1,280)*
Illustrative profit commission	*(163)*	-	-	-	-	-	-
Illustrative personal expenses [3]	*(126)*	*(136)*	*(115)*	*(125)*	*(106)*	*(134)*	*(155)*
Other income/charges	*130*	*261*	*(213)*	*115*	*(45)*	*(70)*	*683*
Profit /(loss) after illustrative profit commission and personal expenses	*611*	*(1,560)*	*(1,406)*	*(1,273)*	*(358)*	*(322)*	*(752)*
Capacity utilised [4]	*76.60%*	*96.50%*	*52.60%*	*62.30%*	*66.70%*	*67.70%*	*70.00%*
Net capacity utilised [5]	*75.80%*	*83.60%*	*38.10%*	*50.90%*	*56.40%*	*55.20%*	*64.10%*
Underwriting profit/loss ratio [6]	*4.40%*	*(11.50%)*	*(13.60%)*	*(11.00%)*	*(2.00%)*	*(0.90%)*	*(5.5%)*
Result as a percentage of stamp capacity	*6.10%*	*(15.60%)*	*(14.10%)*	*(12.70%)*	*(3.60%)*	*(3.20%)*	*(7.5%)*

Notes to the Summary

1. The summary has been prepared from the audited accounts of the Syndicate.
2. Aggregate net premiums represent premiums written gross of reinsurance but net of brokerage and commissions.
3. Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years and the Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee.
4. Capacity utilised represents gross premium written net of the commission element of Acquisition Costs expressed as a percentage of allocated capacity.
5. Net capacity utilised represents written premium net of the commission element of acquisition costs and reinsurance expressed as a percentage of allocated capacity.
6. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written. Profit/Loss on exchange has been included in "Other income/charges to aid comparability between the years