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AmTrust

Syndicate 779

Annual Report and Accounts
For the year ended 31 December 2017

AmTrust at Lloyd's
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: 779

Directors

B Jansli	Non-Executive Chairman	Resigned 31/12/2017
N C T Pawson	Non-Executive Director	
J P Fox	Non-Executive Director	
B J Jackson	Non-Executive Director	
J E Cadle	Non-Executive Deputy Chairman	
M G Caviet	Non-Executive Director	
P Dewey		
J A H G Cartwright		Appointed 18/12/2017
S Lacy		Appointed 08/05/2017
D J L Barrett		Resigned 30/11/2017; Re-appointed 07/02/2018
S J Helson		Resigned 31/12/2017
J M Hamilton		Resigned 31/12/2017
B Gilman		Resigned 05/09/2017
M A Sibthorpe		Resigned 08/12/2017
G Sweatman		Resigned 20/02/2017

Company secretary

D J L Barrett		Resigned 30/11/2017
P Cockburn		Appointed 30/11/2017

Run-off Management

G Ross	
D J L Barrett	Director Responsible

Bankers
Lloyds Bank plc
Citibank N.A.

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 (AmTrust Syndicates Limited - 'ASL') present their report, which incorporates the strategic review, for the year ended 31 December 2017. 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).

Principal activity

The Syndicate's principal activity continues to be the transaction of term life insurance and reinsurance business as the Syndicate runs-off its business following the decision to cease underwriting with effect from 1 January 2017.

AmTrust Group

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). AmTrust is 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 XV rating from A. M. Best, AmTrust has built a reputation as an innovative, technology-driven insurance company with a commitment to excellence.

AFSI has entered into a definitive agreement with Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry D. Zyskind, Chairman and CEO of AFSI, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), in which Evergreen Parent will acquire the approximately 45% of the Company's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties do not presently own or control. The proposed merger is anticipated to close in the second half of 2018, subject to satisfaction or waiver of the closing conditions, including approval by regulatory authorities and the Company's independent shareholders.

AmTrust at Lloyd's

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

During 2017 ASL managed Lloyd's Syndicates 1861, 1206, 5820, 2526, 44 and 779 writing 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 are identified as core to ASL:

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

Underwriting review

Syndicate 779 wrote 100% Term Life Insurance and ancillary covers in the UK and international territories, offering both bespoke and tabulated rating solutions for risk durations from 1 day to 10 years. Historically the majority of business was through Lloyd's coverholders under binding authority arrangements; however, from 2015 the Syndicate repositioned to focus equally on achieving open market growth as a lead market.

While the Syndicate achieved some success in deploying the refreshed strategy, including optimising the outwards reinsurance structure, this was against the backdrop of the softest market for at least two decades in niche term life. The Syndicate experienced unprecedented levels of competition from other life insurers, new and meaningful competition from overseas markets, and significant mergers of broking houses causing distraction for both placers and producers. As a result, Syndicate 779 struggled to reach the required scale to support its expense base.

Following the withdrawal of capital support and despite the Managing Agent's best efforts, it was not possible to secure alternative capital to continue underwriting the Syndicate for the 2017 year of account. ASL has put the Syndicate into run-off with agreement from Lloyd's Capacity Transfer Panel effective from 1 January 2017.

Since cessation, the Syndicate has been operating under a runoff closure plan overseen by Lloyd's with the focus on assessing those elements of the portfolio that could prove a barrier to closure. This process is on track and focused on the following key areas:

i. Review of the underlying term life risks assumed under binding authorities to assess the ultimate loss ratio particularly as this is now a static aging portfolio attaching to the 2016 YoA. This however remains a niche/esoteric portfolio which has a greater degree of uncertainty
ii. The Syndicate's annual excess of loss reinsurance programme for £9.5m x/s £500k was renegotiated, to apply to all risks through to their natural expiry of up to 10 years.
iii. The four underlying facultative risks written under the Latin American portfolio have been reviewed and an exit audit conducted of the coverholder. Although no major issues were identified the ultimate loss ratio was increased following incurred development. This was offset by a 75% quota share secured on the binder.
iv. Policies written by Jubilee Europe where premiums are received monthly have been reviewed and again as this is a static, aging exposure base the loss ratio was increased accordingly. Legal work around the policy periods and possible cancellation clauses continues with a view to assessing runoff exposures.

Significant events

Following the withdrawal of capital support to continue underwriting the Syndicate for the 2017 year of account, and consent to cease the Syndicate from Lloyd's Capacity Transfer Panel, the Syndicate went into run-off from 1 January 2017. The consequent decisions to keep the 2014 and then the 2015 years of account open were made after consideration of the fact that the capital participation on the 2014, 2015 and 2016 years of account is not fully consistent and the significant change in business mix between these years.

During the fourth quarter, ASL's Chairman Bjorn Jansli retired from the Board. Nicholas Pawson has been appointed as Chairman of the Board pending regulatory approval.

During the fourth quarter, ASL's Chief Underwriting Officer, M A Sibthorpe, resigned with Chris Jarvis, Active Underwriter for Syndicates 1861 and 1206 being appointed as Director of Underwriting.

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:

	2017	2016
	£m	£m
Written premiums		
Gross premiums written	5.9	19.8
Net premiums written [1]	0.8	18.3
Earned premiums		
Earned premium, net of reinsurance [2]	3.3	20.8
Result for the year	(0.9)	(6.5)
Cash, investments and overseas deposits	10.3	13.3
Run-Off Provision	(4.2)	(6.6)
	%	%
Key ratios		
Net Claims ratio	2.4	66.4
Net Claims ratio (excluding Run- Off provision)	76.5	48.2
Acquisition ratio (net)	63.1	48.4
Expense ratio (net)	62.9	16.6
Combined ratio [3]	128.4	131.4

[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.

Run-Off Provision

Following the decision to place the Syndicate into run-off, a run-off provision was included within the technical provisions of the Syndicate at 31 December 2016 and 31 December 2017 representing management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities.

The table below presents the movement in the run-off provision during the year compared to the result for the period excluding the impact of investment income and foreign exchange gains and losses:

Run-Off Provision Development	£m
Run-Off Provision at 31 December 2016	(6.6)
Run-Off Provision at 31 December 2017	(4.2)
Movement in Run-Off Provision during the year	**2.4**
Result excluding movement in run-off provision, investment income and foreign exchange gains and losses.	(3.2)
Result development	**(0.8)**

The result during the period was marginally adverse to the forecast at 31 December 2016 primarily driven by the 2016 year of account following unfavourable developments in forecast ultimate claims primarily on the Latin American and Jubilee Europe accounts and the resultant impact on the run-off provision.

Gross premiums written

Gross written premiums have reduced significantly during the year following the Syndicate being placed into run-off. The movements in the period are almost entirely in relation to the 2016 year of account as the binder business continues to write into year two.

Net premiums written

Net premiums written have reduced by £17.5m both as a consequence of the reduction in gross premiums written and the recognition of a quota share protection purchased for the Latin America binder account during the period as well as the additional excess of loss purchase in relation to the individual term-life business.

Earned premium, net of reinsurance

The reduction in earned premiums is reflective of the reduction in written premiums as outlined above.

Net claims ratio

The net claims ratio decreased by 64.0% to 2.4% for the 2017 calendar year driven by the release in the run-off provision. Excluding the effects of this, the net claims ratio increased from 48.2% to 76.5% primarily due to the adverse development in the Latin America and individual term life business as well as the tailing off of the more profitable quicker earning business.

Loss for the year

The Syndicate's loss of £0.9m represents a combined ratio of 128.4%. Following unfavourable developments in forecast ultimate claims.

The increase in the acquisition ratio follows the increase in earned outwards reinsurance premiums – on a gross basis the ratio improved by 21.7% from the 2016 calendar year to 23.2%.

The increase in the expense ratio, before foreign exchange gains and losses, follows the reduction in net earned premium. Expenses incurred in the calendar year are favourable to the prior year by £1.0m, net of deferrals.

Cash and investments

The decrease in cash and investments of £3.0m during the year is reflective of the Syndicate going into run-off and ceasing to actively underwrite. Following analysis of the expected future cashflows over the next 12 months and the Syndicate's available capital resources, the directors have determined to call £1.7m (£1.6m excluding Premiums Trust Fund, PTF, debts) from the 2015 year of account. It is anticipated that the call will be made for payment by 15 June 2018.

Members' balances

Members' balances, representing net liabilities of £8.5m have decreased by £1.1m from 31 December 2016 following the 2017 calendar year loss of £0.9m, offset by the collection of the 2014 loss of £2.0m.

Investments and investment return

	2017	2016
	£m	£m
Average amount of syndicate funds available for investment during the year:		
Sterling	6.4	6.4
US Dollar	1.7	1.0
Euro	3.3	3.4
Norwegian Krone	1.1	0.5
Combined Sterling	12.5	11.3
Gross aggregate investment return for the calendar year in Pounds Sterling	0.0	0.1
Gross calendar year investment return:		
Sterling	0.21%	0.84%
US Dollar	0.10%	0.03%
Euro	0.00%	(0.02)%
Norwegian Krone	0.26%	0.09%
Combined Sterling	0.14%	0.48%

The above investment returns are calculated using average funds based on the monthly balances and investments as revalued to month-end market prices including accrued interest.

The Syndicate's invested funds have reduced considerably over recent periods as the tail of the business shortened and the rate of claims payments on legacy business combined with reinsurance spend and expenses exceeded the cash inflow from premiums. Given this and the need to maintain liquidity, the Syndicate has not invested in additional securities in 2016 or 2017. During the period, the final bond held by the Syndicate matured and was converted to cash.

The investment returns of the Syndicate during the year are reflective of this and the requirement to maintain liquidity.

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

Following the decision to place the Syndicate in run-off, a run-off provision was included within the technical provisions of the Syndicate at 31 December 2016 representing management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities. This provision has been actively monitored during the period and released as expenses were incurred and the unearned and unwritten results earned through. As a consequence the retained loss to date reflects managements' best estimate of the forecast ultimate results.

ASL has committed to work with capital providers to develop an acceptable means of closing the Syndicate at the earliest opportunity for all years of account; this is currently estimated as 31 December 2018. Until agreement has been reached with a third party to accept the runoff portfolio the ultimate cost and timing of any reinsurance to close, together with the future expenses required until any such reinsurance to close is concluded, remains uncertain. The ultimate costs to finalise the Syndicate's liabilities may, therefore vary significantly from those recorded within the Syndicate's technical provisions.

Profits/losses will be distributed or collected by reference to the results of individual underwriting years.

2014 run-off year of account

The retained loss on the 2014 year of account at 48 months, after the inclusion of the run-off provision, is £1.8m, before members' agents' fees, representing a loss on stamp of 8.1%.

Excluding the effects of foreign-exchange gains and losses, the loss at 48 months is the result of a pure year loss of £2.1m and a profit of £0.3m on the 2013 & prior years of account.

The pure year result is driven by the Syndicate's inability to achieve sufficient scale to meet its expense base, with underlying underwriting profits of £2.4m (excluding the impact of operating expenses reclassified as acquisition costs).

During the year to 31 December 2017, the 2014 year of account realised a profit of £0.1m as a result of a marginally favourable claims development against expectation.

2015 run-off year of account

The 2015 year of account recorded a third year profit of £0.1m, including the effects of movement in the run-off provision, taking the cumulative result at 36 months to a loss of £1.6m before members' agents' fees, representing a loss on stamp of 7.4%. The ultimate projection for the year of account of is also a loss of £1.6m.

The key challenge for the Syndicate has been achieving the desired level of premium volume, particularly under the prevailing market conditions. The performance of the underlying core business has been favourable on an underwriting basis but insufficient in scale to achieve the planned results after operating expenses. Cumulative underwriting profits of £2.2m have been earned to date (excluding the effects of the run-off provision included within the Long-Term Business Provision).

After consideration of the expected future cashflows of the Syndicate over the next 12 months and its available capital resources, the directors have determined to call £1.7m (£1.6m excluding PTF debts) from the 2015 year of account members.

2016 year of account

The 2016 year of account has made a loss of £1.1m during the calendar year, taking the cumulative result at 24 months to a loss of £6.8m. This includes the impact of the run-off provision which was £3.2m at 31 December 2017 and represents the forecast future developments of the Syndicate until 31 December 2018 when the year is expected to close by way of a reinsurance to close. As a consequence this also represents management's best estimate ultimate forecast and is a loss on stamp of 30.7% before members' agents' fees.

The adverse performance of the 2016 year of account is both a combination of the scale issues faced by the Syndicate and the unfavourable development on both the Latin American and Individual term life business including the impact of the additional reinsurance premiums payable following the Syndicate entering run-off.

Key uncertainties preventing the closure of the 2014 and 2015 years of account

The decision to keep the 2014, 2015 years of account open at 48 and 36 months respectively follows consideration of the fact that capital participation varies between the 2014, 2015 and 2016 years of account as well as the significant change in business mix between these years.

Given the above and uncertainties regarding the ultimate cost of a reinsurance to close, the Board of the Managing Agent has decided to leave the 2014 and 2015 years of account open at 31 December 2017.

Principal risks and uncertainties

ASL has a formal risk management framework to identify, assess and manage risks significant to the achievement of the business plans and objectives. It is an on-going process providing for the systematic analysis, handling and reporting of risks and their comparisons with risk appetites, effectiveness of controls, risk events and near misses as well as emerging risks. This process also includes setting and monitoring actions to mitigate risk and to return metrics to within appetite.

The principal risks and uncertainties facing the Syndicate, as detailed in Note 4 to the financial statements, are as follows:

- Insurance risk
- Investment risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Regulatory (including Conduct) risk

Corporate governance

The ASL Board Chair is supported by a combination of Executive Directors and Non-Executive Directors.

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

A run-off provision has been included within the technical provisions of the Syndicate representing management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities.

ASL has committed to work with capital providers to develop an acceptable means of closing the Syndicate at the earliest appropriate date for all years of account, currently estimated as 31 December 2018. The ultimate cost and timing of any reinsurance to close, together with the future expenses required until any such reinsurance to close is concluded, remains uncertain. The ultimate costs to finalise the Syndicate's liabilities may vary significantly from those recorded within the Syndicate's technical provisions.

Following analysis of the expected future cashflows of the Syndicate over the next 12 months and its available capital resources, the directors have determined to call £1.7m (£1.6m excluding PTF debts) from the 2015 year of account members pursuant to the requirements of the Lloyd's Agency Agreements Byelaw (No.8 of 1988). It is anticipated that the call will be made for payment by 15 June 2018.

Vote to leave the European Union

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. Whilst Lloyd's is developing solutions to allow continued trading with the single market with regards to non-Life business, there remains uncertainty in relation to the transaction of Life business. Management is closely monitoring developments of the ongoing negotiations and their implications on the transaction of Life premiums and claims. Until further resolution is provided there remains a level of uncertainty with regards to the conclusion of the Syndicate's business.

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.

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 22 as part of the related parties note to the accounts.

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 Agent and of 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

PKF Littlejohn LLP has indicated its willingness to continue in office as the Syndicate's auditor.

Syndicate's Annual General Meeting

ASL does not propose to hold an annual general meeting for the members of the Syndicate to reappoint PKF Littlejohn 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
16 March 2018

Company number: 4434499

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Annual Report and the Syndicate Annual Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Annual Financial Statements at 31 December each year which give a true and fair view of the state of affairs of the Syndicate and of its profit or loss for that year.

In preparing those Syndicate Annual Financial Statements, the Managing Agent is required to:

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change in the year;

- make judgments and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Financial Statements; and

- assess the Syndicate's ability to continue to write new business, disclosing as applicable, matters related to its ability to continue to operate and using the going concern basis of accounting, unless the Managing Agent intends to cease to operate the Syndicate or has no realistic alternative but to 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 Financial Statements 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 relating to the Syndicate included on the Managing Agent's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

On behalf of the board

Peter Dewey
Chief Executive Officer
AmTrust Syndicates Limited

16 March 2018

Independent auditor's report to the members of Syndicate 779

We have audited the financial statements of Syndicate 779 (the 'Syndicate') for the year ended 31 December 2017 which comprise the Income Statement: Technical Account, Income Statement: Non-technical Account, Statement of Financial Position, Statement of Changes in Members' Balances, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Syndicate's members, as a body, in accordance with Part 2 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 we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Syndicate and the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2017 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 requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

We draw your attention to Note 1 of the financial statements, which states that the Syndicate has ceased underwriting beyond the 2016 year of account and has not closed by reinsurance the 2014 and 2015 years of account and is therefore in run-off. The Managing Agent therefore no longer considers the Syndicate to be a going concern.
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Managing Agent's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Managing Agents have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Syndicate's ability to continue to operate and adopt the going concern basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – Uncertainty regarding technical provisions

As discussed in note 1 the Syndicate does not have a 2017 or subsequent year of account, a run-off provision has been included within the technical provisions which provides for the net ultimate additional costs in excess of income over and above the technical provisions including the unallocated loss adjustment expenses that would have been reserved if the Syndicate had remained a going concern.

Although the Managing Agent considers the technical provisions including this run-off provision to represent a prudent best estimate of the costs to be incurred in finalising this Syndicate's liabilities a third party may assess the liabilities differently. Until final agreement is reached with a third party the amount to be paid cannot be ascertained with certainty and the ultimate costs including a reinsurance to close may differ significantly from the value of the technical provisions within the financial statements.

Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Managing Agent is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion, based on 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 financial statements are prepared is consistent with the 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 material misstatements in the report of the directors of the Managing Agent.
We have nothing to report in respect of the following matters in relation to which the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept on behalf of the Syndicate; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Managing Agent emoluments and other benefits specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the managing agent

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Managing Agent determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Managing Agent is responsible for assessing the Syndicate's ability to continue in operation, disclosing, as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Managing Agent either intends to cease to operate the Syndicate, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

16 March 2018

Income Statement: Technical Account – Long Term Business

Year Ended 31 December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Earned premiums, net of reinsurance					
Gross premiums written	5	5,936		19,810	
Outward reinsurance premiums		(5,164)		(1,509)	
Net premiums written			772		18,301
Change in the provision for unearned premiums					
Gross amount	6	2,940		2,584	
Reinsurers' share	6	(452)		(120)	
Change in the net provision for unearned premiums			2,488		2,464
Earned premiums, net of reinsurance			3,260		20,765
Allocated investment return transferred from the non-technical account			18		54
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(9,281)		(6,443)	
Reinsurers' share		538		962	
Net claims paid			(8,743)		(5,481)
Change in the provision for claims					
Gross amount	6	3,004		(7,976)	
Reinsurers' share	6	5,660		(339)	
Change in the net provision for claims			8,664		(8,315)
Claims incurred, net of reinsurance			(79)		(13,796)
Net operating expenses	7		(4,105)		(13,500)
Balance on the technical account for long term business			(906)		(6,477)

The Syndicate has ceased trading forward and therefore there are no component parts of the business to be separately classified and disclosed as discontinued.

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

Income Statement: Non-technical Account

Year Ended 31 December 2017

	Note	2017 £'000	2016 £'000
Balance on the Technical Account - Long Term Business		(906)	(6,477)
Investment income	10	47	129
Unrealised gains on investments	10	-	2
Investment expenses and charges	10	(29)	(8)
Unrealised losses on investments	10	-	(69)
Allocated investment return transferred to the long term business technical account		(18)	(54)
Loss for the financial year		(906)	(6,477)

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

As at 31 December 2017

Assets	Note	2017	2017	2016	2016
		£'000	£'000	£'000	£'000
Investments					
Other financial investments	11		8,496		9,963
Reinsurers' Share of Technical Provisions - Long-Term Business Provision					
Provision for unearned premiums	6	940		1,392	
Claims outstanding	6	7,353		1,866	
			8,293		3,258
Debtors					
Debtors arising out of direct insurance operations	12	3,582		7,208	
Debtors arising out of reinsurance operations	13	-		180	
Other debtors	14	-		386	
			3,582		7,774
Other assets					
Cash at bank and in hand		1,253		2,574	
Overseas deposits	15	597		787	
			1,850		3,361
Prepayments and accrued income					
Deferred acquisition costs	16	1,402		2,665	
Other prepayments and accrued income		74		97	
			1,476		2,762
Total assets			23,697		27,118

The accompanying notes form an integral part of the financial statements

Statement of Financial Position – Liabilities

As at 31 December 2017

Liabilities	Note	2017	2017	2016	2016
		£'000	£'000	£'000	£'000
Capital and reserves					
Members' balances			(8,546)		(9,663)
Technical Provisions – Long-Term Business Provision					
Provision for unearned premiums	6	5,082		7,998	
Claims outstanding	6	20,566		23,774	
			25,648		31,772
Creditors					
Creditors arising out of direct insurance operations	17	2,880		4,665	
Creditors arising out of reinsurance operations	18	3,507		344	
Other creditors		208		-	
			6,595		5,009
Total liabilities			23,697		27,118

The accompanying notes form an integral part of the financial statements

The annual accounts on pages 14 to 42 were approved by the Board of ASL on 16 March 2018 and were signed on its behalf by:

J A H G Cartwright
Director

16 March 2018

Statement of Changes in Members' Balances

Year Ended 31 December 2017

	2017	2016
	£'000	£'000
Members' balances brought forward at 1 January	(9,663)	(4,981)
Loss for the financial year	(906)	(6,477)
Receipt from members' personal reserve funds	2,041	1,879
Members' agents' fees advances	(18)	(84)
Members' balances carried forward at 31 December	(8,546)	(9,663)

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 2017

	2017 £'000	2016 £'000
Loss for the year	(906)	(6,477)
Adjustment for:		
(Decrease) / increase in gross technical provisions	(6,124)	7,982
(Increase) / decrease in reinsurers' share of gross technical provisions	(5,035)	366
Operating cash flow before movement in working capital	(112,065)	1,871
Decrease / (increase) in debtors	4,192	(2,786)
Increase / (decrease) in creditors	1,586	(4)
Decrease in other assets / liabilities	1,286	1,417
Investment return	(18)	(54)
Net cash inflow from operating activities	7,046	444
Cash flows from investing activities		
Sale of equity and debt instruments	627	2,533
Sale / (purchase) of other financial instruments	782	(3,329)
Investment income received	18	54
Foreign exchange movements	58	(139)
Decrease / (increase) in overseas deposits	190	(308)
Net cash inflow / (outflow) from investing activities	1,675	(1,189)
Net cash flow from financing activities:		
Receipt from members in respect of underwriting participations	2,041	1,879
Members' agents' fees paid on behalf of members	(18)	(84)
Net cash inflow from financing activities	2,023	1,795
Net (decrease) / increase in cash and cash equivalents	(1,321)	1,050
Cash and cash equivalents at 1 January	2,574	1,524
Cash and cash equivalents at 31 December	1,253	2,574

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 (FRS) 100 ('Application of Financial Reporting Requirements'), 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 financial statements are presented in Pound Sterling (GBP), which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

Following the withdrawal of capital support to continue underwriting the Syndicate for the 2017 year of account, and consent to cease the Syndicate from Lloyd's Capacity Transfer Panel, the Syndicate was put into run-off at 31 December 2016. The consequent decision to keep the 2014 and 2015 years of account open is after consideration that the capital participation on the 2014, 2015 and 2016 years of account is not fully consistent and that there is significant change in business mix between these years. A run-off provision has been included within the technical provisions of the Syndicate representing management's best estimate assessment of the expected costs to be incurred in finalising the Syndicate's liabilities. An amount of £3.2m of additional net expenses including future reinsurance costs has been included within the long term business provision reflecting that the Syndicate is no longer a going concern.

ASL has committed to work with capital providers to develop an acceptable means of closing the Syndicate at the earliest appropriate date for all years of account, currently estimated as 31 December 2018. The ultimate cost and timing of any reinsurance to close, together with the future expenses required until any such reinsurance to close is concluded, remains uncertain. The ultimate costs to finalise the Syndicate's liabilities may vary significantly from those recorded within the Syndicate's technical provisions.

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, related recoveries and run-off provision included within the long-term business provision. 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 long-term business provision involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The long-term business provision includes the estimated cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not as well as the expected costs required to conclude the Syndicate. 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'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 years, 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 as well as the expected future costs in concluding the business of the Syndicate. Bespoke techniques are employed for the legacy European Creditor account where the significant majority of IBNR is held. This account also contains a significant level of claims incurred but not enough reported (IBNER) to allow for case reserve uncertainty and statistical techniques are used for this element as well. For the most recent years, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

In arriving at the level of claims provisions a margin may be applied over and above the actuarial best estimate in line with the Syndicate's Reserving Policy to address the risk of un-modelled claims development.

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 6.

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, it is 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 within the parameters of the reinsurance contract terms.

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

Long-term business provision
The long term business provision is determined following an annual investigation of the long term fund in accordance with the requirements of EU Directive 92/96/EEC, under which certain contingency and other reserves required by insurance company regulations and included in technical provisions for solvency purposes are excluded from the long term business provision for financial reporting purposes.

In order to enable members of the Syndicate to consolidate the results of the Syndicate with their other Lloyd's participations on a consistent basis, movements in the unearned premium reserve are shown as part of earned premiums rather than as movements in other technical provisions. This is permitted by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and has no effect on the result of the Syndicate. The separate components are combined within the long-term business provision within the statement of financial position.

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. In addition a run-off provision is included in relation to the estimated future expenses that will be incurred in finalising the Syndicate's liabilities.

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. The provision for claims also includes amounts in respect of claims handling costs and a run-off provision. The run-off provision has been calculated as management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities.

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

For individual life business, an additional analysis is carried out based on underlying mortality expectations taking into account the CMI mortality rates. This individual life analysis is used to determine the transfer premium provision for GAAP reserving. This is a mechanism to deliver equity between years of account, in which later years of account to which long term policies re-sign are provided a share of any excess in earlier years to compensate for the higher mortality in the latter part of the overall policy term. This is calculated by projecting forward future premiums and future expected claims, with a prudent allowance for lapses, and assessing any deficiencies in the future premiums receivable.

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, including consideration of mortality expectations for individual life business, 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. Consideration of forecast investment return is made where it is reasonably foreseeable.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs, profit or loss on exchange and amounts charged to members through the Syndicate.

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.

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.

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 technical account in accordance with Life accounting requirements.

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 financing 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 the 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.

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 the Managing Agent 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

AmTrust group service companies operate a defined contribution retirement benefit scheme for all qualifying employees. Pension contributions relating to Managing Agency staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

4. Risk and capital management

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.

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.

The Syndicate makes use of reinsurance to mitigate risk incurring significant losses linked to one event.

i. 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	2017 £'000	2016 £'000
United Kingdom	3,264	9,003
United States of America	1,061	5,087
Netherlands	176	984
Norway	727	841
Other Europe	613	3,022
Other Worldwide	95	873
Total	5,936	19,810

ii. 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 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.

	2017 £'000		2016 £'000	
	Gross	Net	Gross	Net
5% increase in total claims liabilities	(817)	(450)	(857)	(764)
5% decrease in total claims liabilities	817	450	857	764

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.

The Syndicate's exposure to intermediaries is monitored as part of the credit control processes. All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

Debtors arising out of direct operations are comprised of pipeline premiums, balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA') and amounts for business settled outside of Xchanging ('settled direct'). By their nature, it is not possible to classify these balances by credit rating.

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

As at 31 December 2017	AAA	AA	A	BBB	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	8,496	-	-	-	-	8,496
Overseas deposits	597	-	-	-	-	597
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	-	1,057	6,296	-	-	7,353
Reinsurers' share of unearned premiums	-	-	-	-	940	940
Debtors arising out of direct insurance operations	-	-	-	-	3,582	3,582
Cash at bank and in hand	-	-	1,253	-	-	1,253
Other Debtors and accrued income:						
Deferred acquisition costs	-	-	-	-	1,402	1,402
Other debtors	-	-	-	-	74	74
Total	9,093	1,057	7,549	-	5,998	23,697

As at 31 December 2016	AAA	AA	A	BBB	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	9,336	-	-	-	-	9,336
Debts securities and other fixed income securities	-	-	-	627	-	627
Overseas deposits	787	-	-	-	-	787
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	-	1,756	110	-	-	1,866
Reinsurers' share of unearned premiums	-	-	-	-	1,392	1,392
Debtors arising out of direct insurance operations	-	-	-	-	7,208	7,208
Debtors arising out of reinsurance operations	-	-	-	-	180	180
Cash at bank and in hand	-	-	2,574	-	-	2,574
Other Debtors and accrued income:						
Deferred acquisition costs	-	-	-	-	2,665	2,665
Other debtors	-	-	-	-	483	483
Total	10,123	1,756	2,684	627	11,928	27,118

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 (re)insurance operations	2017 £'000	2016 £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	8	66
91 to 180 days	104	29
More than 180 days	110	171
Past due but not impaired financial assets	222	266
Impaired financial assets	-	-
Neither past due nor impaired financial assets	3,360	7,122
Net carrying value	3,582	7,388

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.

	2017 Profit or loss for the year £'000	2016 Profit or loss for the year £'000
+ 50 basis points shift in yield curves	-	(50)
- 50 basis points shift in yield curves	-	50

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 Finance Director (FD), together with the Risk Committee, reviews currency matching quarterly.

As at 31 December 2017	Sterling £'000	Euro £'000	US Dollar £'000	Norwegian Krone £'000	Total £'000
Total assets	10,410	6,380	5,358	1,549	23,697
Total liabilities	(16,213)	(7,638)	(6,403)	(1,989)	(32,243)
Net assets / (liabilities)	(5,803)	(1,258)	(1,045)	(440)	(8,546)

As at 31 December 2016	Sterling £'000	Euro £'000	US Dollar £'000	Norwegian Krone £'000	Total £'000
Total assets	11,988	5,600	7,334	2,196	27,118
Total liabilities	(17,610)	(9,263)	(7,420)	(2,488)	(36,781)
Net assets / (liabilities)	(5,622)	(3,663)	(86)	(292)	(9,663)

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 (2016: £0.2m).

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 Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation. The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

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.

As at 31 December 2017	Carrying amount	Total cash flows	Undiscounted net 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	8,496	8,496	8,496	-	-	-
Debts securities and other fixed income securities	-	-	-	-	-	-
Overseas deposits	597	597	597	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	7,353	7,353	3,853	2,076	1,424	-
Reinsurers' share of unearned premiums[1]	940	-	-	-	-	-
Debtors arising out of insurance operations	3,582	3,582	3,582	-	-	-
Cash at bank and in hand	1,253	1,253	1,253	-	-	-
Other Debtors and accrued income:						
Deferred acquisition costs[1]	1,402	-	-	-	-	-
Other debtors	74	74	74	-	-	-
Total assets	23,697	21,355	17,855	2,076	1,424	-
Gross share of technical provisions:						
Outstanding claims	(20,566)	(20,566)	(9,491)	(5,115)	(4,665)	(1,295)
Unearned premiums[1]	(5,082)	-	-	-	-	-
Creditors arising out of insurance operations	(6,387)	(6,387)	(6,387)	-	-	-
Other creditors	(208)	(208)	(208)			
Total liabilities	(32,243)	(27,161)	(16,086)	(5,115)	(4,665)	(1,295)
Net assets / (liabilities)	(8,546)	(5,806)	1,769	(3,039)	(3,241)	(1,295)

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

As at 31 December 2016	Carrying amount	Total cash flows	Undiscounted net 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	9,336	9,336	9,336	-	-	-
Debts securities and other fixed income securities	627	627	627	-	-	-
Overseas deposits	787	787	787	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	1,866	1,866	978	527	361	-
Reinsurers' share of unearned premiums[1]	1,392	-	-	-	-	-
Debtors arising out of insurance operations	7,388	7,388	7,388	-	-	-
Cash at bank and in hand	2,574	2,574	2,574	-	-	-
Other Debtors and accrued income:						
Deferred acquisition costs[1]	2,665	-	-	-	-	-
Other debtors	483	483	483	-	-	-
Total assets	27,118	23,061	22,173	527	361	-
Gross share of technical provisions:						
Outstanding claims	(23,774)	(23,774)	(10,972)	(5,913)	(5,393)	(1,496)
Unearned premiums[1]	(7,998)	-	-	-	-	-
Creditors arising out of insurance operations	(5,009)	(5,009)	(5,009)	-	-	-
Total liabilities	(36,781)	(28,783)	(15,981)	(5,913)	(5,393)	(1,496)
Net assets / (liabilities)	(9,663)	(5,722)	6,192	(5,386)	(5,032)	(1,496)

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

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 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 (including Conduct) 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. ASL has a Product Governance 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.

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 the Syndicate 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.

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 16 to 17, 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. Segmental analysis

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

	Note	2017 £'000	2016 £'000
Scheme	(a)	1,143	14,230
Individual		539	1,196
Group	(a)	4,254	4,384
Gross premium written	(b)	5,936	19,810
Periodic Premiums		4,188	16,780
Single Premiums		1,748	3,030
Gross premium written	(b)	5,936	19,810
Gross premiums earned		8,876	22,394
Gross claims incurred		(6,277)	(14,419)
Net operating expenses		(4,105)	(13,500)
Reinsurance balance	(c)	582	(1,006)
Total		(924)	(6,531)

Notes:

(a) Group business written through a coverholder is included in the above table as scheme business. This differs from the Syndicate Business Forecast return where it is defined as group business.

(b) All premiums written are in respect of contracts concluded in the UK and are in respect of term life business and ancillary covers. An analysis of the geographical breakdown of written premiums by destination is included within note 4.

(c) The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums. All gross premiums written by the Syndicate are in respect of direct business.

6. Technical provisions

The Syndicate has applied a similar approach to establishing technical provisions for claims outstanding reserves and reinsurer's share thereof, as included within the Long-Term Business Provision, held at the end of the previous year. The net claims incurred, as stated within the financial statements of £0.1m (2016: £13.8m) includes an improvement of £0.3m in relation to claims incurred at the prior year end.

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2017	7,998	23,774	31,772
Movement in provision	(2,940)	(3,004)	(5,944)
Foreign exchange	24	(204)	(180)
At 31 December 2017	5,082	20,566	25,648
Reinsurance			
At 1 January 2017	1,392	1,866	3,258
Movement in provision	(452)	5,660	5,208
Foreign exchange	-	(173)	(173)
At 31 December 2017	940	7,353	8,293
Net Long-Term technical provisions			
At 31 December 2017	4,142	13,213	17,355
At 31 December 2016	6,606	21,908	28,514

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2016	9,622	14,168	23,790
Movement in provision	(2,584)	7,976	5,392
Foreign exchange	960	1,630	2,590
At 31 December 2016	7,998	23,774	31,772
Reinsurance			
At 1 January 2016	1,504	2,120	3,624
Movement in provision	(120)	(339)	(459)
Foreign exchange	8	85	93
At 31 December 2016	1,392	1,866	3,258
Net Long-Term technical provisions			
At 31 December 2016	6,606	21,908	28,514
At 31 December 2015	8,118	12,048	20,166

The basis of calculation of the long-term business provisions is as follows:

- Individual Life - Reserves are calculated based on a view of reporting delay (validated against past data) for earned business and loss ratio expectations for unearned business (validated against past performance). For individual life business, an additional analysis is carried out based on underlying mortality expectations taking into account the CMI mortality rates.

  This individual life analysis is used to determine the transfer premium provision for GAAP reserving. This is a mechanism to deliver equity between years of account, in which later years of account to which long term policies re-sign are provided a share of any excess in earlier years to compensate for the higher mortality in the latter part of the overall policy term. This is calculated by projecting forward future premiums and future expected claims, with a prudent allowance for lapses, and assessing any deficiencies in the future premiums receivable.

- Group and Scheme Life - Reserves are calculated as the unexpired proportion at the valuation date of the premium received net of commission. Additional reserves are included to allow for claims that have been incurred but not reported (IBNR) based on the unexpired premium for a reporting delay of eight to twelve weeks. Reserves are also held for some policies that have expired, but claims may still arise in the future due to reporting delays.

- Legacy European Business – The majority of the Syndicate's reserves relate to a legacy portfolio of predominantly accident and sickness business. The account has terms of up to 10 years, with payment periods for any period of resulting unemployment of up to 5 years, in some instances with an additional 1 year discovery period.

  By its nature this business would not be subject to standard Life reserving methods. As a result, several bespoke methods are applied for this account due to its long tail, complexity, uncertainties in respect of historical reporting delays, average length of payment term and premium earning recognising increasing mortality / morbidity over the term.

The Syndicate actuary is satisfied that this method of reserving is prudent.

The level of expenses included in the valuation is based on a prudent assessment of the cost of running off the Syndicate's existing business. The estimate is based on the Syndicate's assumption of the proportion of policies in force at 31 December 2017 that will still be in force at each future year end.

Long term insurance provisions, together with related reinsurance recoveries, are established on the basis of current information. Such provisions are subject to subsequent reassessment as changes to underlying factors occur.

7. Net operating expenses

	2017 £'000	2016 £'000
Brokerage and commissions	403	7,353
Other acquisition costs	363	898
Acquisition costs	766	8,251
Change in deferred acquisition costs	1,290	1,797
Administrative expenses	1,863	2,716
Members' standard personal expenses	41	215
Loss on exchange	145	521
	4,105	13,500

Auditors' remuneration:

	2017 £'000	2016 £'000
Audit of syndicate annual accounts	78	80
Other services pursuant to regulations and Lloyd's byelaws	15	13
Other services relating to taxation	-	4
	93	97

8. Staff numbers and costs

All staff are employed by an AmTrust group service company, either AmTrust Central Bureau of Service Limited (CBS), AmTrust Syndicate Holdings Limited (ASH) or AmTrust Management Services Limited (AMSL). The average number of persons working for the Syndicate during the year, analysed by category, was as follows:

	2017	2016
Finance and administration	8	8
Underwriting	2	5
Claims	1	1
	11	14

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

	2017 £'000	2016 £'000
Wages and salaries	1,019	1,308
Social security costs	128	191
Other pension costs	71	100
	1,218	1,599

9. Key management personnel compensation

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

	2017 £'000	2016 £'000
Emoluments	204	247
Contributions to defined contribution pension schemes	6	11
	210	258

The remuneration of 11 directors was charged to the Syndicate (2016: 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 for the Syndicate received aggregate remuneration charged to the Syndicate as outlined below. Following cessation of the Syndicate, the Syndicate was charged a proportion of expense attributable to a Run-Off Manager.

	Run-Off Manager 2017 £'000	Active Underwriter 2016 £'000
Emoluments	66	323
Contributions to defined contribution pension schemes	-	6
	66	329

10. Investment return

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

	2017 £'000	2016 £'000
Investment income:		
Interest and dividend income	47	129
Unrealised gains on investments	-	2
Investment expenses and charges:		
Investment management expenses, including interest	(2)	(6)
Losses on the realisation of investments	(27)	(2)
Unrealised losses on investments	-	(69)
Total investment return transferred to the technical account from the non-technical account	18	54

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

	2017 £'000	2016 £'000
Financial assets at fair value through profit or loss	20	60
Investment management expenses, excluding interest	(2)	(6)
Total investment return	18	54

11. Financial instruments

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

Financial assets	2017 £'000	2016 £'000
Measured at fair value through profit and loss		
• Shares and other variable yield securities and units in unit trusts	8,496	9,336
• Debt securities and other fixed income securities	-	627
	8,496	9,963
• Overseas deposits (see note 15)	597	787
	9,093	10,750
Measured at cost		
• Cash and cash equivalents	1,253	2,574
	1,850	3,361
Measured at undiscounted amount receivable		
• Other debtors (see note 14)	-	386
Total financial assets	10,346	13,710

The Syndicate does not hold any financial liabilities.

The cost on acquisition of debt securities and other fixed income securities in 2016 was £0.6m. 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 (2016: 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.

As at 31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	-	8,496	-	8,496
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	-	597	-	597
	-	9,093	-	9,093

As at 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	747	8,589	-	9,336
Debt securities and other fixed income securities	-	627	-	627
Overseas deposits	-	787	-	787
	747	10,003	-	10,750

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.

12. Debtors arising out of direct insurance operations

	2017 £'000	2016 £'000
Due within one year – intermediaries	3,582	7,208

13. Debtors arising out of reinsurance operations

	2017 £'000	2016 £'000
Due within one year – intermediaries	-	180

14. Other debtors

	2017 £'000	2016 £'000
Amounts due from group companies	-	386

15. Overseas deposits

	2017 £'000	2016 £'000
Overseas deposits	597	787

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries and are managed by Lloyd's centrally or by investment managers on their behalf. Overseas deposits have not been included on the statement of financial position within investments or cash at bank or in hand as they are not under direct control of the Managing Agency.

16. Deferred acquisition costs

	2017 £'000	2016 £'000
At 1 January	2,665	4,039
Movement in provision	(1,290)	(1,797)
Exchange adjustments	27	423
At 31 December	1,402	2,665

17. Creditors arising out of direct insurance operations

	2017 £'000	2016 £'000
Due within one year – intermediaries	2,880	4,665

18. Creditors arising out of reinsurance operations

	2017 £'000	2016 £'000
Due within one year – intermediaries	3,507	344

19. 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, related direct and indirect claims handling costs and, for the latest calendar year, the run-off provision representing management's estimated future developments to be incurred in finalising the Syndicate's liabilities. Balances have been translated at exchange rates prevailing at 31 December 2017 in all cases. All balances presented are in respect of premiums earned to the statement of financial position date. Given the long earning patterns of the legacy 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 2017:

Pure underwriting year	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	Total £'000
Incurred gross claims							
At end of underwriting year	6,196	6,690	2,138	2,710	1,775	9,716	
one year later	12,871	11,283	6,097	4,610	4,789	16,214	
two years later	10,646	11,910	6,387	4,555	4,675	-	
three years later	10,764	11,796	6,098	5,022	-	-	
four years later	10,061	11,795	5,920	-	-	-	
five years later	10,328	12,398	-	-	-	-	
six years later	10,318	-	-	-	-	-	
Gross ultimate claims on premium earned to date	10,318	12,398	5,920	5,022	4,675	16,214	54,547
Gross ultimate claims on premium earned to date for 2010 & Prior years	6,146	-	-	-	-	-	6,146
Less gross claims paid	(9,779)	(11,635)	(5,840)	(4,285)	(3,784)	(4,804)	(40,127)
Gross claims reserves	6,685	763	80	737	891	11,410	20,566

Net basis as at 31 December 2017:

Pure underwriting year	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	Total £'000
Incurred net claims							
At end of underwriting year	3,894	4,907	1,310	1,387	1,559	10,099	
one year later	9,063	8,021	3,610	3,046	3,958	9,816	
two years later	7,619	7,966	3,905	3,202	3,909	-	
three years later	7,787	8,019	3,560	3,626	-	-	
four years later	7,273	7,911	3,405	-	-	-	
five years later	7,501	7,824	-	-	-	-	
six years later	7,517	-	-	-	-	-	
Net ultimate claims on premium earned to date	7,517	7,824	3,405	3,626	3,909	9,816	36,097
Net ultimate claims on premium earned to date for 2010 & Prior years	5,992	-	-	-	-	-	5,992
Less net claims paid	(7,159)	(7,697)	(3,354)	(2,946)	(3,018)	(4,702)	(28,876)
Net claims reserves	6,350	127	51	680	891	5,114	13,213

20. 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.

Year of Account	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	Profit / (loss) before members' agents' fees[2] £'000
2011	(2,482)	1,047	770					(665)
2012		(2,847)	507	1,698				(642)
2013			(804)	1,530	(2,474)			(1,748)
2014				(1,807)	717	(846)	128	(1,808)
2015					(1,798)	93	58	(1,647)
2016						(5,724)	(1,092)	(6,816)
Calendar year result[1]	(2,482)	(514)	4,208	1,421	(3,555)	(6,477)	(906)	

[1] *The 2010 and 2011 calendar year results exclude the movement on the earlier years of account open during those periods.*
[2] *The loss before members' agents' fees presents the cumulative result for each year of account until closure.*

Following the decision not to close the 2015 year of account and after consideration of the expected future cashflows of the Syndicate over the next 12 months and its available capital resources, the directors have determined to call £1.7m (£1.6m excluding PTF debts) from the 2015 year of account members (2016: £2.0m call in relation to the 2014 year of account 36 month result). The calendar year result on the 2014 year of account will remain with the Syndicate until the year of account closes.

21. Retirement benefit schemes

AmTrust group service companies, comprising AmTrust Central Bureau of Service Limited (CBS), AmTrust Syndicate Holdings Limited (ASH) and AmTrust Management Services Limited (AMSL), operate defined contribution schemes for all qualifying employees. The funds of the scheme are administered by third parties and are held separately. Pension contributions relating to staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses. The total expense charged to the Syndicate's income statement for the year ended 31 December 2017 in respect of these was £0.1m (2016: £0.1m).

22. Related parties

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 779 is AmTrust Syndicates Limited (formerly ANV Syndicates Ltd – both 'ASL').

AmTrust entities

In 2017 and 2016 a large proportion of the expenses incurred in operating the Syndicate were incurred by group service companies and were then recharged under intragroup service agreements with ASL on a basis that reflected the Syndicate's usage of resources. Group recharges are charged on a cost basis and predominantly represent recharges of staff costs for employees working on syndicate business as well as associated other administrative expenses including accommodation, professional fees and information technology. These recharges, included within amounts disclosed as net operating expenses, acquisition costs and claims incurred were as follows:

	2017 £'m	2016 £'m
AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited – both 'CBS')	1.8	3.3
AmTrust Syndicate Holdings Limited ('ASH')	0.3	-
Total expenses recharged	2.1	3.3

The following amounts were outstanding at 31 December 2017 and 31 December 2016:

	2017	2016
	£'m	£'m
CBS	0.1	0.4
ASH	0.1	-
Total amount outstanding in relation to group recharges	0.2	0.4

Included within the recharges are amounts relating to the remuneration of directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriter and ASL directors is not charged to the Syndicate.

The following directors of ASL during the period were also directors of CBS during the period: P Dewey, J E Cadle, M G Caviet and J M Hamilton (resigned from ASL Board 31 December 2017).

The following directors of ASL during the period were also directors of ASH during the period: P Dewey, J E Cadle and M G Caviet.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions payable 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 0.575% of stamp capacity. No such fees were charged in the 2017 calendar year following the decision to place the Syndicate into run-off (2016: agency fees of £0.2m were charged). As a result of there being retained losses on all open years, no profit commission has been charged (2016: £nil). At 31 December 2017 there are no unpaid fees (2016: £nil).

Following the cessation of the Syndicate, it was agreed that Syndicate 44, another syndicate managed by ASL, would pay a 'renewal commission' to Syndicate 779 in respect of any business it writes which was formerly written by Syndicate 779. A charge of 5% of the corresponding gross net premium written in year 1 and 2.5% in year 2 was agreed in recognition of this opportunity. An amount of £64k has been recognised by the Syndicate during the year in this regard.

Other Entities

Prior to 15 July 2016, Ryan Specialty Group LLC (RSG) owned 20% of the ordinary shares of ANV Syndicate Management Limited (ASML), ASL's immediate parent company. The remaining 80% was held by ANV Holdings (UK) Limited (AHUK), a wholly owned subsidiary of ANV Risk BV, and the ultimate holding company of the ANV Group was ANV Holdings BV. On 15 July 2016 AHUK acquired RSG's 20% shareholding. On 7 November 2016, ANV Holdings BV, and its subsidiary undertakings (ANV Group) were acquired by AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) from ANV Holdings BV's former lead investor, the Ontario Teachers' Pension Plan.

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 were part of RSG until 18 April 2017. These subsidiaries included:

- Jubilee Service Solutions Limited – UK based provision of insurance services; and
- Lutine Assurance Services Limited – UK coverholder providing underwriting services.

The directors of ASL consider the commissions and fees charged to the Syndicate by these companies to be consistent with those payable to a third party for similar services. Charges to the Syndicate from these companies in respect of services provided were £nil (2016 £nil). The balance due to the companies at 31 December 2017 was £nil (2016 £nil).

Business written by Syndicate 779 may include that sourced from RSG on the open market through Lloyd's brokers. All risks have been entered into on an arm's length basis and ASL has had unfettered underwriting discretion for all opportunities.

Syndicate capital

Jubilee Corporate Member LLP, a 100% subsidiary of Ryan Specialty Group Risk LLC (RSGR), another entity with commonality of ownership with RSG, provided underwriting capacity as follows:

Year of Account	Share of Underwriting Capacity
2014	32%
2015	32%
2016	33%

Directors' interests
Nicholas Pawson, a non-executive director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2016 year of account. No other directors or the active underwriter participate on the Syndicate.

23. Post balance sheet events

On 15 February 2018 the Board of the Managing Agent authorised a call of £1.7m from members' personal reserve funds in relation to the 2015 year of account which remains open at 31 December 2017.

24. Ultimate parent company

ASL'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. (AFSI) a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market. A copy of AFSI's consolidated accounts can be obtained from that company's registered office, which is located at 59 Maiden Lane, 43rd Floor, New York, USA.

Syndicate 779

Run-off Underwriting Year Accounts for the 2014 and 2015 Years of Account

As at 31 December 2017

Syndicate Run-off Underwriting Year Accounts – 2014 and 2015 Years 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 2017 in respect of the 2014 and 2015 years of account of Syndicate 779. The principal activity of the Syndicate is that of underwriting Term Life Assurance conducted through the Lloyd's market. An overview of the Syndicate's activities is provided in the Report of the Directors of the Managing Agent within the annual financial statements.

Directors of the Managing Agent

The directors of the Managing Agent are included on page 2 of the Annual Accounts.

Review of the 2014 and 2015 run-off years of account

A review of the performance of the 2014 and 2015 years of account is provided in the Report of the Directors of the Managing Agent within the annual financial statements.

Following the withdrawal of capital support and despite the Managing Agent's best efforts, it was not possible to secure alternative capital to continue underwriting the Syndicate for the 2017 year of account. ASL has put the Syndicate into run-off with agreement from Lloyd's Capacity Transfer Panel effective from 1 January 2017.

A run-off provision was included within the technical provisions of the Syndicate at 31 December 2016 representing management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities. This provision has been actively monitored during the period and released as expenses were incurred and the unearned and unwritten results earned through. As a consequence the retained loss to date reflects managements' best estimate of the forecast ultimate results.

ASL has committed to work with capital providers to develop an acceptable means of closing the Syndicate at the earliest opportunity for all years of account; this is currently estimated as 31 December 2018. Until agreement has been reached with a third party to accept the runoff portfolio the ultimate cost and timing of any reinsurance to close, together with the future expenses required until any such reinsurance to close is concluded, remains uncertain. The ultimate costs to finalise the Syndicate's liabilities may, therefore vary significantly from those recorded within the Syndicate's technical provisions.

Key uncertainties preventing the closure of the 2014 and 2015 years of account

The decision to keep the 2014 and 2015 years of account open at 48 and 36 months respectively follows consideration of the fact that capital participation varies between the 2014 and 2015 and 2016 years of account as well as the significant change in business mix between these years.
Given this uncertainty and the change in change in capital participation, the Board of the Managing Agent has decided to leave the 2014 and 2015 years of account open at 31 December 2017.

Seven Year Summary of Results

A seven year summary of underwriting results is presented on page 74.

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.

Syndicate Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as the Syndicate's auditor.

Approved by Order of the Board

P Dewey
Chief Executive Officer
AmTrust Syndicates Limited
16 March 2018

Company number: 4434499

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing Syndicate Underwriting Year or Run-off Year Accounts and an accompanying Managing Agent's Report in accordance with applicable law, Lloyd's Byelaws and United Kingdom Generally Accepted Accounting Practice.

Regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Underwriting Year Accounts for a syndicate in respect of any underwriting year which is being closed by reinsurance to close during or at the end of a financial year and Paragraph 4 of the Syndicate Accounting Byelaw (No.8 of 2005) requires Run-off Year Accounts to be produced if a year of account remains open at any year-end after 36 months.

The Syndicate Underwriting Year Accounts must be prepared on an underwriting year basis which give a true and fair view of the result of the underwriting year at closure, but the same requirement does not apply to Run-off Year Accounts.

In preparing the Syndicate Underwriting Year Accounts or Run-off Year Accounts, the Managing Agent is required by the Syndicate Accounting Byelaw (No. 8 of 2005) 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 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 financial statements.

In preparing the Syndicate underwriting accounts, the Managing Agent is responsible for assessing the Syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to 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 Underwriting Year Accounts comply with the 2008 Regulations and the Syndicate Underwriting Year Accounts or Run-off Year Accounts comply with the Syndicate Accounting Byelaw (No.8 of 2005). It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Syndicate and to prevent and detect fraud and other irregularities.

On behalf of the board

Peter Dewey
Chief Executive Officer
AmTrust Syndicates Limited

16 March 2018

Independent auditor's report to the members of Syndicate 779

2014 and 2015 Run-off Year of Account

Opinion

We have audited the financial statements of Syndicate 779 (the 'syndicate') for the 2014 and 2015 Years of Account for the four and three years ended 31 December 2017 which comprise the Income Statement: Technical Account, Income Statement: Non-technical Account, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

This report is made solely to the Syndicate's members, as a body, in accordance with the Section 8 of 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Syndicate and the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

Basis for opinion

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

Conclusions relating to going concern

We draw your attention to Note 1 of the financial statements, which states that the Syndicate has ceased underwriting beyond the 2016 year of account and has not closed by reinsurance the 2014 and 2015 years of account and is therefore in run-off. The Managing Agent therefore no longer considers the Syndicate to be a going concern.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Managing Agent's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Managing Agents have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Syndicate's ability to continue to operate and adopt the going concern basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – Uncertainty regarding technical provisions

As discussed in note 1 the Syndicate does not have a 2017 or subsequent year of account, there has been included within the technical provisions a run-off provision which provides for the net ultimate additional costs in excess of income over and above the technical provisions including the unallocated loss adjustment expenses that would have been reserved if the Syndicate had remained a going concern.

Although the Managing Agent considers the technical provisions including this run-off provision to represent a prudent best estimate of the costs to be incurred in finalising this Syndicate's liabilities a third party may assess the liabilities differently. Until final agreement is reached with a third party the amount to be paid cannot be ascertained with certainty and the ultimate costs including a reinsurance to close may differ significantly from the value of the technical provisions within the financial statements.

Our opinion is not modified in this respect.

Other information

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

We have nothing to report in this regard.

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 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 Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) requires us to report to you if, in our opinion:

- the managing agent has not kept proper accounting records in respect of the Syndicate; or
- the financial statements are not in agreement with the accounting records.

Responsibilities of the Managing Agent

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

In preparing the financial statements, the Managing Agent is responsible for assessing the Syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

16 March 2018

Income Statement: Technical Account – Long Term Business

2014 Run-off Year of Account for the four years ended 31 December 2017

	Note	Calendar Year 2017 £'000	Cumulative Balance to 31 December 2017 £'000
Syndicate allocated capacity			22,281
Earned premiums, net of reinsurance			
Gross premiums written	4	(242)	13,584
Outward reinsurance premiums		44	(3,895)
Net premium written and earned		(198)	9,689
Reinsurance to close premium received, net of reinsurance	5	-	13,086
		(198)	22,775
Allocated investment return transferred from the non-technical account		15	72
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(3,315)	(11,212)
Reinsurers' share		437	2,093
Net claims paid		(2,878)	(9,119)
Amount retained to meet known and unknown outstanding liabilities, net of reinsurance	6	3,507	(8,060)
		629	(17,179)
Net operating expenses	7	(318)	(7,476)
Balance on the technical account – long term business		128	(1,808)

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

Income Statement: Non-technical Account

2014 Run-off Year of Account for the four years ended 31 December 2017

	Note	Calendar Year 2017 £'000	Cumulative Balance to 31 December 2017 £'000
Balance on the technical account – long term business		128	(1,808)
Investment income	8	42	173
Unrealised gains on investments	8	-	3
Investment expenses and charges	8	(27)	(35)
Unrealised losses on investments	8	-	(69)
Allocated investment return transferred to the long term business technical account		(15)	(72)
Loss for the four years as at 31 December 2017		128	(1,808)

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.

Income Statement: Technical Account – Long Term Business

2015 Run-off Year of Account for the three years ended 31 December 2017

	Note	£'000
Syndicate allocated capacity		22,281
Earned premiums, net of reinsurance		
Gross premiums written	4	12,208
Outward reinsurance premiums		(2,145)
Net premium written and earned		10,063
Reinsurance to close premium received, net of reinsurance	5	-
		10,063
Allocated investment return transferred from the non-technical account		(1)
Claims incurred, net of reinsurance		
Claims Paid		
Gross amount		(3,802)
Reinsurers' share		768
Net claims paid		(3,034)
Amount retained to meet known and unknown outstanding liabilities, net of reinsurance	6	(1,066)
		(4,100)
Net operating expenses	7	(7,609)
Balance on the technical account – long term business		(1,647)

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

Income Statement: Non-technical Account

2015 Run-off Year of Account for the three years ended 31 December 2017

	Note	£'000
Balance on the technical account – long term business		(1,647)
Investment income	8	(1)
Unrealised gains on investments	8	-
Investment expenses and charges	8	-
Unrealised losses on investments	8	-
Allocated investment return transferred to the long term business technical account		1
Loss for the three years as at 31 December 2017		(1,647)

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 Run-off Year of Account as at 31 December 2017

	Note	£'000
Investments		
Financial investments	9	6,929
Reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	6	1,230
Debtors		
Debtors arising out of direct insurance operations	11	963
Other debtors	12	403
		1,366
Other assets		
Cash at bank and in hand		728
Overseas deposits		385
		1,113
Total assets		10,638
Liabilities		
Amounts due to members		128
Gross amounts retained to meet known and unknown outstanding liabilities	6	9,290
Creditors		
Creditors arising out of direct insurance operations	13	1,220
Total liabilities		10,638

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

The Syndicate underwriting year accounts on pages 49 to 73 were approved by the Board of ASL on 16 March 2018 and were signed on its behalf by:

J A H G Cartwright
Director

16 March 2018

Statement of Financial Position

2015 Run-off Year of Account as at 31 December 2017

	Note	£'000
Investments		
Financial investments	9	-
Reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	6	-
Debtors		
Debtors arising out of direct insurance operations	11	56
Other debtors	12	12
		68
Other assets		
Cash at bank and in hand		164
Overseas deposits		69
		233
Amounts due from members		1,753
Total assets		2,054
Liabilities		
Gross amounts retained to meet known and unknown outstanding liabilities	6	1,066
Creditors		
Creditors arising out of direct insurance operations	13	988
Total liabilities		2,054

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

The Syndicate underwriting year accounts on pages 49 to 74 were approved by the Board of ASL on 16 March 2018 and were signed on its behalf by:

J A H G Cartwright
Director

16 March 2018

Statement of Changes in Members' Balances

2014 Run-off Year of Account for the four years ended 31 December 2017

	£'000
Amounts due from members at 1 January 2014	-
Loss for the 2014 run-off year of account	(1,808)
Prepaid members' agents' fees	(106)
Transfer to members in respect of underwriting participations	2,042
Amounts due to members at 31 December 2017	128

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

Statement of Changes in Members' Balances

2015 Run-off Year of Account for the three years ended 31 December 2017

	£'000
Amounts due from members at 1 January 2015	-
Loss for the 2015 run-off year of account	(1,647)
Prepaid members' agents' fees	(106)
Amounts due from members at 31 December 2017	(1,753)

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

Statement of Cash Flows

2014 Run-off Year of Account for the four years ended 31 December 2017

	£'000
Loss for the 2014 run-off year of account	(1,808)
Adjustment for:	
Increase in gross amounts retained to meet known and unknown outstanding liabilities	9,290
Increase in reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	(1,230)
Operating cash flow before movement in working capital	6,252
Increase in debtors	(1,366)
Increase in creditors	1,220
Investment return	(72)
Net cash inflow from operating activities	(218)
Cash flows from investing activities:	
Purchase of other financial instruments	(6,929)
Investment income received	72
Movements in overseas deposits	(385)
Net cash outflow from investing activities	(7,242)
Net cash flow from financing activities:	
Transfer from members in respect of underwriting participations	2,042
Members' agents' fees paid on behalf of members	(106)
Net cash outflow from financing activities	1,936
Net increase in cash and cash equivalents:	728
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 2017	728

Statement of Cash Flows

2015 Run-off Year of Account for the three years ended 31 December 2017

	£'000
Loss for the 2015 run-off year of account	(1,647)
Adjustment for:	
Increase in gross amounts retained to meet known and unknown outstanding liabilities	1,066
Increase in reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	-
Operating cash flow before movement in working capital	(581)
Increase in debtors	(68)
Increase in creditors	988
Investment Return	1
Net cash inflow from operating activities	921
Cash flows from investing activities:	
Purchase of other financial instruments	-
Investment income received	(1)
Movements in overseas deposits	(69)
Net cash outflow from investing activities	(70)
Net cash flow from financing activities:	
Members' agents' fees paid on behalf of members	(106)
Net cash outflow from financing activities	(106)
Net increase in cash and cash equivalents:	164
Cash and cash equivalents at 1 January 2015	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2017	164

Notes to the Syndicate Run-off Underwriting Year Accounts

1. Basis of preparation

These run-off 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 including 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).

Members participate on a Syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2014 and 2015 years of account which have been kept open as at 31 December 2017. Consequently the statement of financial position represents the net assets and liabilities of the 2014 and 2015 years of account as at the current year end. The income statement and statement of cash flows reflect the transactions for the 2014 and 2015 years of account during the 48 months and 36 months period to date.

Syndicate in Run-Off

Following the withdrawal of capital support to continue underwriting the Syndicate for the 2017 year of account, and consent to cease the Syndicate from Lloyd's Capacity Transfer Panel, the Syndicate was put into run-off at 31 December 2016. The consequent decision to keep the 2014 and 2015 years of account open is after consideration that the capital participation on the 2014, 2015 and 2016 years of account is not fully consistent and that there is significant change in business mix between these years. A run-off provision has been included within the technical provisions of the Syndicate representing management's best estimate assessment of the expected costs to be incurred in finalising the Syndicate's liabilities. Additional net expenses of £0.9m and £0.2m including future reinsurance costs has been included within the long term business provision for the 2014 and 2015 accounts respectively reflecting that the Syndicate is no longer a going concern.

ASL has committed to work with capital providers to develop an acceptable means of closing the 2014 and 2015 years of account at the earliest appropriate date which is currently estimated as 31 December 2018. However until agreement has been reached with a third party the ultimate cost and timing of any reinsurance to close, together with the future expenses required until any such reinsurance to close is concluded, remains uncertain. The ultimate costs to finalise the 2014 and 2015 years of account's liabilities may vary significantly from those recorded within the technical provisions.

These run-off underwriting year accounts cover the period from the date of inception of the 2014 and 2015 years of account to the current year end date. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

As a consequence of the 2014 and 2015 years of account remaining open and not reinsuring to close into the subsequent years of account, the risks to the members on these open years remain. The risk disclosure requirements of FRS 102 and FRS 103 are therefore deemed applicable to these underwriting year accounts.

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. If an equitable reinsurance to close cannot be determined due to reserve uncertainty the year is held open until an equitable reinsurance to close can be determined.

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 run-off underwriting year accounts. In addition to the policies disclosed in the Annual Accounts, the run-off 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 and duties. 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 year of account existing on an annual accounting basis has been included within the reinsurance to close premium payable. Where a year 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.

Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance

The estimate of the amount retained to meet all known and unknown liabilities 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.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the "Claims Provisions and Related Recoveries" and "Long-term Business Provision" sections within the accounting policies to the annual accounts.

The directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. The uncertainties which are inherent in the process of estimating are such that in the normal course of events, unforeseen or unexpected future developments may cause the ultimate cost of settling the outstanding liabilities to differ from that presently estimated. Credit is taken for any reinsurance recoveries that are presently estimated to be recoverable. 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.

Any unearned premiums are taken into account within the calculation of the amount retained to meet all known and unknown liabilities.

An expense provision is included within the amount retained to meet all known and unknown liabilities representing the directors' best estimate of the expected future expenses to be incurred in concluding the Syndicate's liabilities on the 2014 and 2015 years of account.

The calculation of the amount retained to meet all known and unknown liabilities 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 those recorded at the current statement of financial position date.

Investment Return

Investment return comprises all 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 and group service companies 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 group service companies 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 four settlement currencies, Sterling, US Dollars, Euros and Norwegian Krone. 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 amounts retained to meet known and unknown outstanding liabilities, net of reinsurance 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. As these accounts report the total profit or loss to be transferred to members all differences arising on translation of foreign currency amounts in the Syndicate have been included in the technical account.

3. Risk and capital management

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.

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.

The Syndicate makes use of excess of loss reinsurance to mitigate the risk of incurring significant losses linked to one event.

i. Concentration of insurance risk

The 2014 and 2015 years of account's exposure to insurance risk is diversified by class of business and geography. The diversification by class of business is set down in the business class analysis in note 5.

ii. 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 year of account.

	2014 Year of Account		2015 Year of Account	
	5% Increase	5% Decrease	5% Increase	5% Decrease
	£'000	£'000	£'000	£'000
Gross Claims	(464)	464	(53)	53
Reinsurers' Share	61	(61)	-	-
Net Impact on members' balances	(403)	403	(53)	53

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.

The credit rating of financial assets that are neither past due or impaired is as follows:

2014 Year of Account

As at 31 December 2017	AAA £'000	AA £'000	A £'000	BBB £'000	Not Rated £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	6,929	-	-	-	-	6,929
Debt securities and other fixed income securities	-	-	-	-	-	-
Overseas deposits	385	-	-	-	-	385
Cash at bank and in hand	-	-	728	-	-	728
Reinsurers' share of insurance liabilities	-	1,057	-	-	-	1,057
Total credit risk	7,314	1,057	728	-	-	9,099

2015 Year of Account

As at 31 December 2017	AAA £'000	AA £'000	A £'000	BBB £'000	Not Rated £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Overseas deposits	69	-	-	-	-	69
Cash at bank and in hand	-	-	164	-	-	164
Reinsurers' share of insurance liabilities	-	-	-	-	-	-
Total credit risk	69	-	164	-	-	233

The Syndicate has no debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date for both 2014 and 2015 years of account.

There are no debtors arising from direct or reinsurance insurance operations that are impaired at the reporting date for both 2014 and 2015 years of account.

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 Finance Director (FD), together with the Risk Committee, reviews currency matching quarterly.

The following table summarises the carrying value of the Syndicate's assets and liabilities at the reporting date.

2014 Year of Account

As at 31 December 2017	Sterling £'000	Euro £'000	US Dollar £'000	Norwegian Krone £'000	Total £'000
Total Assets	8,399	1,375	442	422	10,638
(Total Liabilities)	(3,291)	(5,922)	(15)	(1,282)	10,510
Net Assets / (Liabilities)	5,108	(4,547)	427	(860)	128

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 £0.2m.

2015 Year of Account

As at 31 December 2017	Sterling £'000	Euro £'000	US Dollar £'000	Norwegian Krone £'000	Total £'000
Total Assets	(1,116)	880	(313)	850	301
(Total Liabilities)	(1,597)	(114)	(127)	(246)	(2,084)
Net Assets / (Liabilities)	(2,683)	(766)	(440)	604	(1,753)

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 £0.04m.

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 Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation. The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

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.

2014 Year of Account

As at 31 December 2017	Carrying amount	Total cash flows	Undiscounted net cash flows Less than 1 year	1-3 years	3-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments	6,929	6,929	6,929	-	-	-
Overseas deposits	385	385	385	-	-	-
Reinsurers' share amounts retained to meet known and unknown outstanding liabilities	1,230	1,230	725	320	111	74
Debtors arising out of insurance operations	963	963	963	-	-	-
Cash at bank and in hand	728	728	728	-	-	-
Other debtors	403	403	403	-	-	-
Total assets	**10,638**	**10,638**	**10,133**	**320**	**111**	**74**
Gross amounts retained to meet known and unknown outstanding liabilities	(9,290)	(9,290)	(5,482)	(2,416)	(836)	(556)
Creditors	(1,220)	(1,220)	(1,220)	-	-	-
Total liabilities	**(10,510)**	**(10,510)**	**(6,702)**	**(2,416)**	**(836)**	**(556)**
Net assets / (liabilities)	**128**	**128**	**3,431**	**(2,096)**	**(725)**	**(482)**

2015 Year of Account

As at 31 December 2017	Carrying amount	Total cash flows	Undiscounted net cash flows Less than 1 year	1-3 years	3-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments	-	-	-	-	-	-
Overseas deposits	69	69	69	-	-	-
Reinsurers' share amounts retained to meet known and unknown outstanding liabilities	-	-	-	-	-	-
Debtors arising out of insurance operations	56	56	56	-	-	-
Cash at bank and in hand	164	164	164	-	-	-
Other debtors	12	12	12	-	-	-
Total assets	301	301	301	-	-	-
Gross amounts retained to meet known and unknown outstanding liabilities	(1,066)	(1,066)	(544)	(352)	(96)	(74)
Creditors	(988)	(988)	(852)	(136)	-	-
Total liabilities	(2,054)	(2,054)	(1,396)	(488)	(96)	(74)
Net assets / (liabilities)	(1,753)	(1,753)	(1,095)	(488)	(96)	(74)

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 (including Conduct) 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. ASL has a Product Governance 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.

Capital management (excluding Funds as 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 the Syndicate 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.

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 53 and 54, 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.

4. Segmental analysis

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

	Note	2014 Year of Account £'000	2015 Year of Account £'000
Scheme		7,582	5,840
Group		3,301	5,956
Individual		2,701	412
Gross premium written	(a)	13,584	12,208
Periodic premiums		10,188	9,301
Single premiums		3,396	2,907
Gross premium written	(a)	13,584	12,208
Geographical Origin of business by situs of risk			
UK		9,200	3,191
Other EU countries		1,954	8,262
Other countries		2,430	755
Gross premiums written	(a)	13,584	12,208
Reinsurance balance	(b)	(1,802)	(1,377)

Notes:
(a) Gross premiums written have been analysed by reference to the Situs of the risk. All premiums written are in respect of contracts concluded in the UK and are in respect of term life business.
(b) The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums.

5. Reinsurance to close premium received

2014 Year of Account Only

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium received	2,885	12,091	14,976
Reinsurance recoveries anticipated	(340)	(1,550)	(1,890)
Reinsurance to close premium received, net of reinsurance	2,545	10,541	13,086

6. Amounts retained to meet known and unknown outstanding liabilities

2014 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross amounts retained to meet known and unknown outstanding liabilities	(608)	(8,682)	(9,290)
Reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	177	1,053	1,230
Amounts retained to meet known and unknown outstanding liabilities net of reinsurance	(431)	(7,629)	(8,060)

2015 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross amounts retained to meet known and unknown outstanding liabilities	(170)	(896)	(1,066)
Reinsurance recoveries anticipated on gross amounts retained to meet known and unknown outstanding liabilities	-	-	-
Amounts retained to meet known and unknown outstanding liabilities net of reinsurance	(170)	(896)	(1,066)

7. Net operating expenses

2014 Year of Account

	Calendar Year 2017	Cumulative Balance to 31 December 2017 £’000
Brokerage and commissions	(122)	4,208
Other acquisition costs	-	700
Acquisition costs	(122)	4,908
Administrative expenses	465	3,264
Members’ standard personal expenses	-	201
Profit on exchange	(25)	(897)
	318	7,476
Members’ agents’ fees not included within the technical account, but treated as a deduction from members’ balances	20	106

2015 Year of Account

	Cumulative Balance to 31 December 2017 £’000
Brokerage and commissions	4,241
Other acquisition costs	1,109
Acquisition costs	5,350
Administrative expenses	2,293
Members’ standard personal expenses	208
Profit on exchange	(242)
	7,609
Members’ agents’ fees not included within the technical account, but treated as a deduction from members’ balances	106

8. Investment return Investment return

2014 Year of Account

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

	Calendar Year 2017 £'000	Cumulative Balance to 31 December 2017 £'000
Investment income:		
Interest and dividend income	42	172
Realised gains	-	1
Unrealised gains on investments	-	3
Investment expenses and charges:		
Investment management expenses, including interest	(2)	(8)
Losses on the realisation of investments	(25)	(27)
Unrealised losses on investments	-	(69)
Total investment return transferred to the technical account from the non-technical account	15	72

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

	Calendar Year 2017 £'000	Cumulative Balance to 31 December 2017 £'000
Financial assets at fair value through profit or loss	17	80
Investment management expenses, excluding interest	(2)	(8)
Total investment return	15	72

2015 Year of Account

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

	Cumulative Balance to 31 December 2017 £'000
Investment income:	
Interest and dividend income	(1)
Total investment return transferred to the technical account from the non-technical account	(1)

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	(1)
Total investment return	(1)

9. Financial investments

2014 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	6,929	6,929
Debt securities and other fixed income securities	-	-
	6,929	6,929

Financial investments	2017 £'000
Measured at fair value through profit and loss	6,929
Measured at amortised cost	-
Total financial investments	6,929

The Syndicate does not hold any financial liabilities.

The 2014 year of account's investments are analysed between the three levels in the fair value hierarchy as follows:

31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	-	6,969	-	6,969
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	-	385	-	385
	-	7,354	-	7,354

2015 Year of Account

The 2015 year of account of the Syndicate does not hold any financial investments and liabilities. The 2015 year of account's overseas deposits are analysed between the three levels in the fair value hierarchy as follows:

31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	-	69	-	69
	-	69	-	69

Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market where quoted prices are readily available from an exchange, dealer, broker, industry group or pricing service and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions.

The level 3 category includes financial assets measured using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data but are based on assumptions that market participants would use in pricing the asset.

10. Balance on the technical account

2014 Year of 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	3,955	1,641	5,596
Brokerage and commissions	(2,655)	(1,553)	(4,208)
	1,300	88	1,388
Allocated investment return transferred from the non-technical account			72
Net operating expenses other than acquisition costs			(3,268)
Loss for the 2014 run-off year of account			(1,808)

2015 Year of Account

	Total 2015 Year of account £'000
Technical account balance before net operating expenses and allocated investment return	5,963
Brokerage and commissions	(4,241)
	1,722
Allocated investment return transferred from the non-technical account	(1)
Net operating expenses other than acquisition costs	(3,368)
Loss for the 2015 run-off year of account	(1,647)

11. Debtors arising out of direct insurance operations

	2014 Year of Account £'000	2015 Year of Account £'000
Due within one year – intermediaries	963	56

12. Other debtors

	2014 Year of Account £'000	2015 Year of Account £'000
Inter-year loans	403	12

13. Creditors arising out of direct insurance operations

	2014 Year of Account £'000	2015 Year of Account £'000
Due within one year - intermediaries	1,220	988

14. 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 – both ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group was ANV Holdings BV.

On 7 November 2016, ANV Holdings BV, and its subsidiary undertakings (ANV Group) were acquired by AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) from ANV Holdings BV'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 (ASL).

Syndicate Capital

Prior to the sale of Jubilee Managing Agency Limited ('JMAL') to the ANV Group, the parent company of JMAL was Jubilee Group Holdings Limited (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 and RSG became the ultimate parent company.

As part of the sale of JMAL to the ANV Group in 2013, RSG acquired a shareholding of 20% in ASML, the immediate parent company of ASL.

Following the acquisition of JMAL by RSG in 2011, Ryan Specialty Group Risk LLC, another entity with commonality of ownership with RSG, through its wholly owned subsidiary, Jubilee Corporate Member LLP, provided 32% of the Underwriting Capacity of the Syndicate for both the 2014 and 2015 underwriting years.

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.

AmTrust Entities

A large proportion of the expenses incurred in operating the Syndicate were incurred by group service companies and were then recharged under intragroup service agreements with ASL on a basis that reflected the Syndicate's usage of resources. Group recharges are charged on a cost basis and predominantly represent recharges of staff costs for employees working on syndicate business as well as other administrative expenses including accommodation, professional fees and information technology.

Prior to 1 January 2015, these recharges were performed by ASL. Following a transfer of all employment and other service contracts to AmTrust Central Bureau of Services Limited (CBS) (then named ANV Central Bureau of Services Limited), with effect from 1 January 2015, intragroup service arrangements between ASL and CBS were updated to enable CBS to perform the recharge of all costs to the Syndicate. Following the acquisition of ANV by AmTrust additional intragroup service agreements between ASL and AmTrust services companies (AmTrust Syndicate Holdings Ltd and AmTrust Management Services Ltd) were agreed.

These recharges, included within amounts disclosed as net operating expenses, acquisition costs and claims incurred were as follows:

	2014 Year of Account £'m	2015 Year of Account £'m
AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited – both 'CBS')	3.6	3.3
AmTrust Syndicate Holdings Limited ('ASH')	0.1	0.1
Total expenses recharged	**3.7**	**3.4**

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.

The following directors of ASL are also directors of CBS: P Dewey, J E Cadle, M G Caviet and J M Hamilton (resigned from ASL Board 31 December 2017).

The following directors of ASL are also directors of ASH: P Dewey, J E Cadle and M G Caviet.

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 both the 2014 and 2015 underwriting years of account, ASL charged an average agent's fee of 0.575% of capacity. Within the financial statements for both underwriting years, fees of £0.1m and profit commission of £nil have been charged. At 31 December 2017 there are no unpaid fees in relation to either year of account.

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 were part of RSG until 18 April 2017. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services; and
- Lutine Assurance Services Limited – UK coverholder providing underwriting services.

Lutine Assurance Services Limited (Lutine), underwrites, accepts and manages individual and Group life risks received from IFAs on behalf of the Syndicate. Business generated by Lutine and underwritten by the Syndicate is under a Lloyd's binding authority. The gross commission payable to Lutine by the Syndicate for the 2014 and 2015 years of account was £nil.

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL provides a range of administrative services to the Syndicate. JSSL received fee income of £nil in respect of services provided to the 2014 and 2015 years of account of Syndicate 779. The balance outstanding at the yearend was £nil for both years of account.

Jubilee Europe B.V (JE) (formerly Cassidy Davis Europe B.V) incorporated in the Netherlands, provided marketing services, held a limited binding authority to accept business, and handled claims 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 by the Syndicate in respect of both the 2014 and 2015 years of account was £nil.

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

Directors' interests

Neither the directors nor the active underwriter participate on the 2014 and 2015 years of account of the Syndicate.

15. Post balance sheet events

On 15 February 2018 the Board of the Managing Agent authorised a call of £1.7m from members' personal reserve funds in relation to the 2015 year of account which remains open at 31 December 2017.

16. Ultimate parent company

ASL'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. (AFSI) a company incorporated in Delaware, USA and listed on the NASDAQ Stock Market. A copy of AFSI'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 2017

	2009 Closed	2010 Closed	2011 Closed	2012 Closed	2013 Closed	2014 Run-off	2015 Run-off
Syndicate allocated capacity (£'000)	30,000	27,000	27,000	27,000	22,281	22,281	22,281
Number of underwriting members	269	261	228	214	173	147	142
Aggregate net premiums (£'000)	11,713	11,004	11,685	11,282	7,436	5,482	5,822
Result for a Name with an illustrative share of £10,000							
	£	£	£	£	£	£	£
Gross premiums	6,586	6,523	6,722	6,711	5,752	4,209	3,575
Net premiums	3,904	4,076	4,328	4,179	3,337	2,460	2,613
Premium for reinsurance to close an earlier year of account earlier year of account	11,144	11,902	-	7,147	6,619	5,873	-
Net claims	(3,200)	(6,539)	(2,596)	(4,528)	(3,213)	(4,093)	(1,362)
Reinsurance to close the year of account/Amount retained	(10,712)	(6,666)	(481)	(5,462)	(5,873)	(3,618)	(479)
Syndicate operating expenses	(858)	(1,723)	(1,317)	(1,231)	(1,337)	(1,779)	(1,527)
Profit/(loss) on exchange	(144)	(74)	(86)	(309)	(280)	403	109
Balance on technical account	134	976	(152)	(204)	(747)	(754)	(646)
Investment return	362	452	37	77	79	32	(1)
Profit/(loss) before personal expenses	496	1,428	(115)	(127)	(668)	(722)	(647)
Illustrative profit commission	(165)	(226)	-	-	-	-	-
Illustrative personal expenses (note 2)	(122)	(198)	(189)	(168)	(175)	(90)	(93)
Other Income/ Charges	567	-	-	-	-	-	-
Profit / (loss) after illustrative expenses	£776	£1,004	£(304)	£(295)	£(843)	£(812)	£(740)
Capacity utilised (note 3)	65.9%	65.2%	67.2%	67.1%	57.5%	42.1%	35.8%
Net capacity utilised (note 4)	39.0%	40.8%	43.3%	41.8%	33.4%	24.6%	26.1%
Underwriting profit ratio (note 5)	2%	15.0%	(2.3%)	(3.0%)	(13.0%)	(17.9%)	(18.1%)
Result as a percentage of stamp capacity	7.8%	10.1%	(3.0%)	(2.9%)	(8.4%)	(8.1%)	(7.4%)

Notes to the Summary

1. *The summary has been prepared from the audited accounts of the Syndicate.*
2. *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.*
3. *Capacity utilised represents gross premium written expressed as a percentage of allocated capacity.*
4. *Net capacity utilised represents written premium net of reinsurance expressed as a percentage of allocated capacity.*
5. *The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.*
6. *For consistency across the seven year summary all premiums and operating expenses are stated exclusive of brokerage and commissions.*

AmTrust Syndicates Limited

AmTrust at Lloyd's
An AmTrust Financial Company