

Important information about Syndicate Reports and Accounts

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

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

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



SYNDICATE 6117

Argo Managing Agency Limited
*Report and Syndicate Annual Accounts
For the year ended 31 December 2017*
SYNDICATE 6117

 **ARGOGLOBAL**
Member Argo Group

Contents

Section 1 Report and Syndicate Annual Accounts

Directors and Advisors	2
Chairman's Statement	3
Report of the Directors of the Managing Agent	4
Statement of Managing Agent's Responsibilities	8
Report of the Independent Auditors	9
Income Statement	11
Statement of Comprehensive Income	12
Statement of Changes in Members' Balances	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	15

Section 2 Underwriting Year Accounts

Report of the Directors of the Managing Agent	30
Statement of Managing Agent's Responsibilities	31
Report of the Independent Auditors	32
2015 Year of Account:	
Income Statement	34
Statement of Financial Position	35
Statement of Changes in Members Balances	36
Statement of Cash Flows	36
Notes to the Underwriting Year Accounts	37

Section 1:
Syndicate 6117
Report and Syndicate Annual Accounts

Directors and Advisors

MANAGING AGENT'S REGISTERED OFFICE

Argo Managing Agency Limited
Exchequer Court
33 St Mary Axe
London EC3A 8AA

MANAGING AGENT'S REGISTERED NUMBER

03768610

DIRECTORS

A P Latham (Chairman)
D Argyle
F-X Boisseau
J S Bullock
P J Grant
J A Hernandez
D J Kirby
D M Lang
K A Nealon
M Wilken

SYNDICATE

Argo Syndicate 6117

ACTIVE UNDERWRITER

M Wilken

BANKERS

Barclays Bank Plc
Citibank NA
RBC Dexia

AUDITORS

Ernst & Young LLP
Statutory Auditor
25 Churchill Place
Canary Wharf
London E14 5EY

Chairman's Statement



I present to you my report as Chairman of Argo Managing Agency Limited ('AMA') and its Special Purpose Arrangement ("SPA") 6117 which reinsures Argo Syndicate 1910.

RESULTS SUMMARY

Gross written premiums increased from £45.6m in 2016 to £101.3m, generating a loss of £18.0m compared to a loss of £5.6m in 2016 and a total comprehensive loss of £24.6m compared to income of £1.9m in 2016.

The performance in 2017 has been impacted by the worst year for catastrophes in the US for over a decade. Hurricanes Harvey, Irma and Maria, the wildfires in California and earthquakes in Mexico causing insured market losses of \$135 billion the costliest year on record (source: *Munich Re*). The impact of the catastrophe losses on Syndicate 6117 net of reinsurance recoveries was to reduce profit by £26m. The net impact of these events was managed due to the effectiveness of the reinsurance programme purchased by 1910 to protect against such large events. The losses mainly impacted the 2017 Year of Account. Thus the expected result on this year of account will be disappointing compared to prior year returns with fewer catastrophes.

The 2016 Year of Account has performed creditably given that it was affected by Hurricane Matthew and fires in Alberta. The year is forecast to beat plan when it closes in 12 months time with a return on stamp of 7.51%. This is despite challenging market conditions that continued to erode profit premium and margin volumes.

The 2015 Year of Account has performed well and has returned a return on stamp of 13.64% thanks to a benign period of losses and a stronger rating environment than that experienced in 2017.

STAFF COMMITMENT

2017 has been another demanding year for staff in all areas of the business particularly following the acquisition of Ariel by the Managing Agency. I would like to thank staff for their continued commitment and enthusiasm in difficult market conditions and for completing the successful integration of Ariel into the Agency. I believe their continued dedication and enthusiasm leaves the syndicate in the best possible position to successfully navigate current market conditions.

Tony Latham
Chairman

12 March 2018

Report of the Directors of the Managing Agent

On 6 February 2017 the Argo group acquired the Ariel Re group and on 7 February 2017 the Syndicate novated from Asta Managing Agency Ltd to Argo Managing Agency Limited, a company registered in England and Wales.

The directors of the Argo Managing Agency Limited accordingly present their report for the year ended 31 December 2017.

REPORTING BASIS

These syndicate annual accounts are 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").

RESULTS

The total recognised income for calendar year 2017 is a loss of £24.6m (2016 profit: £1.9m). Profits will be distributed by reference to the results of individual underwriting years.

CALENDAR YEAR RESULTS

The syndicate's key financial performance indicators during the year were as follows:

	2017 £m	2016 £m
Gross written premium	101.3	45.6
(Loss)/profit for the financial year	(18.0)	(5.6)
Total comprehensive income	(24.6)	1.9
Combined ratio %	119.6%	115.7%

The combined ratio is made up of the claims and expense ratio.

UNDERWRITING YEARS OF ACCOUNT SUMMARY

The return on capacity for the 2015 closed year of account at 31 December 2017 is shown below together with forecasts for the two open years of account.

Year of account summary	2017 F £m	2016 F £m	2015 A £m
Stamp capacity	106.8	51.9	38.1
Stamp premium income	101.2	36.3	25.1
Stamp utilisation	94.8%	69.9%	65.9%
Gross written premium	101.2	36.3	25.1
(Loss)/profit	(24.2)	3.9	5.2
(Loss)/return on stamp	(22.7%)	7.5%	13.6%

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Syndicate was established in 2014 as a 'sidecar' Special Purpose Arrangement, writing a 25 percent whole account quota share of Syndicate 1910 for the 2014 year of account, 20 percent for 2015, 30 percent for 2016 and 50% for 2017. In 2015, Syndicate 1910 wrote a quota-share contract comprising predominately personal lines and some limited small commercial lines. This business was not reinsured by Syndicate 6117. Both syndicates are now managed by Argo Managing Agency Limited having previously been managed by Asta Managing Agency Ltd. The syndicate is charged an overriding commission on all gross premium written as well as its share of all Lloyd's levies, subscriptions and costs. A profit commission is payable to Syndicate 1910 based on the profit earned under the contract. The Syndicate will take a 40% share of the entirety of Syndicate 1910's business for 2018.

REINSURANCE PROGRAMME PURCHASE

The Syndicate does not buy reinsurance independently of its host Syndicate 1910, but benefits from the reinsurance protection purchased by Syndicate 1910 as premiums and claims are ceded, under the whole account quota-share net of Syndicate 1910's reinsurance.

INVESTMENTS

The Syndicate operates on a funds withheld basis, and so does not operate its own bank accounts or hold any investments, but benefits from the investment return earned by host Syndicate 1910 which cedes a share of expenses net of credit for its own investment income.

FOREIGN EXCHANGE EXPOSURE POLICY

The aim of the host Syndicate's policy is to minimise foreign exchange volatility in US Dollar terms (the functional currency of the syndicate). To achieve this, they aim to match assets and liabilities in currency. It is the host Syndicate's policy to hold its surplus assets (profits) in US Dollars.

PRINCIPAL RISKS AND UNCERTAINTIES

Note 12 in the notes to the financial statements provides an analysis of the key insurance and financial risks to which the syndicate is exposed.

DONATIONS

Charitable donations during the year amounted to £nil (2016: £nil).

OUTLOOK AND FUTURE DEVELOPMENTS

The Syndicate will continue to write a whole account quota share of Syndicate 1910. This will reduce to 40% for the 2017 year of account as 1910 expands following the combination of Argo's reinsurance business platforms in Bermuda, from 50% for 2017.

The capacity for the 2018 year of account is £96.5m (2017 year of account £108.3m).

Report of the Directors of the Managing Agent

DIRECTORS AND OFFICERS SERVING IN THE YEAR

The directors of the managing agent, who served during the year ended 31 December 2017 and to the date of this report, were:

Directors and officers

A P Latham (independent non-executive; Chairman)	
D Argyle	
F-X B Boisseau (independent non-executive)	Appointed 1 January 2018
J S Bullock (non-executive)	
P L Burrows (independent non-executive)	Resigned 25 October 2017
P J Grant (independent non-executive)	
D J Harris	Resigned 26 July 2017
J A Hernandez	Appointed 25 April 2017
D J Kirby	Appointed 24 May 2017
D M Lang	
T Mills (company secretary)	Appointed 1 January 2018
K A Nealon (independent non-executive)	
B C Ritchie	Resigned 29 September 2017
M E Watson III (non-executive)	Resigned 26 July 2017
M Wilken	Appointed 4 October 2017
C V Barley	Asta Managing Agency novated on 7 February 2017
M D Mohn	Asta Managing Agency novated on 7 February 2017
K Shah	Asta Managing Agency novated on 7 February 2017

On 4 October 2017, Matthew Wilken was appointed as active underwriter replacing Dominic J Kirby.

On 21 September 2017, Dominic J Kirby was appointed chief executive of Argo Managing Agency following the departure of David J Harris to take up a position as Head of Performance with Argo Group.

ANNUAL GENERAL MEETING

The directors do not propose to hold an annual general meeting for the syndicate. If any member agent or direct corporate supporter of the syndicate wishes to meet with them, the directors are happy to do so.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director of the Managing Agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Syndicate auditor in connection with the auditor's report, of which the auditor is unaware. Having made enquiries of fellow directors of the Agency and the Syndicate's Auditors, each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

AUDITORS

The Syndicate's auditors, Ernst & Young LLP, are deemed to be reappointed under the provisions of The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 and Section 487(2) of the companies Act 2006.

Approved by the Board of Argo Managing Agency Limited and signed on behalf of the Board.

D J Kirby

Director

12 March 2018

Statement of Managing Agent's Responsibilities

The managing agent is responsible for preparing the annual report and the syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the managing agent to prepare syndicate annual accounts at 31 December each year, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 these syndicate annual accounts, the managing agent is required to:

- select suitable accounting policies, and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the syndicate annual accounts; and
- prepare the syndicate annual accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to do so.

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

The managing agent is responsible for the maintenance and integrity of the corporate and financial information 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.

Report of the Independent Auditors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6117

OPINION

We have audited the syndicate annual accounts of syndicate 6117 ('the syndicate') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 13, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view 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 syndicate annual accounts section of our report below. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts 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.

USE OF OUR REPORT

This report is made solely to the syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters 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.

CONCLUSIONS RELATING TO 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 syndicate annual accounts is not appropriate; or
- the managing agent has not disclosed in the syndicate annual accounts any identified material uncertainties that may cast significant doubt about the syndicate's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the syndicate annual accounts are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the syndicate annual accounts and our auditor's report thereon. The managing agent is responsible for the other information.

Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the syndicate annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts 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 syndicate annual accounts 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Report of the Independent Auditors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6117

OPINION ON OTHER MATTER 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 managing agent's report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts, and
- the managing agent's report 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 managing agent's report.

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

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit; or
- certain disclosures of the managing agents' emoluments specified by law are not made.

RESPONSIBILITIES OF THE MANAGING AGENT

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 8, the managing agent is responsible for the preparation of the syndicate annual accounts 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 the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, 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 SYNDICATE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the syndicate annual accounts 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 syndicate annual accounts.

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

Stuart Wilson (*Partner*)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 March 2018

Income Statement

Year ended 31 December 2017

	Note	2017 £m	2016 £m
Technical account – general business			
Earned premiums, net of reinsurance			
Gross premiums written	2	101.3	45.6
Outward reinsurance premiums		–	–
Net premiums written		101.3	45.6
Change in the provision for unearned premiums			
– Gross amount		(9.3)	(9.9)
– Reinsurers' share		–	–
Change in the net provision for unearned premiums	3	(9.3)	(9.9)
Earned premiums, net of reinsurance		92.0	35.7
Claims incurred, net of reinsurance			
Claims paid			
– Gross amount		(73.4)	(7.5)
– Reinsurers' share	3	–	–
Change in the provision for claims	3		
– Gross amount	2, 3	(14.6)	(20.8)
– Reinsurers' share		–	–
Change in the net provision for claims	3	(14.6)	(20.8)
Claims incurred, net of reinsurance		(88.0)	(28.3)
Net operating expenses	4	(22.0)	(13.0)
Balance on the technical account for general business		(18.0)	(5.6)
Non-technical account			
Balance on the technical account for general business		(18.0)	(5.6)
Foreign exchange gains and losses		–	–
(Loss)/profit for the financial year		(18.0)	(5.6)

Statement of Comprehensive Income

Year ended 31 December 2017

	2017 £m	2016 £m
(Loss)/profit for the financial year	(18.0)	(5.6)
OCI – Currency translation differences	(6.6)	7.5
Total comprehensive income for the year	(24.6)	1.9

Statement of Changes in Members' Balances

Year ended 31 December 2017

	2017 £m	2016 £m
At 1 January	0.5	8.1
Total comprehensive income for the year	(24.6)	1.9
Members' agent fees	(0.4)	(0.5)
Release of funds at Lloyd's in Syndicate trust funds	(5.5)	(9.0)
At 31 December	(30.0)	0.5

Statement of Financial Position

at 31 December 2017

	Note	2017 £m	2016 £m
ASSETS			
Debtors			
Debtors arising out of direct reinsurance operations	7	45.2	57.9
		45.2	57.9
Members' balances and liabilities			
Capital and reserves			
Members' balances		(30.0)	0.5
Technical provisions			
Provision for unearned premiums	3	31.1	23.7
Claims outstanding	3	44.1	33.7
		75.2	57.4
Accruals and deferred income			
		–	–
Total liabilities		75.2	57.4
Total members' balances and liabilities		45.2	57.9

Approved by the Board of Argo Managing Agency Limited on 12 March 2018 and signed on its behalf by:

D Argyle
Director

D J Kirby
Director

Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Profit on ordinary activities		(18.0)	(5.6)
Increase in gross technical provisions		17.8	34.7
Increase in debtors		12.7	(26.9)
Decrease in creditors		–	(0.3)
Movement in other asset/liabilities/foreign exchange		(7)	7.1
Net cash flows from Operating activities		5.5	9.0
Cash flows from financing activities			
Early release of profit to member's personal reserve fund		5.5	(9.0)
Net cash outflow from financing activities		5.5	(9.0)
Net change in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of year		–	–
Cash and cash equivalents at end of year		–	–

Notes to the Financial Statements

Year ended 31 December 2017

1. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and Financial Reporting Standard 103 'Insurance Contracts' (FRS 103), being applicable UK GAAP accounting standards, and in accordance with the provision of Schedule 3 of the Large and Medium –sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 369 of the Companies Act 2006.

The financial statements are prepared under the historical cost convention.

BASIS OF PREPARATION

The financial statement of Syndicate 6117 were authorised for issue by the board of directors on 12 March 2018. The Financial statements have been prepared in accordance with applicable accounting standards. The functional currency of the Syndicate is US dollars and the Financial statements are prepared in sterling, and rounded to the nearest £m unless otherwise stated.

As permitted by FRS103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

JUDGEMENT AND KEY SOURCES OF UNCERTAINTY

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

Premiums Written

Gross written premiums comprise the Syndicate's share of the total premiums receivable by Syndicate 1910, net of reinsurance purchased by Syndicate 1910 and net of acquisition costs paid by Syndicate 1910, for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due

for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in prior reporting periods. Syndicate 1910 recognises premium on the date on which the policy commences. Syndicate 1910 states gross written premium gross of brokerage payable and excludes taxes and duties levied on them.

Syndicate 1910 makes estimates for pipeline premiums, representing amounts due to the Syndicate not yet notified, as well as adjustments made in the year to premiums written in prior accounting periods.

Claims incurred and reinsurer's share

Gross claims incurred comprise the Syndicate's share of claims and settlement expenses (both internal and external) paid by Syndicate 1910 in the year, and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date, but not reported until after the year end. These amounts are ceded from Syndicate 1910 net of reinsurance.

The provision for claims in Syndicate 1910 comprises amounts set aside for claims notified and claims incurred, but not yet reported (IBNR).

The amount included in respect of IBNR in Syndicate 1910 is based on statistical techniques of estimation applied by external consulting actuaries. 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 in Syndicate 1910 also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims in Syndicate 1910 is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business and the claims experience for the year. Syndicate 1910 uses a number of statistical techniques to assist in making these estimates.

Notes to the Financial Statements

Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Accordingly, the two most critical assumptions as regards claims provisions in Syndicate 1910 are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that Syndicate's share of the provisions for gross claims and related reinsurance recoveries in Syndicate 1910 are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

SIGNIFICANT ACCOUNTING POLICIES

Unearned Premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unexpired risks

A provision for unexpired risks is made where claims and related expenses are likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected 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 managed together, after taking into account relevant investment return.

At 31 December 2017 and 31 December 2016 the syndicate did not have an unexpired risks provision.

Acquisition costs

Acquisition costs comprise over-rider and profit commission paid to Syndicate 1910. The share of Syndicate 1910's acquisitions cost is not the cost of acquiring the business from Syndicate 6117's perspective and therefore the Syndicate's share

of these costs are netted off within the Syndicate's Gross written premium.

Acquisition costs are considered written, as earned, and therefore there are no deferred acquisition costs.

Profit commission

Profit commission is charged by ceding Syndicate 1910 at a rate of 17.5% of profit on a year of account basis. The Syndicate also incurs its share of the profit commission charged by the managing agent to Syndicate 1910 based on the profit on a year of account basis. This commission is payable to Syndicate 1910.

Profit commission does not become payable until the appropriate year of account closes, normally at 36 months.

Funds withheld

The syndicate operates on a "funds with-held basis" and operates no bank accounts of its own and holds no investments. Investment income earned by Syndicate 1910 is ceded to the Syndicate within administration expenses.

Syndicate operating expenses

Where expenses are incurred by the Managing Agent or on behalf of the Managing Agent on the administration of managed Syndicates, these expenses are apportioned using various methods depending on the type of expense. Expenses which are incurred jointly for the Managing Agent and managed Syndicates are apportioned between the Managing Agent and the Syndicates depending on the amount of work performed, resources used and volume of business transacted. The Syndicate incurs its share of the operating expenses and personal expenses of Syndicate 1910, and also may incur expenses on its own behalf which are then paid by Syndicate 1910, and then recharged to the Syndicate.

Foreign Currencies

The Syndicate's functional currency is US dollars and its presentational currency is Sterling.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

1. ACCOUNTING POLICIES (continued)

Exchange rates

The rates of exchange used in preparing the financial statements were:

	Average	2017 Closing	Average	2016 Closing
Euro	1.14	1.14	1.23	1.17
US dollar	1.28	1.35	1.36	1.23
Canadian dollar	1.67	1.74	1.80	1.66
Japanese yen	143.9	151.5	147.6	144.4
Australian dollar	1.68	1.78	1.83	1.71

Distribution of profits and collection of losses

Lloyd's has regulations on solvency and the distribution of profits and payment of losses between a syndicate and its members. Lloyd's continues to require syndicate membership to be on an underwriting year basis, and profits and losses belong to members according to their membership. Normally profits and losses are transferred between a syndicate and its members after results for an underwriting year are finalised after 36 months. This period may be extended if an underwriting year is placed in run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of that underwriting year, subject to Lloyd's regulations. As the Syndicate has no bank accounts of its own distributions are made on its behalf by Syndicate 1910 and treated as payments against Reinsurance premium receivable balances in the accounts.

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. Managing agents can recover UK basic rate income tax deducted from syndicate investment income, and consequently any distribution to members or 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 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 balance sheet under the heading 'other debtors'.

No provision has been made for any other foreign taxes payable by members on underwriting results.

Notes to the Financial Statements

Year ended 31 December 2017

2. SEGMENTAL ANALYSIS

An analysis of the underwriting result before investment return is set out below:

	Gross premiums written £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Total £m
2017						
Reinsurance acceptances	101.3	92.0	(88.0)	(22.0)	–	(18.0)

	Gross premiums written £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Total £m
2016						
Reinsurance acceptances	45.6	35.7	(28.3)	(13.0)	–	(5.6)

All premiums were concluded in the UK.

* Gross operating expenses are the same as net operating expenses shown in the income statement, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2017.

3. TECHNICAL PROVISIONS

	Gross provisions £m	2017 Reinsurance assets £m	Net £m	Gross provisions £m	2016 Reinsurance assets £m	Net £m
Claims outstanding						
Balance at 1 January	33.7	–	33.7	9.5	–	9.5
Change in claims outstanding	14.6	–	14.6	20.8	–	20.8
Effect of FX and other movements	(4.2)	–	(4.2)	3.4	–	3.4
Balance at 31 December	44.1	–	44.1	33.7	–	33.7
Claims notified	15.5	–	15.5	8.8	–	8.8
Claims incurred but not reported	28.6	–	28.6	24.9	–	24.9
Balance at 31 December	44.1	–	44.1	33.7	–	33.7
Unearned premiums						
Balance at 1 January	23.7	–	23.7	13.2	–	13.2
Change in unearned premiums	9.3	–	9.3	9.9	–	9.9
Effect of movements in exchange rates	(1.9)	–	(1.9)	0.6	–	0.6
Balance at 31 December	31.1	–	31.1	23.7	–	23.7

Claims development table

The tables below show the Syndicate's cumulative incurred claims development, including both claims notified and IBNR for each underwriting year, together with the cumulative payments to date on a gross and net of reinsurance basis at the balance sheet date.

The Syndicate has taken advantage of the transitional rules of FRS 103 that permit only five years of information to be disclosed upon adoption. The claims development information disclosed is being increased from five years to ten years over the period 2016-2020.

Underwriting year	2015 £m	2016 £m	2017 £m
Estimate of cumulative gross/net claims incurred:			
At end of first underwriting year	8.2	17.9	88.2
One year later	10.3	17.5	–
Two years later	15.8	–	–
Less cumulative gross paid	(6.6)	(6.9)	(63.9)
Liability for gross outstanding claims	9.2	10.6	24.3
Total liabilities for gross outstanding claims (all years)			44.1

The uncertainty associated with the ultimate claims experience of an underwriting year is greatest when the underwriting year is at an early stage of development and the margin for future experience potentially being more adverse than assumed is at its highest. As claims develop, and the ultimate cost of the claims becomes more certain, the relative level of margin should decrease. Due, however, to the uncertainty inherent in the claims estimation process, initial reserves may not always be in a surplus. In 2017, there has been an overall surplus of £11.7 million on prior year reserves.

Notes to the Financial Statements

Year ended 31 December 2017

4. NET OPERATING EXPENSES

	2017 £m	2016 £m
Acquisition costs	2.2	2.6
Administration expenses	19.8	10.4
Net operating expenses	22.0	13.0

Members' standard personal expenses amounted to nil (2016: nil).

5. AUDITORS' REMUNERATION

	2017 £m	2016 £m
Audit of the Syndicate annual accounts	–	–
Other services pursuant to regulations and Lloyd's byelaws	0.1	0.1
	0.1	0.1

Auditor's remuneration is included as part of the administrative expenses in note 4 to the financial statements.

6. STAFF COSTS AND EMOLUMENTS OF THE DIRECTORS OF THE MANAGING AGENT

No emoluments of the Directors of either Asta Managing Agency Ltd or Argo Managing Agency Limited were charged to the Syndicate during the year.

The emoluments of the active underwriter are borne by the host Syndicate, and are not separately identifiable from the fee charged to the Syndicate.

No staff that worked on Syndicate business during the year were employed by either Asta Managing Agency Ltd or Argo Managing Agency Limited. The host syndicate cedes to the Syndicate a share of an administration fee that does not separately identify staff costs.

7. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2017 £m	2016 £m
Due within one year – intermediaries	14.5	13.1
Due after one year – intermediaries	30.7	44.8
	45.2	57.9

8. RELATED PARTIES

Lloyd's market regulations require that a managing agent is responsible for employing the underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. On 7 February 2017 Syndicate 1910 (previously managed by Asta Managing Agency Ltd (Asta)) was novated to Argo Managing Agency (AMA). The immediate parent company of AMA is Argo Underwriting Agency (AUA) which was acquired by Argo International Holdings Limited (formerly Argo Acquisition, Limited) on 14 May 2008.

Argo International Holdings Limited is a wholly owned subsidiary of Argo Group headquartered in Hamilton, Bermuda. Information on the Argo Group and its subsidiaries is available at www.argolimited.com, or from 110 Pitts Bay Road, Pembroke, HM08 Bermuda.

Asta previously provided service and support to Syndicate 1910 in its capacity as Managing Agent. Managing Agent's fees of £0.1m (2016 £1.8m) and service charge of £0.4m (2016 £2.0m) were recharged by Asta to the Syndicate during 2017. As at 31 December 2017 £nil (2016 £nil) was owed to Asta in respect of services provided.

The 2017 year of account of Syndicate 1910 is supported 100% by Ariel Corporate Member Ltd (2016 50%), a subsidiary of Argo Group International Holdings Ltd.

8. RELATED PARTIES (continued)

AMA has provided service and support to Syndicate 1910 in its capacity as Managing Agent since 7 February. Managing Agent's fees of £1.0m (2016 £nil) and service charge of £0.1m (2016 £nil) were charged by AMA to the Syndicate during 2017. As at 31 December 2017 £nil (2016 £nil) was owed to AMA in respect of services provided.

The managing agent incurs a proportion of the expenses incurred in operating the syndicate and recharge them to the syndicate on a basis that reflects the syndicate's use of resources. The recharges are included in the net operating expenses, acquisition costs, claims incurred and investment expenses and charges. Included within the recharges are amounts relating to the remuneration of directors of AMA. The total amount recharged by the managing agent to the syndicate during 2017 was £4.0m (2016 £nil) excluding agent's fees and profit commission. At December 2017 an amount of £3.3m (2016 nil) was due to the managing agent from the syndicate for expenses. No interest is payable on this amount.

Ariel Re Bermuda Limited (ARBL) incurs a large proportion of the expenses incurred in operating the syndicate and recharge them to the syndicate on a basis that reflects the syndicate's use of resources. The recharges are included in the net operating expenses, acquisition costs, claims incurred and investment expenses and charges. Included within the recharges are amounts relating to the remuneration of directors of AMA. The total amount recharged by ARBL to the syndicate during 2017 was £27.2m (2016 £25.8m). At December 2017 an amount of £nil (2016 £nil) was due to ARBL from the syndicate for expenses. No interest is payable on this amount.

Ariel Re UK Limited (ARUK) incurred a proportion of the expenses in operating the syndicate and recharged them to the syndicate on a basis that reflected the syndicate's use of resources. The recharges are included in the net operating expenses, acquisition costs, claims incurred and investment expenses and charges. Included within the recharges are amounts relating to the remuneration of directors of AMA. The total amount recharged by ARUK to the syndicate during 2017 was £3.6m (2016 £8.0m). At December 2017 an amount of £nil (2016 £nil) was due to ARUK from the syndicate for expenses.

The amount of premium written with Ariel Reinsurance Limited (Ariel Re) in the year was £nil (2016 £1.0m). At 31 December the amount receivable was £nil (2016 £0.1m).

The amount of premium written with Argo Ltd in the year was £0.8m (2016 £nil). At 31 December the amount receivable was £0.4m (2016 £nil).

The amount of premium written under a Managing General agency (MGA) agreement with ARBL in the period was £233.0m (2016 £134.4m). At 31 December, the amount receivable was £171.0m (2016 £75.2m). AMA also manage a Special Purpose syndicate 6117, backed by individual names advised by the member's agent Hampden which has written a 50% whole account quota share of the net premiums, claims and expenses of Syndicate 1910 2017 Underwriting Year (2016 30%). The net amount of premium ceded with Syndicate 6117 under the whole account quota share was £101.3m (2016 £45.6m) with overriding and profit commission earned of £2.2m (2016 £0.4m). As this quota share reinsurance is placed on a funds withheld basis, the net amount due as at 31 December 2017 of £45.2m (2016 £57.9m) will not become payable until the relevant underwriting year closes after 36 months.

9. DISCLOSURE OF INTERESTS

Managing Agent's interest

Argo Managing Agency Limited is currently the Managing Agent for Lloyd's Syndicates 1200 1910 and 6117.

The Financial Statements of the Managing Agency can be obtained by application to the Registered Office (see page 1).

10. FUNDS AT LLOYD'S

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds 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 annual accounts by way of such capital resources. However, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses. Refer to note 12 for further details.

11. OFF-BALANCE SHEET ITEMS

The Syndicate has not been party to any arrangement, which is not reflected in its statement of financial position, where material risks and benefits arise for the Syndicate.

Notes to the Financial Statements

Year ended 31 December 2017

12. RISK MANAGEMENT

The Syndicate writes a quota share of the host Syndicate 1910. Therefore the risk policies described below are implemented at the host level.

a) Governance framework

The primary objective of the Managing Agent in approaching the Syndicate's risk and financial management framework is to protect the Syndicate's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Managing Agent has established a risk management function for its syndicates with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managements. Lastly the Managing Agent has a syndicate policy framework which sets out the risk profiles for its syndicates, risk management, control and business conduct standards for the Syndicate's operations, and is being enhanced following the novation between managing agencies. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Syndicate.

The board of directors of the Managing Agent approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate goals, and specify reporting requirements. Significant emphasis is placed on assessment and documentation of risks and controls, including the articulation of "risk appetite".

b) Capital management objectives, policies and approach

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regimes has changed, this has not significantly impacted the Solvency Capital requirement of the Syndicate, since this has been previously calculated based on Solvency II principles, as described below.

Within the supervisory framework, Lloyd's applies capital requirements at member level and central to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly the capital requirement in respect of Syndicate 617 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 syndicate on which it participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate 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 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, 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 applied for 2017 was 35% of the member's SCR 'to ultimate'.

12. RISK MANAGEMENT (continued)

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), held within 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, the ending members balances reported on the statement of financial position on page 13, represent resources available to meet the member's and Lloyd's capital requirements.

c) Insurance risk

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Syndicate has reinsurance arrangements. It is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

The Syndicate writes predominately short-tail property-catastrophe business in the US and internationally. Reserving risk is managed through the Syndicate's reserving committee.

The Syndicate uses both its own and commercially available risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an unmodelled event are greater than those arising from a modelled event.

As a further guide to the level of catastrophe exposure written by the Syndicate, the following table shows hypothetical claims arising out of the RDS on the Syndicates in-force exposure at 31 December 2017 (Syndicate 6117 share).

	Estimated Gross loss £m	Estimated Net loss £m
Two events – North East Windstorm	298.7	36.7
Florida Windstorm – Miami Dade	247.1	31.9
Florida Windstorm – Pinellas	368.1	50.6
Gulf of Mexico Windstorm – Major Hurricane landing in Galveston, Texas	349.4	39.2
California Earthquake – San Francisco	244.6	24.7
California Earthquake – Los Angeles	158.9	25.5

Notes to the Financial Statements

Year ended 31 December 2017

12. RISK MANAGEMENT (continued)

The table below sets out the concentration of outstanding claim liabilities by type of contract (Syndicate 6117 share).

	Gross Liabilities £m	2017 Re-Insurance Liabilities £m	Net Liabilities £m	Gross Liabilities £m	2016 Re-Insurance Liabilities £m	Net Liabilities £m
RI acceptances	44.1	–	44.1	33.7	–	33.7
	44.1	–	44.1	33.7	–	33.7

All business is written in the UK.

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit and members' balances. The correlation of assumption will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

(Syndicate 6117 share):

	Five % increase £m	Five % decrease £m
2017		
Gross amount of increase/(decrease) in reserves	3.8	(3.8)
Net amount of increase/(decrease) in reserves	3.8	(3.8)
2016		
Gross amount of increase/(decrease) in reserves	2.9	(2.9)
Net amount of increase/(decrease) in reserves	2.9	(2.9)

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Claims development table

The tables following show the Syndicate's cumulative incurred claims development, including both claims notified and IBNR for each underwriting year, together with the cumulative payments to date on a gross and net of reinsurance basis at the balance sheet date.

The Syndicate has elected to translate estimated claims and claims payments at a consistent rate of exchange as determined by the balance sheet date.

The Syndicate has taken advantage of the transitional rules of FRS 103 that permit only five years of information to be disclosed upon adoption. The claims development information disclosed is being increased from five years to ten years over the period 2016-2020.

12. RISK MANAGEMENT (continued)

In settling claims provisions the Syndicate gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherent in the estimation process, the actual overall claim provision may not always be in surplus. In 2017 the surplus was £11.7m.

(Syndicate 6117 share): Underwriting year	2015 £m	2016 £m	2017 £m	Total £m
Estimate of cumulative claims incurred				
At end of underwriting year	8.2	17.9	88.3	114.4
One year later	10.3	17.5		27.8
Two years later	15.8			15.8
Less cumulative gross paid	(6.6)	(6.9)	(64.0)	(77.5)
Liability for gross outstanding claims	9.2	10.6	24.3	44.1

Net insurance contract outstanding claims provision as at 31 December 2017:

Underwriting year	2015 £m	2016 £m	2017 £m	Total £m
Estimate of cumulative claims incurred				
At end of underwriting year	8.2	17.9	88.3	114.4
One year later	10.3	17.5		27.8
Two years later	15.8			15.8
Less cumulative gross paid	(6.6)	(6.9)	(64.0)	(77.5)
Liability for gross outstanding claims	9.2	10.6	24.3	44.1

Notes to the Financial Statements

Year ended 31 December 2017

12. RISK MANAGEMENT (continued)

d) Financial risk

1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to honour their obligation to the Syndicate. The Syndicate's net exposure and credit risk is the risk of default by Syndicate 1910.

31 December 2017	Neither past due nor impaired £m	Total £m
Debtors arising out of reinsurance insurance operations	45.2	45.2

31 December 2016	Neither past due nor impaired £m	Total £m
Debtors arising out of reinsurance insurance operations	57.9	57.9

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2017 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated, Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

31 December 2017	A £m	Total £m
Debtors arising out of reinsurance insurance operations	45.2	45.2

31 December 2016	A £m	Total £m
Debtors arising out of reinsurance insurance operations	57.9	57.9

2) Liquidity risk

The Syndicate operates on a funds withheld basis and operates no bank accounts of its own. All transactions are incurred and settled in the first instance by the host Syndicate 1910. On closing a year of account, profits or losses earned by Syndicate 6117 are settled between the host Syndicate and the members.

12. RISK MANAGEMENT (continued)

The table below summarises the maturity profile of the Syndicate's financial liabilities based on remaining undiscounted contractual obligations, including interest payable, and outstanding claim liabilities based on the estimated timing of claim payments result from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

(Syndicate 6117 share):	No stated maturity £m	Up to a year £m	1-3 years £m	3-5 years £m	Over 5 years £m	Total £m
31 December 2017						
Claims outstanding	–	25.4	15.5	2.9	0.3	44.1

	No stated maturity £m	Up to a year £m	1-3 years £m	3-5 years £m	Over 5 years £m	Total £m
31 December 2016						
Claims outstanding	–	20.4	11.2	2.1	–	33.7

3) Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Syndicate's functional currency is US Dollars and its exposure to foreign exchange risk arises primarily with respect to its share of transactions by Syndicate 1910 in Euro, GBP and Canadian dollars. Syndicate 6117 seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

The table below summarises the exposure of the Syndicate's share of the financial assets and liabilities of Syndicate 1910 to foreign currency exchange risk at the reporting date, as follows:

(Syndicate 6117 share):	GBP £m	Euro €m	USD \$m	CAD \$m	AUD \$m	JPY ¥m	OTH \$m	Total £m
Assets	(4.3)	(1.1)	46.4	3.9	(0.7)	1.1	(0.1)	45.2
Liabilities	(8.4)	0.3	(57.0)	(2.2)	(3.0)	(1.4)	(3.5)	(75.2)
Net asset/(liabilities) as at								
31 December 2017	(12.7)	(0.8)	(10.6)	1.7	(3.7)	(0.3)	(3.6)	(30.0)
	GBP £m	Euro €m	USD \$m	CAD \$m	AUD \$m	JPY ¥m	OTH \$m	Total £m
Assets	1.2	2.8	47.7	3.3	1.1	2.0	(0.2)	57.9
Liabilities	(8.8)	(1.4)	(40.0)	(2.5)	(1.5)	(0.8)	(2.3)	(57.4)
Net asset/(liabilities) as at								
31 December 2016	(7.6)	1.4	7.7	0.8	(0.4)	1.2	(2.5)	0.5

The host Syndicate, Syndicate 1910, matches its currency position so holds net assets across a number of currencies. Syndicate 1910 takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of Syndicate 1910, against variation in foreign exchange rates. The net assets of Syndicate 6117 are held by Syndicate 1910 on a funds withheld basis and are due to Syndicate 6117 after 3 years.

Notes to the Financial Statements

Year ended 31 December 2017

13. POST BALANCE SHEET EVENTS

During 2018, the following amounts are proposed to be distributed to members.

	2018 £m
2015 Year of Account	4.9

Section 2:
Syndicate 6117
Underwriting Year Accounts

Report of the Directors of the Managing Agent

On 6 February 2017 the Argo group acquired the Ariel Re group and on 7 February 2017 the Syndicate novated from Asta Managing Agency Ltd to Argo Managing Agency Limited, a company registered in England and Wales.

The Directors of Argo Managing Agency Limited present their report at 31 December 2017 for the 2015 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Syndicate Accounting Byelaw (No 8 of 2005) and applicable accounting standards in the United Kingdom, comprising FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

BUSINESS REVIEW

Syndicate 6117 writes a 20% quota-share of the whole account of Syndicate 1910's 2015 year of account.

We are pleased to announce that the 2015 year of account on the traditional Lloyd's three-year accounting basis has closed with a profit before members' agents fees of £5.2m, which equates to a return on capacity of 13.6%.

This represents an excellent return on capacity thanks to a benign period of losses and a stronger rating environment than the one in which we currently find ourselves.

Year of account summary	2015 £m
Stamp capacity	38.1
Stamp premium income	25.1
Stamp utilisation	65.9%
Gross premiums written	25.1
Profit	5.2
Declared profit on stamp	13.6%

Effective 31 December 2017, the 2015 Year of Account of the Syndicate was closed into the 2016 Year of Account of Syndicate 1910.

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 needed by the auditors in connection with their report, of which the auditors are unaware. Having made enquiries of fellow Directors of the agency and the Syndicate's auditors, each Director has taken all the steps that he/she is obliged to take as a Director in order to make he/she aware of any relevant audit information and to establish that the auditors are aware of that information.

The board of directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk and capital management.

Approved by the Board of Argo Managing Agency Limited and signed on behalf of the Board:

D J Kirby
Director

12 March 2018

Statement of Managing Agent's Responsibilities

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

In preparing these syndicate underwriting year accounts, the managing agent is required by the Syndicate Accounting Byelaw (No 8 of 2005) ("the Syndicate Accounting Byelaw"), to:

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

The managing agent is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the 2008 Regulations and the Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6117

2015 CLOSED YEAR OF ACCOUNT

OPINION

We have audited the syndicate underwriting year accounts for the 2015 year of account of syndicate 6117 ('the syndicate') for the three years ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 14, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate underwriting year accounts:

- give a true and fair view of the profit for the 2015 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

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 syndicate underwriting year accounts section of our report below. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts 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.

USE OF OUR REPORT

This report is made solely to the syndicate's members, as a body, in accordance with The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and 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.

CONCLUSIONS RELATING TO GOING CONCERN BASIS OF ACCOUNTING

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 syndicate underwriting accounts on the basis that the recorded assets and liabilities will be realised and discharged in the normal course of business is not appropriate; or
- the managing agent has not disclosed in the syndicate underwriting accounts any identified material uncertainties that may cast significant doubt on the ability of the syndicate to realise its assets and discharge its liabilities in the normal course of business.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information.

Our opinion on the syndicate underwriting year accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the syndicate underwriting year accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate underwriting year accounts 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 syndicate underwriting year accounts 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 the 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

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

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate underwriting year accounts 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 set out on page 31, the managing agent is responsible for the preparation of the syndicate underwriting year accounts in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) 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 the syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year accounts 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 syndicate underwriting year accounts.

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

Stuart Wilson (Partner)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 March 2018

Income Statement 2015 Year of Account

Closed at the end of 36 months at 31 December 2017

	Note	2015 year of account £m
Technical account – general business		
Earned premiums, net of reinsurance		
Gross premiums written	4	25.1
Outward reinsurance premiums		–
Earned premiums, net of reinsurance		25.1
Reinsurance to close premiums received, net of reinsurance		–
Allocated investment return transferred from the non-technical account		–
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(7.0)
Reinsurers' share		–
Net claims paid		(7.0)
Reinsurance to close premium payable, net of reinsurance	4	(0.4)
		(7.4)
Net operating expenses	7	(8.7)
Balance on the technical account for general business		9.0
Non-technical account		
Balance on the technical account for general business		9.0
Profit/(loss) on exchange		(3.8)
Profit for the closed year of account		5.2

There are no recognised gains or losses in the accounting period other than those dealt with in the income statement and so no statement of other comprehensive income has been prepared.

Statement of Financial Position 2015 Year of Account

at 31 December 2017

	Note	2015 year of account £m
Assets		
Debtors		
Debtors arising out of reinsurance operations	10	14.5
Total assets		14.5
Liabilities		
Amounts due to members		
Reinsurance to close premium payable, to close the account	6	9.3
Creditors		
Creditors arising out of reinsurance operations	11	–
Other creditors		0.4
		0.4
Total liabilities		14.5

Approved by the Board of Argo Managing Agency Limited on 12 March 2018 and signed on its behalf by:

D Argyle
Director

D J Kirby
Director

Statement of Changes in Members Balances

2015 Year of Account

	2015 year of account £m
Profit for the 2015 closed year of account	5.2
Members' agents' fees	(0.3)
Amounts due to members at 31 December 2017	4.9

Statement of Cash Flows 2015 Year of Account

for the 36 months ended 31 December 2017

	Note	2015 year of account £m
Reconciliation of profit to net cash inflow from operating activities		
Profit for the closed year of account		5.2
Increase in debtors		(14.5)
Increase in creditors		0.4
RITC premium payable, net of reinsurance		9.3
Net unrealised losses and foreign expenses		(0.1)
Net cash inflow from operating activities		0.3
Cash flows from financing activities:		
Early release of profit		-
Member's agents fees paid on behalf of members		(0.3)
		(0.3)
Net increase in cash and cash equivalents		-
Cash and cash equivalent at 1 January 2015		-
Cash and cash equivalent at end of the year of account		-

Notes to the Underwriting Year Accounts

for the 2015 closed year of account at 31 December 2017

1. BASIS OF COMPLIANCE

The Syndicate underwriting year accounts have been prepared under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Lloyd's Regulations") and in accordance with the 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 the Republic of Ireland" ("FRS 102"), and Financial Reporting Standard 103 "Insurance Contracts" ("FRS 103").

The functional currency of the Syndicate is US dollars and the Financial statements are prepared in sterling, and rounded to the nearest £m unless otherwise stated.

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 2015 year of account which has been closed by reinsurance to close at 31 December 2017. Consequently the statement of financial position represents the assets and liabilities of the 2015 year of account at the date of closure and the income statement and statement of cash flows reflects the transactions for that year of account during the 36 months period until closure.

The 2015 year of account has closed and all assets and liabilities have been transferred to a reinsuring year of account. The result for the year of account was declared in US dollars (\$6.6m) and will be paid in US dollars. To this extent, the risks that it is exposed to in respect of the reported financial position and financial performance are significantly less than those relating to the open years of account as described in the Syndicate Annual Accounts. Accordingly, these underwriting year accounts do not have associated risk disclosures as required by section 34 of FRS 102. Full disclosure relating to these risks are provided in the Syndicate Annual Accounts.

As permitted by FRS 103, the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

As each Syndicate year of account is a separate annual venture, there are no comparative figures.

2. ACCOUNTING POLICIES

Significant accounting estimates and judgements

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.

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

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

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated based on the information currently available to them, the ultimate liability will vary as a result of subsequent information and events.

Underwriting transactions

The underwriting 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 that 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.

Notes to the Underwriting Year Accounts

for the 2015 closed year of account at 31 December 2017

2. ACCOUNTING POLICIES (continued)

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the year of account to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums follow the year of account of the original premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Outwards reinsurance premiums ceded are attributed to the same year as the original risk being protected.

Gross claims paid are allocated to the same year of account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses.

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims and unearned premiums, net of deferred acquisition costs and unexpired risks) relating to the closed year. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year to the members of the successor year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The outstanding claims comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

Notified claims are estimated on a case by case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics. The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The provision for claims includes amounts in respect of internal and external claims handling costs.

The Syndicate uses a number of statistical techniques to assist in making the above estimates. The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The methods used, and the estimates made, are reviewed regularly.

Acquisition costs, comprising commission and other internal and external costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums at the balance sheet date.

2. ACCOUNTING POLICIES (continued)

Syndicate operating expenses & profit commission

Costs incurred by the host, Syndicate 1910 are charged to the Syndicate under the Quota share

Cost incurred by the managing agent in respect of the Syndicate are charged to the host syndicate, recharged to the Syndicate and included within the relevant profit and loss account heading. Where expenses do not relate to any specific year of account they are apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent and the host syndicate, they are apportioned as follows:

- Salaries and Related Costs
According to time of each individual spent on Syndicate matters.
- Accommodation Costs
According to number of personnel.
- Other Costs
As appropriate in each case.
- Profit Commission
Profit commission is charged by ceding Syndicate 1910 at a rate of 17.5% of profit on a year of account basis. The Syndicate also incurs its share of the profit commission charged by the managing agent to Syndicate 1910 based on the profit on a year of account basis.
- Pensions
The Managing Agent operates a defined contribution pension scheme and its recharges to the Syndicate in respect of salaries and related costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the recharge relates.

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 income tax deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue & Customs.

Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Foreign currency

The Syndicate's functional currency is USD and presentational currency is GBP.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Exchange differences are recorded in the non-technical account.

3. RISK MANAGEMENT

Effective from 31 December 2017 the Syndicate closes by way of Reinsurance to Close ("RITC") in to the host Syndicate 1910's 2016 year of account. The RITC process means that Insurance, Financial, Credit, Liquidity, Market and Capital risks are transferred to the accepting Syndicate. Accordingly, these Underwriting Year accounts do not have any associated disclosures as required by section 34 of FRS 102. Full disclosures relating to these risks are provided in the main Annual accounts of the Syndicate.

Notes to the Underwriting Year Accounts for the 2015 closed year of account at 31 December 2017

4. SEGMENTAL ANALYSIS

An analysis of the underwriting result before investment return is set out below:

2015 year of account	Gross premiums written and earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Total £m
Reinsurance	25.1	(7.4)	(8.7)	–	9.0
Total	25.1	(7.4)	(8.7)	–	9.0

All business is written in the United Kingdom.

Gross operating expenses are the same as net operating expenses.

5. ANALYSIS OF RESULT BY YEAR OF ACCOUNT

All results relate to the 2015 Year of account which has not accepted any Reinsurance to close premiums from prior years.

6. REINSURANCE TO CLOSE PREMIUM

	Reported £m	IBNR £m	Total £m
Gross and Net Reinsurance to Close Premium	4.2	5.1	9.3

The 2015 Year of Account has been reinsured to close into the 2016 Year of Account of host Syndicate 1910.

7. NET OPERATING EXPENSES

	£m
Acquisition costs	1.6
Standard personal expenses	–
Administration expenses	7.1
	8.7

8. AUDITORS REMUNERATION

	£m
The closed year profit is stated after charging:	
Fees payable to the Syndicate's auditor for the audit of these financial statements	–
Fees payable to the Syndicate's auditor and its associates in respect of:	
Other services pursuant to legislation	–
	–

The auditor did not receive any other remuneration other than that stated above.

9. STAFF COSTS AND EMOLUMENTS OF THE DIRECTORS OF THE MANAGING AGENT

No emoluments of the Directors of either Asta Managing Agency Ltd or Argo Managing Agency Limited were charged to the Syndicate during the year.

The emoluments of the active underwriter are borne by the host Syndicate, and are not separately identifiable from the fee charged to the Syndicate.

No staff that worked on Syndicate business during the year were employed by either Asta Managing Agency Ltd or Argo Managing Agency Limited.

10. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	£m
Due within one year – Intermediaries	14.5

11. CREDITORS ARISING OUT OF REINSURANCE BUSINESS

	£m
Due within one year	–

12. RELATED PARTIES

All related party information is provided in note 8 of the annual accounts. This is shown on page 20.

13. DISCLOSURE OF INTERESTS

Managing Agent's interest

Argo Managing Agency Limited is currently the Managing Agent for Lloyd's Syndicates 1200, 1910 and 6117.

The Financial Statements of the Managing Agency can be obtained by application to the Registered Office (see page 1).

14. POST BALANCE SHEET EVENT

During 2018, the following amounts are proposed to be distributed to members.

	2018 £m
2015 Year of Account	4.9

Summary of Closed Year Results

for the 2015 closed year of account at 31 December 2017

	2014 £m	2015 £m
Syndicate allocated capacity	57.9	38.1
Number of Underwriting members	956	993
Results for an illustrative share of £10,000	£	£
Gross premiums	6,654	6.6
Net premiums	6,654	6.6
Net claims	(1,117)	(1.8)
Reinsurance to close	(1,208)	(0.1)
Profit on exchange	695	(1.0)
Syndicate operating expenses	(2,418)	(2.3)
Total comprehensive income	2,606	1.4
Members agent fees	(98)	(0.1)
Profit on ordinary activities	2,508	1.3

Notes

1. The summary of closed year results has been prepared from the audited accounts of the Syndicate.
2. Members' agent fees have been stated at the amount which would be incurred pro rata by individual Names writing the illustrative premium income in the Syndicate. Foreign tax, which may be treated as a credit for personal tax purposes, has been excluded.
3. As regards the 2015 year of account, an illustrative share of £10,000 represents 0.026% of the respective allocated capacity.
4. 2014 is the first year of trading of Syndicate 6117.

Argo Managing Agency Limited
Exchequer Court
33 St Mary Axe
London EC3A 8AA
United Kingdom

T: 020 7712 7600

F: 020 7712 7601

www.argo-global.com