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SYNDICATE 779
ANNUAL REPORT AND ACCOUNTS
For the Year Ended 31 December 2014

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Directors and Advisers

Managing Agent
ANV Syndicates Limited

Registered Office
47 Mark Lane
London EC3R 7QQ

Managing Agent's Registered No. 4434499
FCA Firm Registration No. 226696
Lloyd's Registration No. 2073D

Directors

- J M P Taylor (Non-Executive Chairman)
- R M Fairfield (appointed 20 February 2015)
- P C F Haynes (resigned 30 September 2014)
- G M van Loon
- B Gilman
- J M Hamilton
- A Barker
- L Cross
- J G M Verhagen (appointed 17 March 2015)
- N C T Pawson (Non-Executive)
- A P Hulse (Non-Executive)

Syndicate
779

Company Secretary
A S W Hall

Active Underwriter
J Clarke / C Garner

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

Investment Manager
Goldman Sachs International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

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

Strategic Report

ANV Group
ANV is structured to operate as an insurer, Lloyd's underwriting agency, and managing general underwriter (MGU). This three-pillar strategy is designed to build, support, and leverage high quality underwriting through a team of specialists who understand the unique risks of unique markets. Working as a unified and worldwide organisation, ANV is focused on managing business risk in all its forms.

ANV Holdings BV, the parent company of the ANV Group, is a privately held and Dutch registered holding company and its lead investor is the Canadian pension fund Ontario Teachers' Pension Plan (OTPP).

ANV Syndicates
ANV Group considers its Lloyd's operation as a key component of its vision and strategy to build a globally integrated specialty insurance and reinsurance company. Its Lloyd's platform allows ANV the opportunity to continue to grow its business profitably and access profitable specialty business on a worldwide basis.

ANV Syndicates are managed by ANV Syndicates Limited (ASL), following the integration of the acquisitions of Flagstone Syndicate Management Limited in 2012 and Jubilee Managing Agency in 2013, into a single combined Managing Agency. The post-acquisition programme implemented during 2014, has delivered one fully integrated Managing Agency with a deepening pool of Underwriting and Senior Management talent, and strengthening of the infrastructure within which the business operates.

ANV Syndicates now benefits from greater scale, as well as diversification through a broader range of product lines, all of which improve its value proposition to brokers, clients, and capital providers. ANV Group will continue to strengthen and build its Lloyd's franchise significantly over the years to come.

The Syndicate will seek to exploit the revenue synergy potential afforded by its relationship between the managed Syndicates and ANV's MGU business.

ASL manages Lloyd's Syndicates 1861, 5820, 779 and 1969; with managed capacity in 2015 of nearly £500 million. ANV is providing incubator services to Apollo Syndicate 1969 which is expected to move to its own managing agency in the second half of 2015.

Underwriting Review
The Syndicate writes 100% Term Life Assurance and ancillary covers, primarily in the UK, but also in selected European markets and other international territories. Historically the majority of its business was written through Lloyd's coverholders under binding authority arrangements; however during 2014 the Syndicate was repositioned to focus equally on driving open market growth, as a lead market. The Syndicate offers both bespoke and tabulated rating solutions for risk durations from 1 day to 10 years, with reinsurance protection designed to match these durations.

Over the past three years the Syndicate has undertaken a process of repositioning itself away from the commoditised market segments in which Lloyd's businesses are unlikely to be able to compete sustainably, and towards areas which reflect our strengths: on the one hand developing targeted, affinity-style products for distribution through specialist partners, whilst also deploying our technical underwriting capabilities to write the more esoteric and high-value individual and group life risks. We have continued to invest in our platform in order to deliver this strategy.

The substantial withdrawal from the UK Group Life market and work to reposition the Syndicate during 2014, has managed the portfolio down to a sound base from which to build; however as a small niche Syndicate that is investing in future growth, this results in the temporary high operating expense ratio. As the benefits of expenses and product offering synergies from membership of the wider ANV Lloyd's proposition and the Syndicate's enhanced strategy begin to materialise, it is expected that the Syndicate will achieve an appreciable reduction in its combined ratio.

Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis.

	2014 £m	2013 £m
Gross premium written	15.9	26.4
Net premium written	11.7	22.4
Net premium earned	20.9	32.6
Result for the year	1.4	4.2
Cash and Investments	17.7	27.9
	%	**%**
Claims ratio (net)	26.5	12.8
Expense ratio (net)	11.7	9.3
Acquisition ratio (net)	56.2	65.7
Combined ratio	94.4	87.8

Note: The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned.

Gross premium written

The £10.5m reduction in gross premiums written from 2013 follows the strategic repositioning of the Syndicate's portfolio, highlighted above, as the Syndicate moves away from the increasingly challenging mainstream group life market with a renewed focus on specialty risk and distribution. The appointment of Cathy Garner as the Syndicate's Active Underwriter, along with the appointment in December 2013 of Gerard van Loon as the Managing Agency's Director of Underwriting will ensure that, having managed its portfolio to a profitable core, the Syndicate is able to achieve its ambitious growth plans.

Net premium written

The reinsurance programme purchased to protect the ongoing business of the Syndicate was broadly in line with that purchased in the previous period. 2013 benefited from the payment of 'experience refunds' from the Syndicate's reinsurers, treated as a reduction in ceded premiums, following the strong performance of certain lines within the Syndicate's legacy business thus reducing the reinsurance ceded ratio in the prior year. Excluding this item, the reinsurance ceded ratio is broadly in line year on year.

Net premium earned

There has been a reduction in net earned premiums of £11.7m mirroring the gross and net written experience. Over the past few years the Syndicate has repositioned itself towards a more short-tailed book and consequently benefits from the accelerated earning of premiums on the younger years and the earning of the legacy portfolio on the older years.

Cash and investments

The Syndicate has seen a reduction in cash and investments of £10.2m during the year reflective both of the reduction in net written premiums and the significant shortening of the tail of the business written. As the Syndicate moves to a short-tailed portfolio and the legacy business earns out, the cash and investments balances will level out and grow as the new underwriting strategy becomes embedded.

Profit for the year

Overall the Syndicate has reported a solid performance with a result of £1.4m representing a combined ratio of 94.4% (after excluding investment income of £0.2m). Whilst the expense ratio has moderately increased from 2013 the actual quantum of the expense has fallen as the Syndicate benefits from the synergies afforded by the acquisition of the Managing Agent by ANV Syndicate Management Limited in December 2013. There has been a favourable movement of 9.5% in the acquisition ratio, both a function of the change in business mix and a reduction in expenses classified as acquisition costs. The claims ratio has increased from the previous period following worse than expected development on the long-tailed legacy business of the 2012 & prior years of account and a small number of modest claims on the 2014 year of account.

Investments and Investment Return

	2014	**2013**
	£m	**£m**
Average amount of syndicate funds available for investment during the year		
Sterling	10.3	12.9
US Dollar	0.6	0.5
Euro	10.0	13.5
Norwegian Krone	0.5	0.8
Combined Sterling	**21.4**	**27.7**
Gross aggregate investment return for the calendar year in sterling	**0.2**	**0.3**
Gross calendar year investment return:	**%**	**%**
Sterling	1.93	1.71
US Dollar	0.10	0.40
Euro	0.37	0.57
Norwegian Krone	0.37	1.37
Combined Sterling	**1.12**	**1.08**

The investment manager during the year was Goldman Sachs International Limited.

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

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

The Syndicate principally holds its funds in money market funds whilst maintaining a modest holding of corporate bonds as the Syndicate balances investment duration and its liquidity needs as it moves towards a shorter tailed portfolio.

The investment returns of the Syndicate during the year, whilst disappointing, are reflective of the restrictions upon the investment opportunities available to the Syndicate and the wider market conditions. The investment return of 1.12% (2013: 1.08%) also reflects the effects of the interest rate environment on the Syndicate's debt portfolio.

Following a competitive tender, the Managing Agent has recently appointed Amundi Asset Management (UK) Ltd to manage the Syndicate's investments for 2015 onwards. Where restrictions allow, we will seek to enhance the effectiveness of the investment strategy within strict risk appetite parameters whilst continuing to ensure that sufficient liquidity is maintained.

Underwriting Results Overview

2012 Account

The 2012 year of account closed at a loss of £0.6m at 36 months, before members' agents' fees, representing a loss on stamp of 2.38%. The result includes the benefit of a modest discount to the held reserves, calculated in line with Solvency II principles, on the reinsurance to close of the year into the 2013 year of account. The discount reflects the expected future profitability of the unearned exposures in relation to the long-tail business within the 2011 & Prior years of account.

The loss at 36 months is driven by the development of the 2011 & Prior years of account, which closed into the 2012 year of account at 31 December 2013. There was a marginal loss of £0.02m on the 2012 pure year of account over 36 months.

Despite achieving a calendar year profit of £1.7m, primarily in relation to the 2011 & Prior years of account following certain favourable developments, the profit was insufficient to offset the discount at which the 2011 & Priors years closed into 2012 and consequently a loss has been recorded.

The unfavourable result at closure follows adverse claims experience in relation to the Syndicate's long-tailed legacy portfolio and a subsequent revision of expectations for the future profitability of the unearned business at the current year end.

2013 Account

The 2013 year of account is forecast to make an ultimate profit of £0.6m, before members' agents' fees, representing a return on stamp of 2.63%.

The 2013 year recorded a second year profit of £1.5m taking the cumulative result at 24 months to a profit of £0.7m. As discussed earlier in the report, the tail of the business has substantially shortened from previous years and consequently the year is significantly more earned at 24 months than was the case for previous years of account. The calendar year result includes the effects of agreeing RITC terms including a modest discount to the held reserves of the 2012 and prior year of account. It is expected that the discount will be realised at 31 December 2015 either through the earning out of the embedded profit in the unearned business of 2012 and Prior during 2015 or through reinsuring to close at a discount to the held reserves, reflecting the remaining embedded profit within the unearned premium, at 36 months.

Achieving the desired level of premium volume has been a challenge as the strategic repositioning of the Syndicate's portfolio has become embedded. The year is forecast to achieve a modest return highlighting the effectiveness of the strategy of managing the Syndicate's portfolio to a profitable core from which to build.

2014 Account

Much of the premium remains unearned at the end of the first calendar year, which is similar to that of the 2013 year of account at the same period. It is therefore too early to assess accurately the likely ultimate outcome. The first public forecast will be at the 15 month stage.

2015 Account

The Syndicate is focused on achieving targeted growth through its Simple Life (affinity) and High Life (high-value) products in addition to overseas individual and group covers. Key to the success of this is leveraging the Syndicate's excellent relationship with Syndicate 1861's Accident & Health, Kidnap & Ransom and Contingency teams to cross-sell products where opportunities arise. Additionally the Syndicate is working closely with our existing partners – both brokers and coverholders - to develop business opportunities. The Syndicate is also actively restructuring its reinsurance purchasing from 1 April 2015 onwards to achieve a simplified cost-effective structure.

Early signs following the January 2015 renewal season are very encouraging as demonstrated by a number of new opportunities being presented to the Syndicate.

Significant Events
ANV Syndicates are managed by ANV Syndicates Limited (ASL), following the integration of the acquisitions of Flagstone Syndicate Management Limited in 2012 and Jubilee Managing Agency Limited in 2013, into a single combined Managing Agency. On 1 April 2014, the Managing Agency agreements for Syndicates 1861 and 1969 were novated from ANV Syndicate Management Limited (ASML - formerly Flagstone Syndicate Management Limited) to ASL (formerly Jubilee Managing Agency Limited).

The transaction has delivered one fully integrated Managing Agency, with a deepening pool of Underwriting and Senior Management talent and strengthening of the infrastructure within which the business operates to deliver a more efficient platform from which to develop the complementary underwriting business of the Syndicates. With managed capacity of nearly £500 million, the consolidated business benefits from greater scale, as well as diversification through a broader range of product lines, all of which will improve its value proposition to brokers, clients, and capital providers.

On 1 October 2014, Peter Haynes formally stepped down as Managing Director of ASL, with R. Matthew Fairfield taking on the ASL Chief Executive Officer role, as an extension to his Group CEO role, on an interim basis. This appointment is a measure of the central importance of ASL to ANV. A selection process is underway to appoint a permanent successor.

In November 2014, Cathy Garner was appointed as Active Underwriter of 779, bringing with her a long history of growth and innovation over her seventeen years in Lloyd’s and nine years in the UK Company market, most recently as the Active Underwriter for Lloyd’s largest Life Syndicate. Under Cathy’s leadership, ASL looks forward to setting a new standard for both service and creativity across our life market proposition. At the same time, Jon Clarke stood down as Active Underwriter and we thank him for his many years of dedication to the Syndicate.

Following the acquisition of Jubilee in December 2013, ANV has fully integrated, across all managed syndicates, its approach to Solvency II. As of 1 March 2015, Lloyd’s has confirmed that all requirements have been met, save with respect to risk management, where there remain some points of difference and a requirement to further embed processes.

From our discussions with Lloyd’s, we expect to be able to provide sufficient evidence to Lloyd’s to support our rating being changed to green at our next review point. Until then, Lloyd’s is maintaining a red rating.

Therefore, as for all agents rated red at the start of March 2015, ANV’s managed syndicates will be affected by a 20% capital loading applied at the mid-year coming-into-line. The translation of the loading to individual members will vary depending on the individual circumstances and participations of each member.

Future Opportunities
These are exciting times for Syndicate 779 – under Cathy Garner’s leadership, ASL has invested in strengthening the underwriting capability from late 2014, and has built on the existing talent in the Syndicate to deliver a highly experienced and respected team of underwriters with solid relationships across the Lloyd’s market. In the short time that the team has been in place, there has been significant increase in activity at the Lloyd’s box, and the new business generated is a very encouraging start to 2015.

The refreshed strategy will focus on both, continued growth in the ‘Simple Life’ affinity and ‘High Life’ high-value propositions in the UK, as well as business development across individual and group cover emanating from overseas, on both a direct and reinsured basis. While 779 will certainly take the opportunity to write business already within Lloyd’s if it offers sufficient margin, as a leading market at Lloyd’s it recognises that long term growth will be achieved through development of accretive business for Lloyd’s.

In generating these new business opportunities the Syndicate will look to capitalise on existing relationships where mutual trust and reward has been built with brokers and coverholders, while remaining open to new business from all new potential partners that can demonstrate not only the vision and expertise to drive through a new opportunity, but also the rigorous controls that the Syndicate requires. As part of the ANV group, 779 is able to build on relationships within its wider Lloyd's proposition, to deliver considerable synergies both in terms of the Syndicate's product offering and a reduction in its expense base. For example, an excellent relationship has been built with the 1861 Accident & Health Division, which has significant natural synergy potential to deliver cross-selling opportunities. We will be focused on fully exploiting these opportunities to deliver profitable growth during 2015 and beyond.

The significant optimism that ANV has in the renewed direction of the business under Cathy's leadership is widely shared by Names, as witnessed by the rise in the capacity price in the 2014 auctions; by far the largest proportionate rise in price for any Syndicate at Lloyd's during the period. This is an opportunity to thank the Names for their confidence. This is also an opportunity to thank all employees for their continued commitment and hard work during what has been a demanding, but stimulating, year in the Agency.

Principal Risks and Uncertainties
For a detailed description of the principal risks and uncertainties facing the Syndicate, readers are referred to the Report of the Directors of the Managing Agent.

Going concern
After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate will continue to write new business in future underwriting years of account. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

G M van Loon
Director of Underwriting
ANV Syndicates Limited
17 March 2015

C Garner
Active Underwriter
ANV Syndicates Limited
17 March 2015

Report of the Directors of the Managing Agent

Year Ended 31 December 2014

The Directors of the Managing Agent present their annual report for the year ended 31 December 2014. This report is in respect of Life Syndicate 779. The principal activity of the Syndicate is that of underwriting Term Life Assurance conducted through the Lloyd's market.

The annual report is prepared using the annual basis of accounting as required by Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("Lloyd's Regulations 2008").

Separate underwriting year accounts have been prepared which show the cumulative result for the 2012 underwriting account.

Results

The result for the calendar year 2014 is a profit of £1.4m (2013: profit of £4.2m) after currency translation. Profits will be distributed and losses collected by reference to the results of individual underwriting years.

Principal Risks and Uncertainties

The Syndicate's activities expose the Managing Agent to a number of key risks which have the potential to affect the Managing Agent's ability to achieve its and the Syndicate's objectives. The risk appetite is set annually as part of the Syndicate business planning and individual capital assessment process. The Managing Agent recognises that the Syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely.

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

- **Insurance Risk -** Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectation at the time of underwriting. The Syndicate manages insurance risk by agreeing the appetite for these risks annually through the business plan, which sets out targets for volumes, pricing and retention by class of business and aggregate levels of exposure to catastrophe events. The Managing Agent monitors performance against the business plan throughout the year. Reserve adequacy is monitored by the Syndicate's appointed actuary and by the Board of the Managing Agency.

- **Credit Risk -** In addition to the insurance terms of trade offered as part of normal business operation, the Syndicate is exposed to a certain amount of credit risk. Key aspects of credit risk are default by a reinsurer, inability of coverholders to segregate client monies resulting in credit exposure and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The Syndicate seeks to limit exposure by placing its reinsurance programme with reinsurers rated A or higher and through limiting exposure to reinsurers for single events. Coverholder credit risk is mitigated through assimilation and attestation of coverholder credit information prior to contract inception and ensuring that appropriate terms of business arrangements are in place. Investment credit risk is mitigated through detailed investment guidelines which include minimum credit quality and counterparty limits.

- **Market Risk -** The exposure to financial market risk arises from the investment decisions made in relation to the Syndicate funds and adverse movements in foreign exchange rates and interest rates. The Managing Agent sets the investment strategy.

Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities to the extent possible given the regulatory restrictions under which the Syndicate operates. Limits to the mean modified duration of invested assets are in place to limit the adverse effect of interest rate movements. Exposure to market risk is managed through the Managing Agent's Finance and Investment Committee.

- **Liquidity Risk -** This is the risk that a syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in liquid funds. To mitigate this risk, minimum levels of cash are maintained, all investments are readily marketable and cash flow is monitored across all years of account.

  In the event of extreme adverse claims experience, it is possible that the Syndicate may not be able to settle claim liabilities out of its own funds.

  In that event, the capital structure underpinning a syndicate is such that any deficits can be called from the Syndicate's capital providers in accordance with Lloyd's rules. In the event of any member being unable to fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be called upon to make good any deficits for the benefit of policyholders. The Managing Agent monitors solvency requirements, to ensure the Syndicate maintains adequate capital.

- **Regulatory Risk -** Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change.

  The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), the Council of Lloyd's and overseas authorities. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators.

  Key regulatory developments worldwide in the last couple of years have centred on customer outcomes, including in the UK where the FCA has highlighted, among a number of items, delegated authority business as a focus area. The Syndicate relies heavily on delegated distribution and we will continue to respond to this increased focus during 2015.

  The Managing Agent has a Compliance Officer who monitors developments and assesses the impact on the Managing Agent's objectives and policies.

  Conduct Risk is the risk that customers experience poor outcomes in their engagement with ASL and is part of Regulatory Risk. This risk applies to all of the Syndicate's business but is particularly focused where the Syndicate insures retail risks especially using delegated underwriting. This has been an area of particular emphasis by the FCA and by Lloyd's, with the introduction of new minimum standards in this area. ASL has a Conduct Committee which oversees its response to these requirements and has a regular dialogue with the FCA. The Syndicate relies heavily on delegated distribution and we will be working with Lloyd's to continue to evidence compliance with these new minimum standards during 2015.

- **Strategic Risks -** This is the risk of loss arising from the Syndicate's market position, strategic direction and commercial interests and includes capital availability for future underwriting. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Executive Committee monitors performance and market position. The Board meets at least quarterly, each year to review results and opportunities.

- **Operational Risk –** This is the risk of loss from inadequate or failed internal processes, people and systems, or from external events. The Managing Agent seeks to manage this risk through policies and procedures and systems and controls, which are regularly reviewed and updated. Regular reviews of changes to the Syndicate's risk environment, limits of authority granted to employees, the recruitment and retention of experienced personnel, staff training assessment and plans are reported. The internal audit function reports on the effectiveness of operational controls, and the Audit and Compliance Committee reviews the major findings from both internal and external audits and monitors the implementation of key findings.

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

Reports during the year have considered the following:

- **Project GrAFT**: The Managing Agency has initiated a programme for improved processes, data management and management reporting for the Finance and Actuarial functions based upon an updated Data Warehouse. Transitional risks during the development and implementation are being managed through a dedicated Programme Board and overseen by the Operations Committee and Risk Committee.

- **Regulatory Risk:** The Managing Agency operates within a challenging regulatory environment with supervision by Lloyd's and oversight by the FCA and PRA. To ensure that the Managing Agency and Syndicate operate to the requisite standard, it has upgraded its risk management function, processes and reporting. These changes are being overseen by the Risk Committee and ASL Board.

Corporate Governance

The Boards of ANV Syndicates Limited and ANV Syndicate Management Limited ran in parallel during Q1 2014. Following the novation of the management of Syndicates 1861 and 1969 to ASL on 1 April 2014, ASL became the Managing Agent for Syndicates 779, 1861, 1969 and 5820.

The ASL Board is chaired by Max Taylor, who is supported by two further independent non-executive directors. Peter Haynes was the Managing Director until September 2014, with Matthew Fairfield stepping in as interim CEO thereafter. ASL has six further Executive Directors.

A defined operational and management structure is in place and terms of reference exist for all Board committees.

The ASL Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and has appointed an Executive Committee to manage the operations of the business. The Board and the Executive Committee are supported by an Audit & Compliance Committee and six other Board Committees, which include a dedicated Conduct Committee to manage conduct risk issues.

Staff Matters

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

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

Directors and Directors' Interests
The Directors who held office during the year are shown on page 2. Directors' interests are shown on pages 31 to 32 as part of the related parties note to the accounts.

Annual General Meeting
The Directors do not propose to hold an Annual General Meeting for the Syndicate. If any direct corporate supporter of the Syndicate wishes to meet with them the Directors will be prepared to do so.

Disclosure of Information to the Auditor
Each person who is a director of the managing agent at the date of approving this report confirms that:

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

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

Approved by Order of the Board

G M van Loon
Director of Underwriting
ANV Syndicates Limited
17 March 2015
Managing Agent's Registered No. 4434499

Statement of Managing Agent's Responsibilities

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

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

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

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Financial Statements; and
- prepare the Syndicate Annual Financial Statements on a going concern basis 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 Financial Statements comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Report of the Auditors

Independent Auditor's Report to the Members of Syndicate 779

We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2014 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the Syndicate as a body, in accordance with Regulations 10 to 14 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's members as a body for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of the Managing Agent and the Auditor
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 13, the Managing Agent is responsible for the preparation of the Annual Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Annual Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the Annual Financial Statements sufficient to give reasonable assurance that the Annual Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Annual Financial Statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Annual Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Opinion on other matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008
In our opinion the information given in the Report of the Directors of the Managing Agent for the financial year for which the Syndicate Annual Financial Statements are prepared is consistent with the Syndicate Annual Financial Statements.

Matters on which we are required to report by exception

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

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

Neil Coulson (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
17 March 2015

Profit and Loss Account: Technical Account – Long Term Business

Year Ended 31 December 2014

	Note	2014	2014	2013	2013
		£'000	£'000	£'000	£'000
Earned Premiums, Net of Reinsurance					
Gross premiums written	2	15,916		26,354	
Outward reinsurance premiums		(4,238)		(3,979)	
Net premiums written			11,678		22,375
Change in the provision for unearned premiums					
Gross amount	14	10,091		10,564	
Reinsurers' share	14	(908)		(332)	
Change in the net provision for unearned premiums			9,183		10,232
Earned premiums, net of reinsurance			20,861		32,607
Allocated investment return transferred from the Non-Technical account			237		246
Claims Incurred, Net of Reinsurance					
Claims Paid					
Gross amount		(11,301)		(14,443)	
Reinsurers' share		3,026		3,538	
Net claims paid		(8,275)		(10,905)	
Change in the provision for claims					
Gross amount	14	1,823		9,374	
Reinsurers' share	14	931		(2,635)	
		2,754		6,739	
Claims incurred, net of reinsurance	3		(5,521)		(4,166)
Net Operating Expenses	4		(14,170)		(24,479)
Balance on the Technical Account – for Long Term Business			1,407		4,208

All of the Syndicate's activities are classed as continuing.

Profit and Loss Account: Non-Technical Account

Year Ended 31 December 2014

	Note	2014	2013
		£'000	£'000
Balance on the Long Term Business Technical Account		1,407	4,208
Investment income	7	592	1,047
Unrealised gains on investments		-	-
Investment expenses and charges	8	(123)	(210)
Unrealised losses on investments		(232)	(591)
Allocated investment return transferred to the long term business technical account		(237)	(246)
Profit for the Financial Year	13	1,407	4,208

Statement of Recognised Gains and Losses

		2014	2013
Profit for the financial year		1,407	4,208
Currency translation differences		14	(2)
Total Recognised Gains and Losses since last annual report		1,421	4,206

Balance Sheet - Assets

At 31 December 2014

Assets	Note	2014	2014	2013	2013
		£'000	£'000	£'000	£'000
Investments					
Other financial investments	9		16,533		23,230
Reinsurers' Share of Technical Provisions - Long-Term Business Provision					
Provision for unearned premiums	14	1,698		2,616	
Claims outstanding	14	2,618		1,840	
			4,316		4,456
Debtors					
Debtors arising out of direct insurance operations	10	3,542		10,158	
Debtors arising out of reinsurance operations	11	1,750		2,387	
Other debtors		1		-	
			5,293		12,545
Other Assets					
Cash at bank and in hand		667		3,815	
Other (Overseas deposits)	12	453		896	
			1,120		4,711
Prepayments and Accrued Income					
Deferred acquisition costs		6,427		11,872	
Other prepayments and accrued interest		69		61	
			6,496		11,933
Total Assets			33,758		56,875

Balance Sheet – Liabilities

At 31 December 2014

Liabilities	**Note**	**2014**	**2014**	**2013**	**2013**
		£'000	**£'000**	**£'000**	**£'000**
Capital and Reserves					
Members' balances	13		(2,116)		(1,539)
Technical Provisions – Long-Term Business Provision					
Provision for unearned premiums	14	14,077		25,140	
Claims outstanding	14	14,697		17,603	
			28,774		42,743
Creditors					
Creditors arising out of direct insurance operations	15	6,211		13,439	
Creditors arising out of reinsurance operations	16	622		1,454	
Other creditors including taxation and social security		267		778	
			7,100		15,671
Total Liabilities			33,758		56,875

The Syndicate annual accounts on pages 16 to 32 were approved by the Board of ANV Syndicates Limited on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Cash Flow Statement

Year Ended 31 December 2014

	Note	2014 £'000	2013 £'000
Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities			
Operating Profit/(Loss) on ordinary activities		1,407	4,208
Unrealised Losses/(Gains) on investments	17	908	(220)
Increase/(Decrease) in net technical provisions		(13,829)	(16,434)
(Increase)/Decrease in debtors		12,689	646
Increase/(Decrease) in creditors		(8,571)	7,650
Currency translation differences		14	(2)
Net cash inflow/(outflow) from operating activities		(7,382)	(4,152)
Financing			
Transfer to members in respect of underwriting participations	13	(1,892)	-
Other	13	(106)	(131)
	17	(9,380)	(4,283)
Cash flows were invested as follows:			
Increase/(Decrease) in cash holdings	18	(3,037)	(426)
Increase/(Decrease) in overseas deposits	18	(444)	(3,123)
Net portfolio investment	19	(5,899)	(734)
Net Investment of Cash Flows		(9,380)	(4,283)

Notes to the Financial Statements

1. Statement of Accounting Policies

Basis of Preparation

These Financial Statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (the 2008 Regulations), and applicable Accounting Standards in the United Kingdom. They comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers. The results for the financial year are determined on the annual basis of accounting in accordance with UK GAAP.

After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate will continue to write new business in future underwriting years of account. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The preparation of the Syndicate's annual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Syndicate's principal estimates are for claims provisions and related recoveries, estimates of gross premiums written and earned, outwards reinsurance premium ceded and earned, acquisition costs and the valuation of investments. Management reviews and revises these estimates as appropriate based on current information. Any adjustments made to these estimates are reflected in the period the estimates are revised.

Revised Accounting Standards

Following the review of UK GAAP performed by the UK Accounting Standards Board (ASB), and subsequently the Financial Reporting Council (FRC) four new Financial Reporting Standards (FRS) have been published for adoption by UK entities not already adopting International Report Standards (IFRS) for periods beginning on or after 1 January 2015.

FRS 100 - 'Application of Financial Reporting Requirements'
FRS 101 - 'Reduced Disclosure Framework' (not applicable to Lloyd's syndicates),
FRS 102 - 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'
FRS 103 – 'Insurance Contracts'

FRS 102, based on International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs), is generally similar to current UK GAAP, whilst FRS 103 is broadly in line with the ABI SORP already adopted by the Syndicate. Accordingly, we do not consider that the adoption of these new standards will have a material impact on the results of the Syndicate. Whilst the standards mandate certain accounting treatments these were generally permitted under existing UK GAAP and were already adopted by the Syndicate.

The Syndicate will be required to restate comparative information under the new reporting framework in 2015 as well as adopt the increased disclosure requirements principally around capital, financial instruments and insurance contracts.

FRS 102 introduces the concept of 'functional currency' as a mandatory requirement which may differ from the presentational currency of the Syndicate. We have considered the functional currency of the Syndicate under FRS 102 and have determined that it is Sterling and therefore aligns with the Syndicate's Sterling presentational currency.

Under the functional currency concept gains and losses on the translation of monetary foreign currency items to functional currency are to be recorded within profit and loss account and not through the Statement of Recognised Gains and Losses (STRGL) as permitted under the concept of 'branch accounting' as adopted by the Syndicate.

Given the alignment of the functional and presentational currencies, no foreign exchange gains and losses will be generated on translation to presentational currency and consequently no STRGL will be reported in future periods.

Accounting Policies

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

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

Outwards Reinsurance Premiums
Outwards reinsurance premiums are accounted for on an earned basis in the same accounting period as the premiums for the related direct or inwards business being reinsured.

The Syndicate has entered into a number of performance related arrangements with reinsurers whereby experience refunds are payable from reinsurers based on the performance of the business ceded. Amounts are accrued by the Syndicate in line with terms of the underlying contracts and recorded as a reduction to reinsurance premiums written.

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

In order to enable members of the Syndicate to consolidate the results of the Syndicate with their other Lloyd’s participations on a consistent basis, movements in the unearned premium reserve are shown as part of earned premiums rather than as movements in other technical provisions. This treatment is in accordance with that recommended in the ABI SORP for general business, but not that recommended for Life business. It is permitted by The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and has no effect on the result of the Syndicate. The separate components are combined within the long-term business provision within the balance sheet.

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. In addition a provision is included in relation to the estimated future expenses that will be incurred in servicing the existing business.

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs.

The provision also includes the estimated cost of claims incurred but not reported (IBNR) as well as claims incurred but not enough reported (IBNER) at the balance sheet date based on statistical methods.

These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of claims handling costs and an expense provision. The expense provision has been calculated as the costs required to continue to run the in force contracts until the date at which they are expected to be fully paid on the basis that the Syndicate is on-going.

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 is based on amounts of claims outstanding and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

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

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The Directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

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

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

Net Operating Expenses (including Acquisition Costs)
Net operating expenses include acquisition costs, profit and loss on exchange and amounts charged to members through the Syndicate.

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

The Syndicate has entered into profit commission agreements with a number of its coverholders. Amounts payable under these arrangements are calculated, accrued and earned in line with the performance of the underlying business and recorded as acquisition costs.

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

Foreign Currencies

The Syndicate trades in four settlement currencies: Sterling, US Dollars, Euros and Norwegian Krone. Non-Sterling income and expenditure is translated at the average rates of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Balance sheet assets and liabilities are translated into Sterling at the rates of exchange at the balance sheet date. The profit or loss arising on the balance sheet to the closing rate of exchange is dealt with through the statement of total recognised gains and losses.

Any other differences arising on translation of foreign currency amounts in the Syndicate are included in the technical account.

Investments

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at market value (bid value) and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Investment Return

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

Realised gains and losses on investments are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period. Investment return is initially recorded in the non-technical account and subsequently transferred to the long-term business technical account to reflect the investment return on funds supporting the underwriting business.

Taxation

Managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate 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.

No provision is made in the Syndicate financial statements for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate are included in the balance sheet under the heading "other debtors".

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

Profit Commission

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

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

Pension Costs
ASL operates a defined contribution scheme through a related company, ANV Central Bureau Service Limited (CBS). Pension contributions relating to Managing Agency staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

2. Segmental Analysis

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

	Note	2014 £'000	2013 £'000
Scheme		14,936	24,731
Individual		521	862
Group		459	761
Gross premium written	(b)	15,916	26,354
Periodic Premiums		15,509	25,680
Single Premiums		407	674
Gross premium written	(b)	15,916	26,354
Gross premiums earned		26,007	36,918
Gross claims incurred		(9,478)	(5,069)
Net operating expenses		(14,170)	(24,479)
Reinsurance balance	(a)	(1,189)	(3,408)
Total		1,170	3,962
Geographical Origin of business			
Risks located in UK		15,921	18,294
Risks located in other EU countries		(5)	7,776
Risks located in other countries		-	284
Gross premiums written	(b)	15,916	26,354

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

(b) All premiums written are in respect of contracts concluded in the UK and are in respect of term life business.

Group business written through a coverholder is included in the above table as scheme business. This differs from the SBF return where it is defined as group business.

3. Claims Incurred Net of Reinsurers' Share

The Syndicate has applied a similar approach to establishing technical provisions for claims outstanding reserves and reinsurer's share thereof, as included within the Long-Term Business Provision, held at the end of the previous year. The claims incurred, as stated within the financial statements of £5.5m (2013: £4.2m) includes a deterioration of £0.3m on 2012 & prior years and a marginal movement on the other years of account (2013: £1.4m deterioration) in relation to claims incurred at the prior year end. The unfavourable development on the 2012 & prior years follows adverse experience in relation to the Syndicate's long-tailed legacy portfolio.

4. Net Operating Expenses

	2014 £'000	2013 £'000
Brokerage and commissions	6,099	15,536
Other acquisition costs	702	665
Acquisition costs	6,801	16,201
Change in deferred acquisition costs	4,920	5,236
Administrative expenses	2,859	3,118
(Profit)/loss on exchange	(410)	(76)
	14,170	24,479

Administrative expenses include:		
Fees payable to the Syndicate auditors for:		
– The audit of the Syndicate's accounts	74	87
– Other services pursuant to legislation (e.g. Returns to Lloyd's)	16	19
– Other services relating to taxation	3	3
Members standard personal expenses (Lloyd's subscriptions, New Central Fund contributions, managing agent fees and profit commissions)	143	856
	236	965

5. Employees

During the year, all employee contracts with the Managing Agency were transferred to ANV Central Bureau Services, a related company. The following amounts were recharged to the Syndicate in respect of salary costs:

	2014 £'000	2013 £'000
Wages and salaries	1,125	973
Social security costs	180	148
Other pension costs	110	78
	1,415	1,199

The average number of employees employed by the group service company but working for the Syndicate during the year was as follows:

	2014 No.	2013 No.
Administration and finance	6	8
Underwriting	7	5
Claims	1	-
	14	13

6. Directors' and Active Underwriter's Emoluments

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

	2014 £'000	2013 £'000
Emoluments	116	363
Contributions to defined contribution pension schemes	5	9
	121	372

The active underwriter received the following aggregate remuneration including pension contributions of £25k (2013: nil) charged as a Syndicate expense:

	2014 £'000	2013 £'000
J Clarke	168	167
C Garner	139	-
	307	167

7. Investment Income

	2014 £'000	2013 £'000
Income from investments	592	1,045
Gains on realisation of investments	-	2
	592	1,047

8. Investment Expenses and Charges

	2014 £'000	2013 £'000
Investment management expenses, including interest	39	48
Losses on realisation of investments	84	162
	123	210

9. Other Financial Investments

	Market Value		Cost	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Shares and other variable yield securities and units in unit trusts	7,968	2,557	8,194	2,557
Debt securities and other fixed income securities	8,409	15,077	8,409	15,661
Participation in investment pools	154	5,594	154	5,594
Deposits with credit institutions	2	2	2	2
	16,533	23,230	16,759	23,814

Shares and other variable yield securities and units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges.

10. Debtors Arising out of Direct Insurance Operations

	2014 £'000	2013 £'000
Due within one year – intermediaries	3,542	10,158

Allowance is made for the increasing mortality on multi-year policies which re-sign to new years of account. In the previous period the inter-year debtor and creditor balances were grossed up on the balance sheet by £7.2m in respect of this. In the current year these have been netted down reflecting the position of the Syndicate as a whole.

11. Debtors Arising out of Reinsurance Operations

	2014 £'000	2013 £'000
Due within one year – intermediaries	1,750	2,387

12. Other Assets - other

These comprise of overseas deposits that are lodged as a condition of conducting underwriting business in certain countries.

	2014 £'000	2013 £'000
Overseas Deposits	453	896

13. Reconciliation of Members' Balances

	2014	2013
	£'000	£'000
Members' balances brought forward at 1 January	(1,539)	(5,614)
Profit/(Loss) for the financial year	1,407	4,208
Currency translation differences	14	(2)
Transfer to members' personal reserve funds	(1,892)	-
Members' Agents' Fees	(106)	(131)
	(2,116)	(1,539)

Members participate on syndicates by reference to years of account and their ultimate result. Assets and liabilities are assessed with reference to policies incepting in that year of account, in respect of the members' participation in a particular year. The 2010 year of account did not close at 31 December 2012 and consequently there is no "transfer to/(from) the members' personal reserve funds" disclosed for the 2013 year end comparatives.

14. Long-Term Business Provision

	Unearned premiums	Claims outstanding	Total
	£'000	£'000	£'000
Gross			
At 1 January 2014	25,140	17,603	42,743
Exchange adjustments	(972)	(1,083)	(2,055)
Movement in provision	(10,091)	(1,823)	(11,914)
At 31 December 2014	14,077	14,697	28,774
Reinsurance			
At 1 January 2014	2,616	1,840	4,456
Exchange adjustments	(10)	(153)	(163)
Movement in provision	(908)	931	23
At 31 December 2014	1,698	2,618	4,316
Net Long-Term technical provisions			
At 31 December 2014	12,379	12,079	24,458

	Unearned premiums	Claims outstanding	Total
	£'000	£'000	£'000
Gross			
At 1 January 2013	34,980	27,285	62,265
Exchange adjustments	724	(308)	416
Movement in provision	(10,564)	(9,374)	(19,938)
At 31 December 2013	25,140	17,603	42,743
Reinsurance			
At 1 January 2013	2,954	4,590	7,544
Exchange adjustments	(6)	(115)	(121)
Movement in provision	(332)	(2,635)	(2,967)
At 31 December 2013	2,616	1,840	4,456
Net Long-Term technical provisions			
At 31 December 2013	22,524	15,763	38,287

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

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

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

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

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

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

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

The level of expenses included in the valuation is based on a prudent assessment of the cost of running off the Syndicate's existing business. The estimate is based on the Syndicate's assumption of the proportion of policies in force at 31 December 2014 that will still be in force at each future year end.

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

15. Creditors Arising out of Direct Insurance Operations

	2014	**2013**
	£'000	**£'000**
Due within one year – intermediaries	6,211	13,439

Allowance is made for the increasing mortality on multi-year policies which re-sign to new years of account. In the previous period the inter-year debtor and creditor balances were grossed up on the balance sheet by £7.2m in respect of this. In the current year these have been netted down reflecting the position of the Syndicate as a whole.

16. Creditors Arising out of Reinsurance Operations

	2014	**2013**
	£'000	**£'000**
Due within one year – intermediaries	622	1,454

17. Movement in Opening and Closing Portfolio Investments Net of Financing

	2014 £'000	2013 £'000
Net cash outflow for the year	(3,037)	(426)
Movement in overseas deposits	(444)	(3,123)
Cash flow – portfolio investments (note 18)	(5,899)	(734)
Movement arising from cash flows	(9,380)	(4,283)
Changes in market value and exchange rates	(908)	220
Total movement in portfolio investments net of financing	(10,288)	(4,063)
Balance brought forward at 1 January	27,941	32,004
Balance carried forward at 31 December	17,653	27,941

18. Movement in Cash, Portfolio Investments and Financing

	At 1 January 2014 £'000	Cash Flow £'000	Changes to Market Value and Currencies £'000	At 31 December 2014 £'000
Cash at bank and in hand	3,815	(3,037)	(111)	667
Overseas deposits	896	(444)	1	453
Portfolio investments				
Shares and other variable yield securities	2,557	5,829	23	8,409
Participation in investment pools	5,594	(5,321)	(119)	154
Debt securities and other fixed income securities	15,077	(6,407)	(702)	7,968
Deposits with credit institutions	2	-	-	2
Total of Portfolio investments	23,230	(5,899)	(798)	16,533
Total of cash, portfolio investments and financing	27,941	(9,380)	(908)	17,653

19. Net Cash Inflow/(Outflow) on Portfolio Investments

	2014 £'000	2013 £'000
Sale/(Purchase) of participations in investment pools	5,321	(4,848)
Deposits with credit institutions	-	600
Sale/(Purchase) of debt securities and other fixed income securities	6,407	(2,266)
(Purchase)/Sale of shares and other variable yield securities	(5,829)	7,248
Net cash inflow on portfolio investments	5,899	734

20. Funds at Lloyd's

Every member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are primarily required in case syndicate assets prove insufficient to meet members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business.

FAL is not hypothecated to any specific syndicate participation by a member and therefore there are no specific funds available to a syndicate which can be precisely identified as its capital.

In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

21. Related Parties

ANV Holdings (UK) Limited (AHUK) holds 80% of the ordinary shares of ANV Syndicate Management Limited (ASML). ASML is the immediate parent company of ANV Syndicates Limited (ASL). AHUK is a wholly owned subsidiary of ANV Risk BV. The ultimate holding company of the ANV Group is ANV Holdings BV, whose principal investor is the Ontario Teachers' Pension Plan. On 6 December 2013, Jubilee Managing Agency Limited (JMAL) was acquired by ASML, part of ANV Group. Jubilee Group Holdings Limited (JGHL) and its other subsidiaries were not acquired by ANV. Jubilee Managing Agency Limited was re-named ANV Syndicates Limited on 6 December 2013.

Transactions with Group Entities

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of Syndicate 779 is ASL.

ANV Entities

All ANV staff are employed by ANV Central Bureau of Services Limited, with costs re-charged to the Syndicate. Included within the recharges are amounts relating to the remuneration of Directors of ASL. Profit-related remuneration for the Syndicate's underwriting staff is not charged to the Syndicate.

Other Entities

A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by companies within the RSG Group. These include:

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

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

Syndicate Capital

Prior to the sale of JMAL to the ANV Group, the parent company of Jubilee Managing Agency Limited was Jubilee Group Holdings Limited (JGHL). On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency and Ryan Specialty Group, LLC became the ultimate parent company.

<u>2012</u>

Following the acquisition of JMAL by RSG in 2011, RSG, through its wholly owned subsidiary, Jubilee Corporate Member LLP, provided 19% of the Underwriting Capacity of the Syndicate.

On 20 December 2012, the ownership of the senior member of Jubilee Corporate Member LLP, JM1, was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company.

<u>2013</u>

In 2013, Jubilee Corporate Member LLP provided 21% of the Underwriting Capacity of the Syndicate.

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

<u>2014</u>
Jubilee Corporate Member LLP provided 32% of the Underwriting Capacity of the Syndicate.

ASL and related companies of ASL entered into transactions with the Syndicate as follows:

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and Central Fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2014 underwriting year of account, ASL has charged an agent's fee of 0.575% (2013: 0.575%) of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit. Within the annual accounts for the 2014 calendar year, fees of £0.1m (2013: £0.1m) and profit commission of £nil (2013: profit £0.6m) have been reflected within net operating expenses. At 31 December 2014, there are no unpaid fees or profit commission.

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

Included within the recharges are amounts relating to the remuneration of Directors of ASL. The total amount recharged by the Managing Agent to the Syndicate for the calendar year was £3.2m excluding agent fees and profit commission. As at 31 December 2014, an amount of £0.2m was due to the Managing Agent in relation to expenses.

22. Pension Obligations

A group personal pension scheme is operated for Syndicate staff, the cost of which is borne by the Syndicate. The funds of the scheme are administered by Aviva plc. Contributions are paid by the group and syndicate staff. The group also makes payments into certain other staff personal pension plans. The cost of the contributions for the year was £0.1m (2013: £0.08m).

23. Post Balance Sheet Events

Following the acquisition of Jubilee in December 2013, ANV has fully integrated, across all managed syndicates, its approach to Solvency II. As of 1 March 2015, Lloyd's has confirmed that all requirements have been met, save with respect to risk management, where there remain some points of difference and a requirement to further embed processes.

From our discussions with Lloyd's, we expect to be able to provide sufficient evidence to Lloyd's to support our rating being changed to green at our next review point. Until then, Lloyd's is maintaining a red rating.

Therefore, as for all agents rated red at the start of March 2015, ANV's managed syndicates will be affected by a 20% capital loading applied at the mid-year coming-into-line. The translation of the loading to individual members will vary depending on the individual circumstances and participations of each member.

Syndicate 779

2012 Year of Account – Underwriting Year Accounts

Year Ended 31 December 2014

Syndicate Underwriting Year Accounts

Closed at 31 December 2014

Report of the Directors of the Managing Agent

2012 Underwriting Year of Account - 31 December 2014
The Directors of the Managing Agent present their report for the year ended 31 December 2014 in respect of the closed 2012 year of account of Syndicate 779. The principal activity of the Syndicate is that of underwriting Term Life Assurance conducted through the Lloyd's market. An overview of the Syndicate's activities and result is provided in the Strategic Report and the Report of the Directors of the Managing Agent within the annual financial statements.

Review of the 2012 closed year of account
The 2012 year of account closed at a loss of £0.6m at 36 months, before members' agents' fees, representing a loss on stamp of 2.38%. The result includes the benefit of a modest discount to the held reserves, calculated in line with Solvency II principles, on the reinsurance to close of the year into the 2013 year of account. The discount reflects the expected future profitability of the unearned exposures in relation to the long-tail business within the 2011 & Prior years of account.

The loss at 36 months is driven by the development of the 2011 & Prior years of account, which closed into the 2012 year of account at 31 December 2013. There was a marginal loss of £0.02m on the 2012 pure year of account over 36 months.

Despite achieving a calendar year profit of £1.7m, primarily in relation to the 2011 & Prior years of account as a result of expected favourable developments in relation to specific provisions, the profit was insufficient to offset the discount at which the 2011 & Priors years closed into 2012 and consequently a loss has been recorded.

The unfavourable result at closure follows adverse claims development in relation to the Syndicate's long-tailed legacy portfolio and a subsequent revision of expectations for the future profitability of the unearned business at the current year end.

Seven Year Summary of Results
A seven year summary of underwriting results is shown on page 51.

Disclosure of information to the auditors
The Directors who held office at the date of approval of the Report of the Directors of the Managing agent confirm that, so far as they are aware, there is no relevant audit information of which the Syndicate's auditors are unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Syndicate Auditors

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

Approved by Order of the Board

G M van Loon
Director of Underwriting
ANV Syndicates Limited
17 March 2015

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing Syndicate underwriting year accounts and an accompanying Report of the Directors of the Managing Agent in accordance with applicable law, Lloyd's Byelaws and United Kingdom Generally Accepted Accounting Practice.

Regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 (the 2008 Regulations) requires the Managing Agent to prepare syndicate underwriting year accounts for a syndicate in respect of any underwriting year which is being closed by reinsurance to close during or at the end of a financial year. In the event that an underwriting year remains open, the Managing Agent is required to prepare run-off accounts for a syndicate which is in run-off at the end of a financial year.

The Syndicate underwriting year accounts must be prepared on an underwriting year basis which gives a true and fair view of the result of the underwriting year at closure.

In preparing the syndicate underwriting year accounts, the Managing Agent is required by the Syndicate Accounting Byelaw (No.8 of 2005) to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;

- take into account all income and charges relating to a year of account without regard to the date of receipt or payment;

- make judgements and estimates that are reasonable and prudent; and

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the 2008 Regulations and the Syndicate Accounting Byelaw (No.8 of 2005). It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the syndicate and to prevent and detect fraud and other irregularities.

Report of the Auditors

Independent Auditors' Report to the Members of Syndicate 779 2012 Closed Year of Account

We have audited the Syndicate Underwriting Year Accounts for the 2012 Year of Account of Syndicate 779 for the three years ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members on the 2012 Year of Account of the Syndicate, as a body, in accordance with Regulation 6(4) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and Auditors

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 36, the Managing Agent is responsible for the preparation of the Syndicate Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Underwriting Year Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Underwriting Year Accounts

An audit involves obtaining evidence about the amounts and disclosures in the Syndicate Underwriting Year Accounts sufficient to give reasonable assurance that the Syndicate Underwriting Year Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Syndicate Underwriting Year Accounts.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Annual Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate Underwriting Year Accounts

In our opinion the Syndicate Underwriting Year Accounts:

- give a true and fair view of the Syndicate's loss for the 2012 Closed Year of Account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been
- properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

Matters on which we are required to report by exception

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

- the Managing Agent in respect of the Syndicate has not kept proper accounting records; or
- the Syndicate Underwriting Year Accounts are not in agreement with the accounting records.

Neil Coulson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
17 March 2015

Profit and Loss Account – 2012 Year of Account

Technical Account – Long Term Business

2012 closed account for three years ended 31 December 2014

	Note	£'000	2012 Year of account £'000
Syndicate Allocated Capacity			27,000
Earned Premiums, Net of Reinsurance			
Gross premiums written	2		28,841
Outward reinsurance premiums			(6,836)
Net premium written			22,005
Reinsurance to Close Premium Received Net of Reinsurance	3		19,297
			41,302
Allocated Investment Return transferred from the Non-Technical Account			208
Claims Incurred, Net of Reinsurance			
Claims Paid			
Gross amount		(16,289)	
Reinsurers' share		4,064	
Net claims paid		(12,225)	
Reinsurance to Close Premium Payable Net of Reinsurance	4	(14,747)	
			(26,972)
Net Operating Expenses	5		(15,334)
Balance on the Technical Account - Long Term Business			(796)

Non-Technical Account

2012 closed account for three years ended 31 December 2014

	Note	2012 Year of account £'000
Balance on the Technical Account - Long Term Business		(796)
Investment income	7	540
Unrealised gains on investments		-
Investment expenses and charges	8	(118)
Unrealised losses on investments		(214)
Allocated investment return transferred to the long term business technical account		(208)
Loss for the 2012 Closed Year of Account	11	(796)

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Balance Sheet – 2012 Year of Account

2012 Year of Account at 31 December 2014

	Note	2012 £'000
Assets		
Investments	9	14,636
Debtors	10	6,242
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4	1,239
Other Assets		
Cash at bank and in hand		585
Debtors		
Amounts due from members	11	796
Total assets		23,498
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	4	15,986
Creditors	12	7,512
Accruals and deferred income		-
Total Liabilities		23,498

The Syndicate Underwriting Year accounts on pages 39 to 51 were approved by the Board of ANV Syndicates Limited on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Cash Flow Statement – 2012 Year of Account

Three Years ended at 31 December 2014

	Note	2012 Year of account £'000
Reconciliation of Closed Year Result to Net Cash Inflow from Operations of the Closed Year		
Loss for the 2012 year account on ordinary activities		(796)
Net reinsurance to close premium payable		14,747
Increase in debtors		(6,242)
Increase in creditors		7,512
Net Cash Inflow from Operating Activities		15,221
Cash flows were invested as follows:		
Increase in cash holdings	13	585
Net portfolio investment	13	14,636
Net Investment of Cash Flows		15,221

Notes to the Syndicate Underwriting Year Accounts

1. Statement of Accounting Policies

Basis of Preparation
These underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice issued in December 2005 (as amended in December 2006) by the Association of British Insurers.

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 2012 year of account which has been closed by reinsurance to close at 31 December 2014. Consequently the balance sheet represents the net assets and liabilities of the 2012 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the 36 month period until closure.

The underwriting year accounts cover the period from the date of inception of the 2012 year of account to the date of closure. Accordingly, this is the only reporting period and so correspondingly amounts as required by FRS28 are not shown.

Accounting policies
The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account. If an equitable reinsurance to close cannot be determined due to reserve uncertainty the year is held open until an equitable reinsurance to close can be determined.

The accounting policies disclosed within the notes to the Syndicate Annual Accounts have been applied consistently on an annual basis from 1 January 2012 in dealing with items which are considered material in relation to the underwriting year accounts. In addition to the policies disclosed in the annual accounts, the underwriting year accounts have been prepared in line with the following:

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

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

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

Reinsurance to close premium payable
A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten

by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

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

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

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

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

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

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

Syndicate Operating Expenses
Costs incurred by the Managing Agent in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense.

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

Basis of Currency Translation
Any differences arising between the translation of the Syndicate's four settlement currencies, Sterling, US Dollars, Euros, and Norwegian Krone, at average rates of exchange for each calendar year and the translation of assets and liabilities held on the balance sheet in the Syndicate's four settlement currencies at the rates of exchange ruling at the current year end are included within the profit or loss on exchange account within net operating expenses.

As these accounts report the total profit or loss to be transferred to members all differences arising on translation of foreign currency amounts in the Syndicate have been included in the technical account.

2. Segmental Analysis

	Note	2012 Year of account £'000
Scheme		26,470
Individual		2,371
Gross premium written	(a)	28,841
Periodic premiums		28,022
Single premiums		819
Gross premiums written	(a)	28,841
Geographical origin of business		
Risks located in UK		19,931
Risks located in other EU countries		8,415
Risks located in other countries		495
Gross premiums written	(a)	28,841
Reinsurance balance	(b)	(2,834)

Notes:

(a) *Gross premiums written have been analysed by reference to the Situs of the risk. All premiums written are in respect of contracts concluded in the UK and are in respect of term life business*

(b) *The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums.*

3. Reinsurance to Close Premium Received

	Outstanding claims £'000	IBNR £'000	2012 Year of account £'000
Gross reinsurance to close premium received	4,214	16,384	20,598
Reinsurance recoveries anticipated	(628)	(673)	(1,301)
Reinsurance to close premium received net of reinsurance	3,586	15,711	19,297

4. Reinsurance to Close Premium Payable

	Outstanding claims £'000	IBNR £'000	2012 Year of account £'000
Gross reinsurance to close premium payable	(4,042)	(11,944)	(15,986)
Reinsurance recoveries anticipated	574	665	1,239
Reinsurance to close premium payable net of reinsurance	(3,468)	(11,279)	(14,747)

5. Net Operating Expenses

	2012 Year of account £'000
Brokerage and commissions	10,723
Other acquisition costs	996
Acquisition costs	11,719
Loss on exchange	834
Administrative expenses	2,781
	15,334

Included within administrative expenses above are the following:

	£'000
Services relating to taxation	3
Auditors' remuneration - audit	71
Other financial services	17
Members standard personal expenses (Lloyd’s subscriptions, New Central Fund contributions, managing agent fees and profit commission)	454

6. Balance on the Technical Account before Net Operating Expenses and Allocated Investment Return

	2011 & Prior £'000	2012 Pure £'000	2012 Year of account £'000
Technical account balance before net operating expenses & allocated investment return	481	13,849	14,330
Brokerage and commission on gross premium	(1,242)	(9,481)	(10,723)
Balance after brokerage and commissions	(761)	4,368	3,607

7. Investment Income

	Cumulative balance to 31 December 2014 £'000
Income from investments	540
Gains on realisation of investments	-
	540

8. Investment Expenses and Charges

	Cumulative balance to 31 December 2014 £'000
Investment management expenses, including interest	38
Losses on realisation of investments	80
	118

9. Investments

	2012 Year of Account	
	Market Value £'000	Cost £'000
Debt securities and other fixed income securities	7,968	8,194
Shares and other variable yield securities and units in unit trusts	6,512	6,512
Participations in investment pools	154	154
Credit Institutions	2	2
	14,636	14,862

Debt securities and other fixed income securities are all listed on recognised stock exchanges.

10. Debtors

	2012 Year of Account £'000
Arising out of direct insurance operations - intermediaries	2,520
Arising out of reinsurance operations	433
Other	3,289
	6,242

All amounts are due within one year.

11. Amounts due to/(from) Members

	2012 Year of Account £'000
Loss for the 2012 year of account as at 31 December 2014	(642)
Members' Agents' fees advances	(154)
Amounts due from members' at 31 December 2014	(796)

12. Creditors

	2012 Year of Account £'000
Arising out of direct insurance operations	3,757
Arising out of reinsurance operations	24
Other	3,731
	7,512

All amounts are payable within one year.

13. Movement in Cash and Portfolio Investments

	Cash Flow 2012 Year of Account £'000
Cash at bank and in hand	281
Overseas deposits	304
	585
Debt securities and other fixed income securities	7,968
Shares and other variable yield securities and units in unit trusts	6,512
Participations in investment pools	154
Credit Institutions	2
	14,636
Total movement in cash and portfolio investments	15,221

14. Net Cash Inflow on Portfolio Investments

	2012 Year of Account £'000
Purchase of debt securities and other fixed income securities	7,968
Purchase of shares and other variable yield securities and units in unit trusts	6,512
Purchase of participations in investment pools	154
Purchase of deposits with credit Institutions	2
	14,636

15. Related Parties

ANV Holdings (UK) Limited (AHUK) holds 80% of the ordinary shares of ANV Syndicate Management Limited (ASML). ASML is the immediate parent company of ANV Syndicates Limited (ASL). AHUK is a wholly owned subsidiary of ANV Risk BV. The ultimate holding company of the ANV Group is ANV Holding BV, whose principal investor is the Ontario Teachers' Pension Plan. On 6 December 2013, Jubilee Managing Agency Limited (JMAL) was acquired by ASML, part of ANV Group. Jubilee Group Holdings Limited (JGHL) and its other subsidiaries were not acquired by ANV. Jubilee Managing Agency Limited was re-named ANV Syndicates Limited on 6 December 2013.

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Other Entities

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<u>2012</u>

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On 20 December 2012, the ownership of the senior member of Jubilee Corporate Member LLP, JM1, was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company.

<u>2013</u>

In 2013, Jubilee Corporate Member LLP provided 21% of the Underwriting Capacity of the Syndicate.

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

<u>2014</u>
Jubilee Corporate Member LLP provided approximately 32% of the Underwriting Capacity of the Syndicate. ASL and related companies of ASL entered into transactions with the Syndicate as follows:

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

For the 2012 underwriting year of account ANV Syndicates Limited has charged an agent's fee of 0.575% of capacity.

Within the underwriting accounts for the 2012 year of account, fees of £0.2m and profit commission of £nil have been reflected within net operating expenses. At 31 December 2014 there are no unpaid fees.

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

Included within the recharges are amounts relating to the remuneration of Directors of ANV Syndicates Limited. The total amount recharged by the Managing Agent to the Syndicate for the 2012 year of account was £3.0m excluding agent fees and profit commission. As at 31 December 2014, an amount of £0.4m was due to the Managing Agent in relation to expenses.

In addition to the above arrangements, Lutine Assurance Services Limited (Lutine), a 100% subsidiary of JGHL, underwrites, accepts and manages individual and Group life risks received from IFAs on behalf of the Syndicate. Lutine continues to retain the profits which it makes from acting as a marketing and service company for the Syndicate. Business generated by Lutine and underwritten by the Syndicate is under a Lloyd's binding authority.

The gross commission payable to Lutine by the Syndicate for the 2012 year of account was £4.1m.

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL. JSSL provides a range of administrative services to the Syndicate.

JSSL received fee income of £0.03m in respect of services provided to the 2012 year of account of Syndicate 779. The balance outstanding at the yearend was £nil.

Jubilee Europe B.V (JE) (formerly Cassidy Davis Europe B.V) incorporated in the Netherlands, a wholly owned subsidiary of JGHL, provides marketing services to the Syndicate. It also holds a limited binding authority to accept business on behalf of the Syndicate.

The profit commission payable to JE by the Syndicate in respect of the 2012 year of account was £nil.

The Directors of ANV Syndicates Limited consider the commission charged to the Syndicate by Lutine, JSSL and JE to be consistent with those payable to a third party for similar services.

Transactions with directors and Group entities
Neither the directors, nor the active underwriter are Names on the Syndicate.

Seven Year Summary of Results of Closed Years

	2006	2007	2008	2009	2010	2011	2012
Syndicate allocated capacity (£'000)	37,936	37,973	30,000	30,000	27,000	27,000	27,000
Number of underwriting members	263	278	273	269	261	228	214
Aggregate net premiums (£'000)	12,590	11,134	11,963	11,713	11,004	11,685	11,282
Result for a Name with an illustrative share of £10,000							
Gross premiums	£4,590	£4,740	£6,169	£6,586	£6,523	£6,722	£6,711
	£	£	£	£	£	£	£
Net premiums	3,319	2,932	3,987	3,904	4,076	4,328	4,179
Premium for reinsurance to close an earlier year of account earlier year of account	8,582	11,124	12,762	11,144	11,902	-	7,147
Net claims	(1,165)	(1,954)	(2,504)	(3,200)	(6,539)	(2,596)	(4,528)
Premium for reinsurance to close the year of account	(11,135)	(10,083)	(11,144)	(10,712)	(6,666)	(481)	(5,462)
Syndicate operating expenses	(563)	(698)	(780)	(858)	(1,723)	(1,317)	(1,231)
Profit/(loss) on exchange	1,846	(243)	(374)	(144)	(74)	(86)	(309)
Balance on technical account	884	1,078	1,947	134	976	(152)	(204)
Investment return	580	556	493	362	452	37	77
Profit/(loss) before personal expenses	1,464	1,634	2,440	496	1,428	(115)	(127)
Illustrative profit commission	(221)	(247)	(395)	(165)	(226)	-	-
Illustrative personal expenses (note 2)	(200)	(252)	(182)	(122)	(198)	(189)	(168)
Other Income/ Charges	-	-	-	567	-	-	-
Profit / (loss) after illustrative profit commission and illustrative personal expenses	£1,043	£1,135	£1,863	£776	£1,004	(£304)	(£295)
Capacity utilised (note 3)	45.9%	47.4%	61.7%	65.9%	65.2%	67.2%	106.8%
Net capacity utilised (note 4)	33.2%	29.3%	39.9%	39.0%	40.8%	43.3%	41.8%
Underwriting profit ratio (note 5)	19.3%	22.7%	31.6%	2%	15.0%	(2.3%)	(3.0%)
Result as a percentage of stamp capacity	10.4%	11.4%	18.6%	7.8%	10.1%	(3.0%)	(2.9%)

Notes to the Summary

1. *The summary has been prepared from the audited accounts of the Syndicate.*
2. *Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years and the Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee.*
3. *Capacity utilised represents gross premium written expressed as a percentage of allocated capacity.*
4. *Net capacity utilised represents written premium net of reinsurance expressed as a percentage of allocated capacity.*
5. *The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.*
6. *For consistency across the seven year summary all premiums and operating expenses are stated exclusive of brokerage and commissions.*