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Argenta Syndicate Management Limited
Syndicate 1110

Report, Annual Accounts
and Underwriting Year Accounts
as at 31 December 2014

Argenta Syndicate Management Limited
Company Information

Directors
John L P Whiter
Andrew J Annandale
Graham K Allen
Peter J Bruin
Paul Hunt
Ian M Maguire
Nicholas J Moore
John E Mumford
Trevor P Newbery
Gary A Powell
Matthew P Rowan
David J Thompson
Alan W Tucker
Graham J White
David G Williams

Registered office
Fountain House
130 Fenchurch Street
London EC3M 5DJ
Registered in England number 3632880

Syndicate auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Syndicate bankers
Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

Citibank N.A.
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Royal Trust Corporation of Canada
Royal Trust Tower
Toronto
Ontario M5W 1P0

Syndicate actuaries
Towers Watson Ltd
Saddlers Court
64-74 East Street
Epsom
Surrey KT17 1HB

Company auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Contents of Report and Accounts

Managing agent's report

The directors of Argenta Syndicate Management Limited (ASML) present their report for the year ended 31 December 2014.

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

A separate set of underwriting accounts has been prepared on the traditional three year accounting basis in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). These relate to the 2012 year of account which has been reinsured to close with effect from 31 December 2014.

Overview of business

ProSight is a US based specialist insurance provider, focusing exclusively on markets where it has unique expertise and with distributors who have a deep understanding of their clients' needs. Adhering to this focus, business volumes are expected to rise in the coming years, both from new ProSight initiatives and the momentum of the engineering and contractors books upon which the syndicate was initially established.

ASML has been the managing agent of Syndicate 1110 since 2010 although ProSight Specialty Underwriters Limited (PSUL) provides certain services to the syndicate under a Third Party Syndicate Management Agreement. PSUL is continuing to enhance its resources and had its own managing agency approved during February 2015. Managing agency responsibility for Syndicate 1110, other than in respect of these financial statements, transferred from ASML to ProSight Specialty Managing Agency Limited (PSMAL) on 5 March 2015.

For the 2012 year of account, the capacity of the syndicate was increased from £53 million to £80 million. Whilst the focus of the portfolio for this year remained on the engineering short-tail and power sectors, a significant lawyers E&O book, sourced from ProSight in the US, was introduced.

The capacity of the syndicate was further increased for the 2013 and 2014 years of account to £110 million and £180 million respectively. During this period the syndicate continued to diversify the overall business mix introducing a number of longer tail liability classes as well as non-marine property classes. The syndicate, however, ceased underwriting power business.

For 2014 the syndicate underwrote for the first time in the US marine and energy liability sectors and also introduced a substantial bars and taverns programme.

A significant element of the overall book of business continues to be sourced from ProSight in the US either under delegated underwriting authority arrangements or by way of the reinsurance of ProSight entities.

Review of underwriting activities for 2014

The annually accounted result for the 2014 calendar year is a loss of £1.8 million. This aggregate result for the calendar year is made up of a profit on the 2012 year of account of £3.8 million and losses on the 2013 and 2014 underwriting years of £3.2 million and £2.4 million respectively.

The table below summarises the capacity, premium volumes and performance of the syndicate for 2014, with the comparative numbers for 2013. Other than in respect of capacity, the numbers shown are on an annually accounted basis. The table is followed firstly by further detailed comments in relation to each of the years on an annually accounted basis and then, secondly, on the underwriting year of account basis.

Key performance indicators	*2014*	*2013*
	£m	£m
Capacity (underwriting year)	180.0	110.0
Gross premiums written	137.8	102.9
Net premiums earned	95.7	64.4
Loss for the year	(1.8)	(10.8)
Cash and investments including overseas deposits	114.4	73.6
Net claims ratio	63%	64%
Combined ratio	102%	117%

Managing agent's report *continued*

Review of underwriting activities for 2014 *continued*

During 2014 the syndicate continued to focus on the media and film, professions, leisure and hospitality, construction and contractors, contingency and marine sectors. The underwriting team was strengthened with a number of key appointments and this investment during the middle part of the year resulted in the syndicate being able to underwrite a number of new programmes within targeted areas. Approximately £22 million of new business was written in the latter part of the year, providing a platform for further growth into 2015. Although the focus is on acquiring and developing programmes of facility business, the increase in underwriting headcount has also provided increased premium flow in some specialist classes.

During the period the syndicate continued to source a significant volume of business from delegated underwriting facilities granted to a number of ProSight subsidiaries in the US.

Gross written premium increased by 34% reflecting the ongoing development of the business since inception. The substantially improved results for the year are driven by increased premium volume diluting the expense base, an absence of large losses and an improving underlying loss ratio. The net claims ratio during the year has reduced from 64% to 63% and the expense ratio reduced from 53% to 39%.

The 2011 and prior year of account were subject to a reinsurance to close (RITC) transaction with a third party syndicate with effect from 31 December 2013 such that the syndicate now has expsoures only in relation to the 2012 and subsequent years of account.

2012 year of account

The ultimate result for the 2012 year of account is a loss of £10.3 million. This is equivalent to 12.9% of capacity, which is an improvement from the forecast ultimate loss range of 15% to 25% of capacity as at 31 December 2013, at which point a loss of £14.1 million had been recognised.

There have been a number of large claims which have contributed to this result. These include a loss of plant and equipment in a mining landslide, a contractor's liability claim and a number of power claims. The syndicate discontinued writing power risks at the end of 2012 and purchased a quota share protection during 2013 to reduce the volatility of the power class. All of the exposure on the power risks had expired by the end of 2013.

The positive result in the calendar year is largely a result of favourable development of reserves across a number of classes of business, including engineering and power, following better than expected claims experience.

2013 year of account

The calendar year result for the 2013 year of account is a loss of £3.2 million and the forecast ultimate loss now sits in the range 6.5% to 16.5% of capacity. There have been a large number of small claims, which have contributed to this result particularly within the property, engineering, contractors and lawyers classes. The 2013 year of account also includes increased expenses incurred for establishing the infrastructure and developing the syndicate operations as part of the preparation for independent managing agency status.

There is one large claim of note relating to the 2013 year of account in respect of a Canadian construction loss.

2014 year of account

The result for the calendar year is a loss of £2.4 million reflecting the fact that at this point the earned premium is not large enough to offset the expenses incurred by the syndicate. The expected gross written premium for the 2014 year of account is £174.3 million compared to £107.2 million for the 2013 year, reflecting significant growth in specialty classes including engineering, leisure and hospitality, marine and liability both from US non-admitted programmes sourced through the ProSight network in the US and from a developing network of coverholders and distributors, particularly in the UK, Canada and Australia. The business development focus continues to be on building relationships with key coverholders.

There were no large claims notified during the year.

Managing agent's report *continued*

Trading conditions for 2015

Engineering

The market remains relatively stable, although there are a number of new entrants in the contractors plant and equipment (CPE) sector in London. The syndicate continues to focus on construction all risks and and CPE business produced via established facilities and it does not intend to focus on the major capacity type risks placed at Lloyd's.

Property

The syndicate has exited the direct and facultative property market and is seeking to develop package opportunities through established intermediaries.

Liability

The liability book is expected to grow during 2015 both organically and through the development of relationships with coverholders. Additional underwriters have been appointed to focus on the construction and contractors sector.

Film, Entertainment and Contingency

The syndicate continues to build this franchise, with good progress in 2014, including being able to provide an international capability for US clients and brokers. This is expected to continue in 2015 with an increased flow of premium through the establishment of a number of new facilities in 2014, supported by new appointments within the underwriting team.

Marine

New lines of business have been secured on some established facilities for 2014 which will help the syndicate grow the portfolio. A number of prospective new opportunities have also been identified for 2015.

Professions

The professional indemnity market continues to be competitive, particularly in the UK and Australia. The syndicate is focusing on specific professions with limited distribution, rather than writing open market business.

Accident and Health

Three A&H underwriters were recruited in 2014 to bring not only standalone business opportunities to the syndicate, but also an ability to build covers into package products.

US non admitted business

US non admitted business sourced predominantly from ProSight entities accounted for approximately £90 million of income in 2014. It is expected this will continue to grow in 2015 as further US programmes are converted onto the syndicate's Lloyd's platform.

ASML business structure

ASML is the Lloyd's managing agency subsidiary of Argenta Holdings plc (AHP), an unquoted holding company with diversified interests in the Lloyd's insurance market. It was the managing agent for several Lloyd's syndicates during 2014.

ASML managed Syndicate 1110 under a turnkey arrangement during 2014.

The syndicate writes a diverse book of business including property, liability and utilities, US professional advisors, contractors, film and entertainment and leisure and hospitality. The capacity of Syndicate 1110 for 2014 was £180 million.

Managing agent's report *continued*

Directors

The directors of ASML who have held office since the date of the last accounts, unless otherwise stated, are:

John L P Whiter – *Non-executive Chairman*
Andrew J Annandale – *Managing Director*
Graham K Allen – *Finance Director*
Peter J Bruin – *Operations Director and Company Secretary*
Paul Hunt – *Non-executive Director (appointed 21 April 2014)*
Ian M Maguire – *Active Underwriter Syndicate 2121*
Nicholas J Moore – *Chief Actuary*
John E Mumford – *Non-executive Director*
Trevor P Newbery – *Non-executive Director*
Gary A Powell – *Non-executive Director*
Matthew P Rowan – *Risk Management and Compliance Director*
David J Thompson – *Claims and Reinsurance Operations Director (appointed 1 April 2014)*
Alan W Tucker – *Non-executive Director*
Graham J White – *Non-executive Deputy Chairman*
David G Williams – *Non-executive Director*

Paul Hunt resigned as an Executive Director of ASML with effect from 31 March 2014 and was reappointed to the Board as a non-Executive Director effective 21 April 2014.

Risk management

As an underwriting business, Syndicate 1110 is exposed to a variety of financial and non-financial risks. These risks, which shape the risk management strategy adopted by ASML, are integral to the capital setting process that is undertaken to ensure that there is an appropriate level of capital held in respect of the insurance liabilities. The Own Risk and Solvency Assessment undertaken in respect of Syndicate 1110, reflects the risk profile of the business as well as the business strategy. Risks are managed through the risk management framework in order to ensure that the risk profile of the business is fully understood and can be monitored against the agreed risk appetite.

ASML is committed to risk management as an integral part of management and governance best practice and has developed a risk management strategy to protect the material assets of the business and to minimise its losses and liabilities. The risks impacting the business are grouped under various categories, each of which is the subject of a risk policy which sets out ASML's approach to management of the risk in conjunction with the overarching risk management framework and risk strategy. ASML groups risk into the following key categories:

Insurance risk
Insurance risk is the risk that arises from the inherent uncertainties in the occurrence, amount and timing of insurance liabilities. The underwriting profile of Syndicate 1110 is such that it is likely that claims will arise on the business underwritten. An expected level of claims in relation to attritional, large and catastrophe type losses has, therefore, been included in the business planning process. Other precautionary measures, in the form of internal controls, are used to preserve the syndicate's performance by limiting the exposure to wider underwriting, claims and reserving risks, such as:

- Inadequate risk selection;
- Inadequate exposure management;
- Adverse, large and attritional loss experience;
- Inadequate reinsurance covering the underwriting portfolio; and
- Inappropriate reserve estimation.

ASML manages these risks against an agreed risk appetite. The framework of systems and controls is designed to reduce the likelihood of such risks occurring and to mitigate the impact on the overall business of the syndicate.

Managing agent's report *continued*

Risk management *continued*

Operational risk
Operational risk spans all risk categories and control procedures are used to proactively address the risks associated with ASML's business processes, systems and other resources, which might otherwise be detrimental to overall performance. Business continuity is considered key and ASML has developed a plan that provides for the syndicate to be fully operational within a forty eight hour period in the event that its current offices are no longer available.

As a regulated business, ASML is fully aware of its regulatory obligations to the UK Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), Lloyd's of London and overseas regulators. The procedures adopted by ASML in this regard rigorously monitor compliance with the regulatory standards and, through continuous assessment, highlight any developments that might impact the business.

Capital risk
Capital risk is defined as the risk to the syndicate of losses arising from inappropriate levels or sources of capital. Syndicate 1110 is supported by ProSight whose ongoing support is crucial to the syndicate continuing to trade forward. In this regard ASML seeks to maintain a close relationship with the capital provider of the syndicate in order to properly understand its appetite for the longer term development of the business.

Liquidity risk
This is the risk that the syndicate will not have sufficient available cash resources to be able to meet its liabilities as they fall due. The liquidity of the syndicate is influenced by a number of factors that have the potential to arise from across the business. Management information is used to enable the effective monitoring of the liquidity risk framework in line with the agreed procedures and governance arrangements. Robust procedures are in place for the monitoring of cash flow and effective credit control. Claims activity is closely scrutinised and the movement of existing claims is reported at regular intervals.

Credit risk
Credit risk is inherent to the business conducted with brokers, reinsurers and other counterparties. The potential for losses arising from a counterparty failing to fulfil its contracted payment obligations is managed by strict control procedures. Aged debt in respect of the payment of premiums and reinsurance recoveries is closely monitored and actively managed. The ASML Finance and Investment Committee approves the brokers, coverholders and reinsurers with whom the syndicate may conduct its business.

There is no appetite to deal with counterparties who have not been approved. Notwithstanding this, a number of key producers of business to the syndicate have historically been exposed to a higher level of credit risk than would normally be consistent with ASML's own risk appetite. It has been agreed to proceed with this increased exposure following consultation with, and the agreement of, the capital providers.

Market risk
Market risk is generally managed by ASML by using a predominantly fixed-income investment strategy designed to mitigate exposure to losses from movement in financial markets, interest rates or inflation. The business has a low appetite for market risk and as such, whilst the level of funds was previously too small to warrant retaining an investment manager with a bespoke mandate, there was a requirement to hold only high-grade money-market funds and bank deposits. At the start of 2014 this was extended to include investments in a fixed-income portfolio.

Emerging risk
In addition to monitoring the individual risk categories outlined above, ASML has in place an emerging risks process to review risks that may impact upon the business in the future, and to ensure that any such risks are understood and mitigated where possible.

Managing agent’s report *continued*

Investment managers and policy

Following the appointment in January 2014 of Goldman Sachs Asset Management (GSAM) by ASML in consultation with ProSight, they commenced with managing the assets in the syndicate's US dollar portfolio (LDTF). During the year GSAM were also appointed to manage the regulated CRTF and SLTF US dollar assets along with the regulated LCTF US dollar and Canadian dollar assets.

Investment objectives

The overall investment objective of GSAM is to preserve capital whilst generating both a consistent income stream and a total return in excess of the benchmark for each portfolio whilst adhering to the syndicate’s investment risk appetites and specific counterparty and duration limits that are specified within the investment guidelines. The table below sets out the performance of the funds against the target benchmarks.

Gross Returns as at 31 December 2014	**Year-To-Date %**	**Inception Date**	**Market Value £000's**
Argenta Syndicate 1110 LDTF Portfolio	**0.83**	**01/02/2014**	**41,668**
Benchmark 1	0.93		
Difference	-0.10		
Argenta Syndicate 1110 - SLTF	**0.28**	**10/07/2014**	**5,061**
Benchmark 2	0.38		
Difference	-0.10		
Argenta Syndicate 1110 - CRTF	**0.22**	**10/07/2014**	**16,747**
Benchmark 3	0.38		
Difference	-0.16		
Argenta Syndicate 1110 - LCTF-USD	**0.10**	**15/08/2014**	**1,999**
Benchmark 4	0.07		
Difference	0.03		
Argenta Syndicate 1110 - LCTF-CAD	**0.80**	**15/08/2014**	**3,507**
Benchmark 5	0.63		
Difference	0.17		
		Total	**68,982**

Syndicate assets including the Australian Trust Fund (ATF), Canadian Margin Fund and other overseas deposits are managed centrally by Lloyd's Treasury. The syndicate is obliged to maintain sufficient funds in the overseas deposits in these jurisdictions to enable it to trade in those regions. The funds are typically invested in fixed income securities with a duration between one and three years. One of the syndicate’s larger overseas deposits is held in the ATF which returned 4.7% during 2014 against a benchmark return of 4.5%. The remaining balances of the syndicate assets, are held in unitised liquidity funds and bank deposits to ensure sufficient funds are available at short notice to meet claims payments or syndicate expenses as they fall due. The liquidity funds are invested in short term high quality securities which have an average weighted duration of 60 days or less and offer daily liquidity.

Custodians

Citibank and RBC Investor & Treasury Services have acted as the custodians in relation to the fixed income portfolios held with GSAM and Lloyd’s Treasury.

The syndicate’s capital providers investment risk appetite is for the syndicate not to suffer an investment loss during a calendar year, in a 1 in 200 scenario, of an amount more than the equivalent of 5 percent of its economic capital requirement.

Funds for investment were primarily held in US dollars. The investment return for the year and the average funds available for investment were as follows:

Managing agent's report *continued*

Average amount of syndicate funds available for investment during the year	***2014***	***2013***
	'000	*'000*
US dollars	111,125	44,089
Sterling (including ATF)	10,488	5,330
Euros	2,150	1,341
Canadian dollars	9,048	6,974
Combined in sterling	84,542	39,060
Net aggregate investment return for the calendar year in sterling	533	362
Net calendar year investment yield		
US dollars	0.3%	0.1%
Sterling (including ATF)	2.2%	3.5%
Euros	0.1%	0.0%
Canadian dollars	1.3%	1.0%
Combined in sterling	0.6%	1.0%

Statement as to disclosure of information to auditors

The directors of the managing agent at the date of this report have individually taken all the necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the syndicate auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the syndicate auditor is unaware.

Auditors

Ernst & Young LLP continues to act as the auditor of the syndicate's annual accounts and underwriting accounts and also as the auditor of ASML. Lloyd's approval for this arrangement under the relevant provisions of the Audit Arrangements Byelaw (No. 7 of 1988) was granted following notification to the syndicate members and their non-objection to the arrangement. A similar arrangement exists in respect of the newly appointed managing agent, PSMAL. Any such objection should be made in writing to the registered office of PSMAL, within 21 days of receipt of this statement.

Under the 2008 Regulations, the auditor is deemed reappointed in subsequent years if there is no objection. Ernst & Young LLP has signified its willingness to continue in office as the independent auditor to the syndicate and it is proposed that the appointment remains in force.

Annual general meeting of the syndicate members

In accordance with the provisions of the 2008 Regulations, it is not intended to hold an annual general meeting with the members of Syndicate 1110, unless objections to this proposal or to the deemed reappointment of the auditor are received from the syndicate members. Any such objection should be made in writing to the registered office of the newly appointed managing agent, PSMAL, within 21 days of receipt of this statement.

Andrew J Annandale
Managing Director

Approved by the Board of Argenta Syndicate Management Limited 16 March 2015.

SYNDICATE

1110

ANNUAL ACCOUNTS 2014

Statement of Managing Agent's Responsibilities

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

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

In preparing the syndicate annual accounts, the managing agent is required to:

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

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

The managing agent is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Syndicate 1110

We have audited the syndicate annual accounts of Syndicate 1110 for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's 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 the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 11, the managing agent is responsible for the preparation of syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual 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 Ethical Standards for Auditors.

Scope of the audit of the syndicate annual accounts

An audit involves obtaining evidence about the amounts and disclosures in the annual accounts sufficient to give reasonable assurance that the annual 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 annual accounts. In addition, we read all the financial and non-financial information in the Report and Annual Accounts to identify material inconsistencies with the audited syndicate 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 accounts

In our opinion the annual accounts:

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

Opinion on other matter prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Managing Agent's Report for the financial year in which the annual accounts are prepared is consistent with the annual accounts.

Independent Auditor's Report to the Members of Syndicate 1110 *continued*

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 accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Michael Purrington (Senior statutory auditor)

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

London

16 March 2015

Profit and loss account

for the year ended 31 December 2014

Technical account – general business	Notes	*2014* £'000	*2014* £'000	*2013* £'000	*2013* £'000
Earned premiums, net of reinsurance					
Gross premiums written	3	137,762		102,926	
Outward reinsurance premiums		(19,408)		(21,861)	
Change in the provision for unearned premiums					
Gross amount		(27,551)		(20,898)	
Reinsurers' share		4,938		4,199	
			95,741		64,366
Allocated investment return transferred from the non-technical account			533		362
Claims incurred, net of reinsurance					
Claims paid - Gross amount		(23,353)		(30,097)	
- Reinsurers' share		2,805		6,298	
		(20,548)		(23,799)	
Change in the provision for claims					
Gross amount		(39,669)		(20,983)	
Reinsurers' share		(416)		3,547	
		(40,085)		(17,436)	
			(60,633)		(41,235)
Net operating expenses	5		(37,461)		(34,264)
Balance on the technical account for general business			(1,820)		(10,771)

All items relate to continuing operations.

Profit and loss account

for the year ended 31 December 2014 continued

Non-technical account		*2014*	*2013*
	Notes	*£'000*	*£'000*
Balance on the general business technical account		(1,820)	(10,771)
Investment income	9	878	507
Unrealised gains on investments		14	-
Investment expenses and charges	10	(177)	(145)
Unrealised losses on investments		(182)	-
Allocated investment return transferred to the general business technical account		(533)	(362)
Loss for the financial year	15	(1,820)	(10,771)

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts. Accordingly, a separate Statement of Total Recognised Gains and Losses has not been presented.

Balance sheet
as at 31 December 2014

	Notes	*2014* £'000	*2014* £'000	*2013* £'000	*2013* £'000
ASSETS					
Investments					
Financial investments	11		106,432		62,095
Reinsurers' share of technical provisions					
Provision for unearned premiums		12,682		8,135	
Claims outstanding		10,496		9,074	
			23,178		17,209
Debtors					
Debtors arising out of direct insurance operations	12	15,563		23,156	
Debtors arising out of reinsurance operations	13	23,536		3,413	
Other debtors		70		288	
			39,169		26,857
Other assets					
Cash at bank and in hand		1,438		2,349	
Other	14	6,553		9,129	
			7,991		11,478
Prepayments and accrued income					
Deferred acquisition costs		23,422		15,924	
Other prepayments and accrued income		1,237		1,021	
			24,659		16,945
TOTAL ASSETS			201,429		134,584

Balance sheet
as at 31 December 2014 continued

		2014		*2013*	
	Notes	*£'000*	*£'000*	*£'000*	*£'000*
LIABILITIES					
Capital and reserves					
Members' balances	15		2,454		(6,859)
Technical provisions					
Provision for unearned premiums		80,769		55,883	
Claims outstanding		100,728		72,176	
			181,497		128,059
Creditors					
Creditors arising out of direct insurance operations	16	190		141	
Creditors arising out of reinsurance operations	17	14,428		11,273	
Other creditors	18	70		419	
			14,688		11,833
Accruals and deferred income			2,790		1,551
TOTAL LIABILITIES			201,429		134,584

The syndicate annual accounts on pages 14 to 31 were approved by the Board of Argenta Syndicate Management Limited on 16 March 2015 and were signed on its behalf by

Andrew J Annandale
Managing Director

Statement of cash flows

for the year ended 31 December 2014

	Notes	*2014* *£'000*	*2013* *£'000*
Reconciliation of loss to net cash inflow from operating activities			
Loss for the financial year		(1,820)	(10,771)
Changes in market value and exchange rates		(2,857)	844
Increase / (decrease) in technical provisions		47,469	32,928
(Increase) / decrease in debtors		(19,810)	(9,839)
(Increase) / decrease in prepayments and accrued income		(216)	(154)
Increase / (decrease) in creditors		2,855	(874)
Increase / (decrease) in accruals and deferred income		1,239	(436)
Net cash inflow from operating activities		26,860	11,698
Financing:			
Cash calls received		9,000	18,000
Closed year loss received		2,151	440
Members' agents' fees		(18)	(18)
	19	37,993	30,120
Cash flows were invested as follows:			
Increase / (decrease) in cash holdings	19	(1,042)	(3,190)
Net portfolio investment	20	39,035	33,310
Net investment of cash flows		37,993	30,120

Notes to the accounts

1. Basis of preparation

The 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 issued by the Association of British Insurers in December 2005 as amended in December 2006, ("the ABI SORP"), except as follows: exchange gains and losses have been included in the technical account as they are considered to arise only in respect of technical account transactions. The ABI SORP recommends that they should be included in the non-technical account.

2. Accounting policies

(a) *Basis of accounting*

The financial statements have been prepared on an annual basis of accounting, whereby the incurred cost of claims, commissions and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(i) *Premiums written*

Premiums written comprise premiums on contracts incepted during the financial year, together with adjustments made in the year to premiums written in prior accounting periods. They also include estimates for pipeline premiums, representing amounts due to the syndicate not yet notified.

Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

(ii) *Unearned premiums*

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

(iii) *Reinsurance premium ceded*

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

(iv) *Claims incurred*

Claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end. Claims outstanding are reduced by anticipated salvage and other recoveries.

(v) *Claims provisions and related recoveries*

The provision for claims comprises amounts set aside for claims notified and claims incurred but not reported (IBNR).

Notified claims are estimated on a case by case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the syndicate's staff and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time, using suitable benchmarks where appropriate, to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

Notes to the accounts *continued*

2. Accounting policies *continued*

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

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

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

The 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, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

(b) *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 to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any deferred acquisition costs.

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

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

(d) *Foreign currencies*
Income and expenditure in US dollars, Canadian dollars and euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities are translated into sterling at the rates of exchange at the balance sheet dates unless contracts to buy or sell currency for sterling have been entered into prior to the year end, in which case the contracted rates have been used. Non-monetary assets and liabilities at the balance sheet date, primarily deferred acquisition costs and unearned premiums, are translated at the rate of exchange ruling when the insurance contract was entered into (or an approximate average rate). Differences arising on the translation of foreign currency amounts are included in the technical account under "net operating expenses".

Cash calls made in US dollars are translated at the rate of exchange ruling at the balance sheet date at which they are first declared. Amounts transferred to members in respect of the payment of closed year profits are translated at the rate of exchange ruling at the previous balance sheet date.

Notes to the accounts *continued*

2. Accounting policies *continued*

(e) *Investments*

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

(f) *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.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, 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. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business. All investment return is considered to arise on such funds.

(g) *Taxation*

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

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

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

(h) *Pension costs*

ASML operates a defined contribution pension scheme and its recharges to the syndicate in respect of staff costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

(i) *Operating lease rentals*

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

(j) *Profit commission*

Profit commission is charged by the managing agent at a rate of 15% of the profit on a year of account basis in respect of the 2012 year of account subject to the operation of a two year deficit clause. This is charged to the syndicate as incurred but does 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 commission in line with interim profits released to members. No profit commission is chargeable in respect of the 2013, 2014 and 2015 years of account.

Notes to the accounts *continued*

3. Particulars of business written

Type of business

An analysis of the technical account balance before investment return is set out below:

2014	*Gross premiums written £'000*	*Gross premiums earned £'000*	*Gross claims incurred £'000*	** Gross operating expenses £'000*	*Re-insurance balance £'000*	*Total £'000*
Direct insurance:						
Fire and other damage to property	18,161	13,694	(5,677)	(4,456)	(2,538)	1,023
Marine, aviation and transport	119	234	14	(29)	(80)	139
Third party liability	26,007	18,965	(15,432)	(6,380)	(2,274)	(5,121)
Other	1,653	396	(641)	(405)	(75)	(725)
	45,940	33,289	(21,736)	(11,270)	(4,967)	(4,684)
Reinsurance acceptances:						
Fire and other damage to property	20,763	19,932	(12,937)	(6,787)	(2,350)	(2,142)
Marine, aviation and transport	10,026	1,760	(1,111)	(599)	(329)	(279)
Casualty	61,033	55,230	(27,238)	(18,805)	(4,435)	4,752
	91,822	76,922	(41,286)	(26,191)	(7,114)	2,331
	137,762	110,211	(63,022)	(37,461)	(12,081)	(2,353)

2013	*Gross premiums written £'000*	*Gross premiums earned £'000*	*Gross claims incurred £'000*	** Gross operating expenses £'000*	*Re-insurance balance £'000*	*Total £'000*
Direct insurance:						
Fire and other damage to property	17,615	18,050	(13,881)	(5,881)	1,443	(269)
Marine, aviation and transport	558	666	(806)	(186)	(180)	(506)
Third party liability	25,017	9,799	(11,077)	(8,323)	(82)	(9,683)
	43,190	28,515	(25,764)	(14,390)	1,181	(10,458)
Reinsurance acceptances:						
Fire and other damage to property	18,346	15,929	(6,207)	(6,104)	(5,310)	(1,692)
Marine, aviation and transport	1,801	2,029	(719)	(599)	(527)	184
Casualty	39,589	35,555	(18,390)	(13,171)	(3,161)	833
	59,736	53,513	(25,316)	(19,874)	(8,998)	(675)
	102,926	82,028	(51,080)	(34,264)	(7,817)	(11,133)

All premiums were concluded in the United Kingdom.

Notes to the accounts *continued*

3. Particulars of business written (continued)

* Gross operating expenses are the same as net operating expenses shown in the profit and loss account, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses.

Net assets are not managed by reference to the classes shown above and so no allocation of net assets or net technical provisions is shown.

	2014 Gross premiums written	*2014 Loss*	*2013 Gross premiums written*	*2013 Loss*
	£'000	*£'000*	*£'000*	*£'000*
Direct	45,940	(4,523)	43,190	(10,118)
Reinsurance	91,822	2,703	59,736	(653)
	137,762	(1,820)	102,926	(10,771)

Geographical analysis by destination

	2014 Gross premiums written	*2013 Gross premiums written*
	£'000	*£'000*
UK	18,958	7,977
EU	895	2,800
Other	117,909	92,149
	137,762	102,926

4. Movement in prior year provision for claims outstanding

A surplus run-off deviation of £1.3 million was experienced in 2014 (2013: £6.4 million surplus). This was made up of a surplus on the prior year claims provisions of £2.0 million on direct business (2013: £3.4 million surplus) and a £0.7 million deficit on reinsurance accepted business (2013: £3.0 million surplus). The direct improvements primarily arose from the fire and other damage to property books and the reinsurance accepted deteriorations primarily arose from a deterioration on the casualty book although this was partly offset by a surplus on the property book (2013: the direct and reinsurance accepted surpluses primarily arose from the fire and other damage to property books).

Notes to the accounts *continued*

5. Net operating expenses

	2014 *£'000*	*2013* *£'000*
Acquisition costs	41,785	31,779
Change in deferred acquisition costs	(8,176)	(7,347)
Administrative expenses	7,771	7,504
Exchange (gains) / losses	(3,919)	2,328
	37,461	34,264

Administrative expenses include:

	2014 *£'000*	*2013* *£'000*
Auditor's remuneration		
Audit of the syndicate accounts	97	99
Other services pursuant to regulations and Lloyd's byelaws	40	66
Operating lease rentals		
Office equipment	6	6
Other	5	10
Standard personal expenses	1,984	1,591
Other remuneration paid to the auditor:		
Audit of the managing agent's annual accounts	21	32

Total commissions for direct insurance accounted for in the year amounted to £13.3 million (2013: £12.2 million).

6. Staff numbers and costs

Staff were employed by PSUL and ASML. The following amounts were recharged to the syndicate in respect of staff costs:

	2014 *£'000*	*2013* *£'000*
Wages and salaries	5,004	4,616
Social security costs	679	611
Other pension costs	505	414
	6,188	5,641

The average number of employees working for the syndicate during the year was as follows:

	2014 *No.*	*2013* *No.*
Underwriting	12	10
Underwriting support	7	6
Claims	2	1
Administration and finance	33	38
	54	55

Notes to the accounts *continued*

7. Emoluments of the directors of ASML

ASML charged the syndicate the following amounts in respect of emoluments paid to its directors:

	2014	*2013*
	£'000	*£'000*
Emoluments	741	741

8. Active underwriter's emoluments

The following amounts were charged to the syndicate in respect of persons acting in the role of active underwriter:

	2014	*2013*
	£'000	*£'000*
Emoluments	266	299

9. Investment income

	2014	*2013*
	£'000	*£'000*
Income from investments	811	507
Realised gains on investments	67	-
	878	507

10. Investment expenses and charges

	2014	*2013*
	£'000	*£'000*
Realised losses on investments	111	145
Investment management expenses, including interest	66	-
	177	145

11. Financial investments

	2014	*2014*	*2013*	*2013*
	Cost	*Market value*	*Cost*	*Market value*
	£'000	*£'000*	*£'000*	*£'000*
Shares and other variable yield securities and units in unit trusts	21,888	21,888	54,683	54,683
Debt securities and other fixed income securities	68,462	68,307	-	-
Loans secured by mortgages	697	675	-	-
Other investments	15,562	15,562	7,412	7,412
	106,609	106,432	62,095	62,095

Notes to the accounts *continued*

11. Financial investments *continued*

	2014 *US dollar* *US$'000*	*2014* *Canadian dollar* *Can$'000*	*2014* *Other* *£'000*	*2014* *Total* *£'000*
Year ended 31 December 2014				
Shares and other variable yield securities and units in unit trusts	23,409	790	6,445	21,888
Debt securities and other fixed income securities	101,089	6,348	-	68,307
Loans secured by mortgages	1,053	-	-	675
Other investments	24,277	-	-	15,562
	149,828	7,138	6,445	106,432

Breakdown of investments by currency	*2013* *US dollar* *US$'000*	*2013* *Canadian dollar* *Can$'000*	*2013* *Other* *£'000*	*2013* *Total* *£'000*
Year ended 31 December 2013				
Shares and other variable yield securities and units in unit trusts	69,554	8,043	8,213	54,683
Other investments	12,304	-	-	7,412
	81,858	8,043	8,213	62,095

Shares and other variable yield securities and units in unit trusts are all listed on recognised stock exchanges. The shares and other variable yield securities and units in unit trusts predominantly relate to holdings in highly diversified collective investment schemes.

By market value, 92% of the debt securities and other fixed income securities and 100% of loans secured by mortgage are listed on recognised stock exchanges.

Other investments represent amounts deposited as collateral supporting a letter of credit facility.

12. Debtors arising out of direct insurance operations

	2014 *£'000*	*2013* *£'000*
Amounts falling due within one year – intermediaries	15,563	23,156

13. Debtors arising out of reinsurance operations

	2014 *£'000*	*2013* *£'000*
Amounts falling due within one year	23,536	3,413

Notes to the accounts *continued*

14. Other assets - other

	2014 £'000	2013 £'000
Amounts advanced in Australia and other countries as a condition of carrying on business there	6,553	9,129

15. Reconciliation of members' balances

	2014 £'000	2013 £'000
Members' balances brought forward at 1 January	(6,859)	(14,518)
Loss for the financial year	(1,820)	(10,771)
Exchange gain	-	8
Members' agents' fees	(18)	(18)
Cash calls paid by members	11,151	18,440
Members' balances carried forward at 31 December	2,454	(6,859)

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 their membership of a particular year. Cash calls paid relate to the 2010 year of account: £nil (2013: £0.4 million); 2011 year of account: £2.2 million (2013: £nil); 2012 year of account: £4.5 million (2013: £16.0 million); and the 2013 year of account: £4.5 million (2013: £2.0 million).

16. Creditors arising out of direct insurance operations

	2014 £'000	2013 £'000
Amounts falling due within one year	190	141

17. Creditors arising out of reinsurance operations

	2014 £'000	2013 £'000
Amounts falling due within one year	14,428	11,273

18. Other creditors

	2014 £'000	2013 £'000
Other	70	419

There is a bank overdraft facility in place to facilitate working capital requirements and is repayable on demand. The maximum amount outstanding during the year was £6.3 million (2013: £9.7 million).

Notes to the accounts *continued*

19. Movement in opening and closing portfolio investments net of financing

	2014 *£'000*	*2013* *£'000*
Net cash outflow for the year	(1,042)	(3,190)
Cash flow – portfolio investments	39,035	33,310
Movement arising from cash flows	37,993	30,120
Changes in market value and exchange rates	2,857	(836)
Total movement in portfolio investments net of financing	40,850	29,284
Balance brought forward at 1 January	73,573	44,289
Balance carried forward at 31 December	114,423	73,573

	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	2,349	(1,042)	131	1,438
Overseas deposits	9,129	(2,563)	(13)	6,553
Shares and other variable yield securities and units in unit trusts	54,683	(35,236)	2,441	21,888
Debt securities and other fixed income securities	-	68,462	(155)	68,307
Loans secured by mortgages	-	697	(22)	675
Other investments	7,412	7,675	475	15,562
	71,224	39,035	2,726	112,985
Total cash and portfolio investments	73,573	37,993	2,857	114,423

Notes to the accounts *continued*

20. Net cash outflow on portfolio investments

	2014 *£'000*	*2013* *£'000*
(Sale) / purchase of overseas deposits	(2,563)	1,165
(Sale) / purchase of shares and other variable yield securities and units in unit trusts	(35,236)	27,280
Purchase of investments	7,675	4,400
Purchase of debt securities and other fixed income securities	108,602	-
Sale of debt securities and other fixed income securities	(40,140)	-
Purchase of loans secured by mortgages	697	-
Amounts owed to credit institutions	-	465
Net cash outflow on portfolio investments	39,035	33,310

21. Contingencies

Potential reclaim of VAT

PSUL have provided services for the benefit of the syndicate over a number of years. In December 2014, PSUL wrote to HMRC to inform them that they believed that historical supplies they had provided for the syndicate that had been standard rated for the purposes of VAT could have been treated as VAT exempt.

Should PSUL proceed with a VAT reclaim and HMRC agree that the relevant supplies are VAT exempt, then the syndicate would receive a benefit equivalent to the irrecoverable VAT it had suffered on these supplies from the period since 1 October 2010, being the earliest date that is covered by the voluntary disclosure lodged by PSUL with HMRC.

The VAT mechanics are such that the syndicate would be entitled to receive from PSUL any amounts that PSUL is successful in reclaiming from HMRC. Notwithstanding whether the syndicate recovers this amount from PSUL, to the extent that credit notes are received in respect of a VAT reclaim, the syndicate will have a liability for a refund due to HMRC in respect of VAT amounts that ASML has previously recovered on its behalf and passed to it.

Uncertainty exists relating to the HMRC decision and also around the timing of any reclaim and the amounts involved, although the potential full VAT reclaim and corresponding amount previously received by the syndicate that would be due back to HMRC are estimated to be approximately £3.8 million and £3.3 million respectively.

Should a VAT reclaim be achieved, the amount relating to the previously irrecoverable amounts would be recognised in the profit and loss account in the period in which it is received or becomes virtually certain to be received.

22. Related parties

Argenta Holdings plc

ASML is a wholly owned subsidiary of AHP which owns 100% of the voting and economic rights of ASML. AHP is regarded by ASML as its ultimate parent and is also the parent undertaking of the smallest and largest group to consolidate the financial statements of ASML. Copies of the accounts for AHP can be obtained from Companies House.

AHP is controlled by Glenrinnes Farms Ltd, RBC cees Trustee Ltd as trustee of the Argenta Employee Benefit Trust and Wren Properties Ltd who own 44.75%, 25% and 25% of the economic and voting rights in the company respectively. Mr Alasdair Locke is a 99% controller of Glenrinnes Farms Ltd and up until 2014 owned this shareholding directly. Mr Malcolm Robinson is a 50% controller of Wren Properties Ltd.

AHP and its related parties provide certain underwriting, administrative, accounting, human resource and information technology services to ASML. These services are provided on a non-profit making basis by way of inter-group cross charges and direct salary charges.

Notes to the accounts *continued*

22. Related parties *continued*

Argenta Tax and Corporate Services Limited (ATCSL), an AHP group company, provides taxation services to the syndicate. Fees are agreed on a commercial basis and the profit ATCSL generates from providing these services is, as in 2013, less than £1,000.

Other than by virtue of salaries and other related remuneration in respect of their employment by AHP or its related parties, and any potential future investment earnings or growth in capital value arising from their shareholding, none of the directors, officers, shareholders or related parties concerned, derive any personal benefit from the arrangements that exist.

Managing agency responsibility for Syndicate 1110 other than in respect of these financial statements, transferred from ASML to PSMAL on 5 March 2015.

Business transactions

Mr Mumford is a director of another Lloyd's managing agency, Marketform Managing Agency Ltd.

Mr Whiter is chairman of Lloyd's broker CGNMB LLP and a director of its parent company, Cooper Gay Swett & Crawford Ltd.

Mr White is a director of Lloyd's broker Marine Aviation & General (London) Ltd.

Mr Newbery is a director of Lloyd's broker Tyser & Co Ltd, a member of the board of underwriting agency Aquila Underwriting LLP, and a director of Hawkes Bay Holdings Ltd, the parent company of both entities.

The above entities may in the past have transacted business with syndicates managed by ASML and may do so in the future. Any such business, however, has been and will continue to be, conducted on an arm's length commercial basis with no involvement, either directly or indirectly, from the individuals above.

Other than directorship fees, salaries and other related remuneration, no personal benefit is derived by the individuals concerned from these arrangements.

Total fees payable to ASML in respect of its role as managing agent amounted to £1,000,000 (2013: £1,000,000).

Profit commission is charged by the managing agent at a rate of 15% of profit in respect of the 2012 year of account subject to the operation of a two year deficit clause. No profit commission is chargeable in respect of the 2013, 2014 and 2015 years of account. No profit commission was charged during the year.

PSUL and the two corporate members supporting Syndicate 1110 are associated either through common ownership or by virtue of having certain directors in common. The syndicate has outsourced the provision of certain services to PSUL. Fees payable to PSUL in respect of these services during 2014 amounted to £7.0 million (2013: £5.5 million).

Capital support for Syndicate 1110

Messrs Annandale, White and Williams are directors of Argenta Private Capital Limited, a subsidiary of AHP, which manages the corporate members that allocate capacity to Syndicate 1110 for the 2012 to 2015 years of account. Other than directorship fees, salaries and other related remuneration, no personal benefit is derived by the individuals concerned from these arrangements.

Mr Tucker was a director of APCL until his resignation on 31 July 2012.

Notes to the accounts *continued*

23. Funds at Lloyd's

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. The calculation of the level of FAL necessary takes into account a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL maintained by the member is not under the management of the managing agent, no amount has been shown in these annual accounts in respect of such capital resources. However, the managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses.

SYNDICATE

1110

UNDERWRITING YEAR
ACCOUNTS
AS AT 31 DECEMBER 2014

2012 YEAR OF ACCOUNT
CLOSED

Statement of Managing Agent's Responsibilities

The 2008 Regulations require the managing agent to prepare syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

In preparing the syndicate underwriting year accounts, the managing agent is required to:

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

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

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

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

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 Lloyd's Syndicate Accounting Byelaw (No 8 of 2005). It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Syndicate 1110 – 2012 closed year of account

We have audited the syndicate underwriting year accounts for the 2012 year of account of Syndicate 1110 for the three years ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the related notes 1 to 18 and the Statement of Managing Agent's Responsibilities. 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 syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's 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 the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 33, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate underwriting year accounts

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

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the loss for the 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).

Independent Auditor's Report to the Members of Syndicate 1110 – 2012 closed year of account
continued

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.

Ernst & Young LLP

Michael Purrington (Senior statutory auditor)

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

London

16 March 2015

Profit and loss account 2012 year of account

closed at the end of the third year at 31 December 2014

Technical account – general business

	Notes	*£'000*	*Cumulative balance at 31 December 2014 £'000*
Syndicate allocated capacity			80,000
Earned premiums, net of reinsurance			
Gross premiums written	3	67,557	
Outward reinsurance premiums		(16,018)	
			51,539
Allocated investment return transferred from the non-technical account			462
Claims incurred, net of reinsurance			
Gross claims paid		(24,116)	
Reinsurers' share		5,071	
		(19,045)	
Reinsurance to close premium payable, net of reinsurance	5	(16,056)	
			(35,101)
Net operating expenses	6		(27,243)
Balance on the technical account for general business			(10,343)

Profit and loss account 2012 year of account

closed at the end of the third year at 31 December 2014 continued

Non-technical account

	Notes	*Cumulative balance at 31 December 2014 £'000*
Balance on the general business technical account		(10,343)
Investment income	8	628
Unrealised gains on investments		4
Investment expenses and charges	9	(145)
Unrealised losses on investments		(25)
Allocated investment return transferred to general business technical account		(462)
Result for the closed year of account	14	(10,343)

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
As at 31 December 2014

	Notes	2014 £'000	2014 £'000
ASSETS			
Investments	10		20,069
Debtors			
Debtors arising out of reinsurance operations	11	54	
Debtors arising out of direct insurance operations	12	721	
Other debtors		4,058	
			4,833
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the year of account			4,607
Other assets			
Cash at bank and in hand		819	
Other	13	2,027	
			2,846
Prepayments and accrued income			45
TOTAL ASSETS			32,400

Balance sheet
As at 31 December 2014 continued

	Notes	*2014*	
		£'000	*£'000*
LIABILITIES			
Amounts due to members	14		10,139
Reinsurance to close premiums payable to close the year of account – gross amount			21,977
Creditors			
Other creditors			20
Accruals and deferred income			264
TOTAL LIABILITIES			32,400

The syndicate underwriting year accounts on pages 36 to 49 were approved by the Board of Argenta Syndicate Management Limited on 16 March 2015 and were signed on its behalf by:

Andrew J Annandale
Managing Director

Statement of cash flows
for the 36 months ended 31 December 2014

	Notes	*2014* *£'000*
Reconciliation of loss to net cash inflow from operating activities		
Loss for the closed year of account		(10,343)
Realised and unrealized investment losses including foreign exchange		84
Increase in technical provisions		17,370
Increase in debtors		(4,833)
Increase in prepayments and accrued income		(45)
Increase in creditors		20
Increase in accruals and deferred income		264
Net cash inflow from operating activities		2,517
Cash calls received		20,500
Members' agents' fees		(18)
	16	22,999
Cash flows were invested as follows:		
Increase in cash holdings	16	819
Net portfolio investment	17	22,180
Net investment of cash flows		22,999

Notes to the accounts

1. Basis of preparation

The syndicate underwriting year accounts have been prepared under the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") and in accordance with the Syndicate Accounting Byelaw (No.8 of 2005) and applicable accounting standards in the United Kingdom. They comply with the Statement of Recommended Practice issued by the Association of British Insurers in December 2005 as revised in December 2006, ("the ABI SORP"), except as follows. Exchange gains and losses have been included in the technical account as they are considered to arise only in respect of technical account transactions. The ABI SORP recommends that they should be included in the non-technical account.

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 assets and liabilities of the 2012 year of account, and the profit and loss account and cash flow statement reflect the transactions for that year of account during the 36 month period until closure.

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

2. Accounting policies

Underwriting transactions

(a) The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of 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.

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

(c) Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the year of account to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums follow the year of account of the original premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due but not yet notified to the syndicate year of account. Premium written are treated as fully earned. Outwards reinsurance premiums ceded are attributed to the same year as the original risk being protected.

(d) Gross claims paid are allocated to the same year of account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses. Reinsurance recoveries are allocated to the year of account to which the claim was charged.

(e) Outstanding claims comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Notified claims are estimated on a case by case basis with regard to the circumstances as reported, any information available from loss adjusters, and previous experience of the cost of settling claims with similar characteristics.

The provision for claims includes amounts in respect of internal and external claims handling costs. The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved.

Notes to the accounts *continued*

2. Accounting policies *continued*

(f) *Investments and 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. Investment return arising in each calendar year on all the syndicate's investments is allocated to open 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. Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the end of the previous calendar year, together with the reversal of unrealised gains and losses recognised in earlier calendar years in respect of investment disposals in the current period. Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business. All investment return is considered to arise on such funds.

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

(g) *Syndicate operating expenses*

Costs incurred by the managing agent in respect of the syndicate are charged to the syndicate and included within the relevant profit and loss account heading. Where expenses do not relate to any specific year of account they are apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense. Where expenses are incurred jointly by the managing agent and the syndicate, they are apportioned generally based on time spent, estimated utilisation or head count. The franchise performance and risk management charge to the extent that this is levied by Lloyd's is considered to arise solely in respect of the day to day transaction of underwriting business at Lloyd's. This is therefore allocated to managed syndicates based on their written premium in that year. The managing agent operates a defined contribution pension scheme and its recharges to the syndicate in respect of salaries and related costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

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

(h) *Taxation*

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue and Customs. No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

(i) *Basis of currency translation*

Income and expenditure in US dollars, Canadian dollars and euros are translated at the rate of exchange at the date of the transaction or at an approximate average rate. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are re-translated into sterling at the rate of exchange at the balance sheet date unless contracts to sell currency for sterling have been entered into prior to the year end, in which case the contracted rates are used. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the transaction was entered into (or the approximate average rate). Although transactions are translated as described above, the final result for the year is calculated with US dollars, Canadian dollars and euros translated at the balance sheet rates of exchange.

Notes to the accounts *continued*

2. Accounting policies *continued*

(i) *Basis of currency translation continued*

Differences arising on the re-translation of foreign currency amounts are included in the technical account under "net operating expenses". Where US dollars, Canadian dollars or euros are sold or bought relating to the profit or loss of a closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account of the following year of account.

(j) *Profit commission*

Profit commission is charged by the managing agent for the 2012 year of account at a rate of 15% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses. Profit commission does 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.

Notes to the accounts *continued*

3. Particulars of business written

2012 year of account after three years

Type of business

An analysis of the technical account balance before investment returns is set out below:

	Gross premiums written and earned	*Gross claims Incurred*	** Gross Operating expenses*	*Re-insurance balance*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Direct insurance:					
Fire and other damage to property	17,464	(16,000)	(6,911)	1,787	(3,660)
Marine, aviation and transport	668	(934)	(456)	(122)	(844)
Third party liability	7,076	(6,131)	(2,749)	(195)	(1,999)
	25,208	(23,065)	(10,116)	1,470	(6,503)
Reinsurance accepted	42,349	(22,115)	(17,127)	(7,409)	(4,302)
	42,349	(22,115)	(17,127)	(7,409)	(4,302)
	67,557	(45,180)	(27,243)	(5,939)	(10,805)

* Gross operating expenses are the same as net operating expenses shown in the profit and loss account, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses.

Net assets are not managed by reference to the classes shown above and so no allocation of net assets or net technical provisions is shown.

Geographical analysis by destination

	Gross premiums written
	£'000
UK	5,048
EU	2,384
Other	60,125
	67,557

Notes to the accounts *continued*

4. Analysis of underwriting result

	2012 pure year of account
	£'000
Technical account balance before allocated investment return and net operating expenses	16,438
Acquisition costs	(18,428)
	(1,990)

All amounts are stated at the rate of exchange at the date of the transaction or an approximate average rate.

5. Reinsurance to close premium payable net of reinsurance

	Reported	*IBNR*	*Total*
	£'000	*£'000*	*£'000*
Gross outstanding claims	8,548	12,516	21,064
Reinsurance recoveries anticipated	(1,572)	(3,436)	(5,008)
	6,976	9,080	16,056

6. Net operating expenses

	2014
	£'000
Acquisition costs	18,428
Administrative expenses	7,416
Exchange losses	1,399
	27,243

The closed year loss is stated after charging:	
Auditor's remuneration	
- audit services	134
Personal expenses	1,795
Operating lease rentals	
- office equipment	7
- other	11

Notes to the accounts *continued*

7. Staff numbers and costs

Staff are employed by the managing agency and ProSight Specialty Underwriting Ltd. The following amounts were recharged to the syndicate in respect of staff costs:

	2014
	£'000
Wages and salaries	4,175
Social security costs	573
Other pension costs	178
	4,926

The aggregate remuneration charged to the syndicate in respect of emoluments paid to the directors of ASML and the active underwriter was £0.8 million. This includes £0.2 million that relates to persons occupying the role of active underwriter.

The average number of employees working for the syndicate during the year was as follows:

	2014
	No.
Underwriting	6
Underwriting support	6
Claims	1
Administration and finance	22
	35

8. Investment income

	2014
	£'000
Income from investments	622
Realised gains on investments	6
	628

9. Investment expenses and charges

	2014
	£'000
Realised losses on investments	133
Investment management expenses	12
	145

Notes to the accounts *continued*

10. Investments

	2014
	£'000
Shares and other variable yield securities and units in unit trusts	7,266
Debt securities and other fixed income securities	10,141
Loans secured by mortgages	96
Other investments	2,566
	20,069

Shares and other variable yield securities and units in unit trusts are all listed on recognised stock exchanges. The shares and other variable yield securities and units in unit trusts predominantly relate to holdings in highly diversified collective investment schemes.

By market value, approximately 92% of debt securities and other fixed income secutities and 100% loans secured by mortgage are listed on recognised stock exchanges.

Other investments represent amounts deposited as collateral supporting a letter of credit facility.

11. Debtors arising out of direct operations

	2014
	£'000
Amount falling due within one year - intermediaries	54

12. Debtors arising out of reinsurance operations

	2014
	£'000
Amount falling due within one year - intermediaries	721

13. Other assets – other

	2014
	£'000
Amounts advanced in Australia and other countries as a condition of carrying on business there	2,027

14. Amounts due to members

	2014
	£'000
Loss for the closed year of account	(10,343)
Cash calls paid by members	20,500
Members' agents' fees advanced	(18)
	10,139

Notes to the accounts *continued*

15. Material borrowing

The syndicate had a bank overdraft facility in place over the three years to 31 December 2014 of which the 2012 year of account has had benefit to the extent the overdraft has been utilised. The maximum amount outstanding for the syndicate during the three years was £9.7 million.

16. Movement in opening and closing portfolio investments net of financing

	2014
	£'000
Net cash inflow for the period	819
Cash flow – portfolio investments	22,180
Movement arising from cash flows	22,999
Changes in market value and exchange rates	(84)
Total movement in portfolio investments net of financing	22,915
Balance brought forward at 1 January 2012	-
Balance carried forward at 31 December 2014	22,915

	At 1 January 2012 £'000	*Cash flow £'000*	*Changes to market value and currencies £'000*	*At 31 December 2014 £'000*
Cash at bank and in hand	-	819	-	819
Overseas deposits	-	2,027	-	2,027
Shares and other variable yield securities and units in unit trusts	-	7,266	-	7,266
Debt securities and other fixed income securities	-	10,222	(81)	10,141
Loans secured by mortgages	-	99	(3)	96
Other investments	-	2,566	-	2,566
	-	22,180	(84)	22,096
Total cash and portfolio investments	-	22,999	(84)	22,915

17. Net cash outflow on portfolio investments

	2014
	£'000
Purchase of overseas deposits	2,027
Purchase of shares and other variable yield securities and units in unit trusts	7,266
Purchase of debt securities and other fixed income securities	10,222
Purchase of loans secured by mortgages	99
Purchase of other investments	2,566
Net cash outflow on portfolio investments	22,180

Notes to the accounts *continued*

18. Related parties

Argenta Holdings plc

ASML is a wholly owned subsidiary of AHP which owns 100% of the voting and economic rights of ASML. AHP is regarded by ASML as its ultimate parent and is also the parent undertaking of the smallest and largest group to consolidate the financial statements of ASML. Copies of the accounts for AHP can be obtained from Companies House.

AHP is controlled by Glenrinnes Farms Ltd, RBC cees Trustee Ltd as trustee of the Argenta Employee Benefit Trust and Wren Properties Ltd who own 44.75%, 25% and 25% of the economic and voting rights in the company respectively. Mr Alasdair Locke is a 99% controller of Glenrinnes Farms Ltd and up until 2014 owned this shareholding directly. Mr Malcolm Robinson is a 50% controller of Wren Properties Ltd.

AHP and its related parties provide administrative, accounting, human resource and information technology services to ASML. These services are provided on a non-profit making basis by way of inter-group cross charges and direct salary charges.

Argenta Tax and Corporate Services Limited (ATCSL), an AHP group company, provides taxation services to the syndicate. Fees are agreed on a commercial basis and the profit ATCSL generates from providing these services is less than £1,000 which is comparable to the prior year.

Other than by virtue of salaries and other related remuneration in respect of their employment by AHP or its related parties, and any potential future investment earnings or growth in capital value arising from their shareholding, none of the directors, officers, shareholders or related parties concerned, derive any personal benefit from the arrangements that exist.

Managing agency responsibility for Syndicate 1110 other than in respect of these financial statements, transferred from ASML to PSMAL on 5 March 2015.

Business transactions

Mr Mumford is a director of another Lloyd's managing agency, Marketform Managing Agency Ltd.

Mr Whiter is chairman of Lloyd's broker CGNMB LLP and a director of its parent company, Cooper Gay Swett & Crawford Ltd.

Mr White is a director of Lloyd's broker Marine Aviation & General (London) Ltd.

Mr Newbery is a director of Lloyd's broker Tyser & Co Ltd, a member of the board of underwriting agency Aquila Underwriting LLP, and a director of Hawkes Bay Holdings Ltd, the parent company of both entities.

The above entities may in the past have transacted business with syndicates managed by ASML and may do so in the future. Any such business, however, has been and will continue to be, conducted on an arm's length commercial basis with no involvement, either directly or indirectly, from the individuals above.

Other than directorship fees, salaries and other related remuneration, no personal benefit is derived by the individuals concerned from these arrangements.

Total fees payable to ASML in respect of its role as managing agent for the 2012 year of account amounted to £640,000. No profit commission was chargeable by the managing agent for the 2012 year of account.

PSUL and the two corporate members supporting Syndicate 1110 are associated either through common ownership or by virtue of having certain directors in common. The syndicate has outsourced the provision of certain services to PSUL. Fees payable to PSUL in respect of these services amounted to £4.6 million.

Capital support for Syndicate 1110

Messrs Annandale, White and Williams are directors of Argenta Private Capital Limited, a subsidiary of AHP, which allocates capacity to Syndicate 1110 for the 2012 to 2015 years of account. Mr Tucker was a director of APCL until his resignation on 31 July 2012. Other than directorship fees, salaries and other related remuneration, no personal benefit is derived by the individuals concerned from these arrangements.