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Dale Underwriting Partners Syndicate 1729

Annual Report and Accounts

31 December 2014

Contents

Directors and Administration

MANAGING AGENT:

Managing Agent

Asta Managing Agency Ltd

Directors

T A Riddell (Chairman)*
Y A Bouman
G M J Erulin*
L Harfitt
A J Hubbard*
D J G Hunt
D F C Murphy*
S P A Norton
J W Ramage*
J M Tighe

Non Executive Directors*

Company Secretary

C Chow

Managing Agent's registered office

5th Floor
Camomile Court
23 Camomile Street
London
EC3A 7LL

Managing Agent's registered number

1918744

SYNDICATE:

Active Underwriter

Duncan Dale

Bankers

Barclays Plc
Citibank NA
RBC Dexia

Independent Auditor

Ernst & Young LLP
London

Active Underwriter's Report

2014 Year of Account

Dale Underwriting Partners Syndicate 1729 was authorised to start underwriting in November 2013 with respect to business incepting from January 1st 2014.

I am grateful to all of those involved in the Lloyd's new entry process and of course to our supporting capital providers.

Our focus is on three areas of business; Property Reinsurance, Property Insurance and Casualty. Market conditions are difficult in all lines, with an oversupply of capital and poor underwriting discipline as the natural corollary of pressure to grow premium volumes at the wrong time.

Our strategy is to build a high quality underwriting business. We are concentrating on classes of business which we know well and which are very significant globally and within Lloyd's. We offer capacity in these classes which is valued by our distribution channel and our clients.

We have attracted a talented team, all of whom share the ethos and desire to build a high quality underwriting business. All of the team are remunerated on the bottom line results of the Syndicate. To some extent, the first year of the enterprise was destined to predominantly involve gathering the team and I am delighted with the quality of practitioners, across all functions, we now have in place.

The support from Lloyd's brokers, of all sizes, and the willingness to show us their business and establish relationships with their clients has been outstanding. We have received well over 1,000 submissions in our first year and have 277 clients. This is an excellent base on which to build our portfolio.

Our premium base for 2014 is a good deal lower than the original plan, for two main reasons; deteriorating market conditions and the timing of our underwriting teams joining the Syndicate meant that some key renewal dates were missed in 2014. Our estimated Stamp Gross Premium is £36m, compared to our original plan of £65.5m. With the full teams in place, we would expect a much higher utilisation of our £75m Stamp capacity in 2015.

The Syndicate's first year results reflect the impact of some expense strain against the written premium volume. There is nothing to suggest, at this stage, that the 2014 year of account will not run-off at a better result to our capital providers than this initial set of accounts indicate. Our capital base is consistent and we are enormously grateful for all of their support.

In total, 39.4% of our 2014 Stamp Gross Premium was new business to Lloyd's, including a reinsurance contract with a subsidiary of ProAssurance Corporation, our leading capital provider. It is also worth noting that Syndicate 1729 has led 25% of the 2014 premium written, excluding the contract mentioned above. Our expense base has been very carefully managed and is .

At this early stage, we are very pleased to advise that there have been no material individual claims or worrying claims trends of note on the business written.

We are extremely grateful for the support, guidance and advice from Asta, our Managing Agent and from Lloyd's. Whilst we have a lot to do, I would like to record my personal thanks to the whole team who have worked incredibly hard over the past year.

Report of the Directors of the Managing Agent

The Directors of Asta Managing Agency Ltd ("Asta") present their report in respect of Syndicate 1729 for the year ended 31 December 2014.

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

Results

The result for calendar year 2014 is a loss of £4.7m on a gross written premium of £40.5m.

Principal activity and review of the business

The Syndicate's principal activity is the underwriting of direct insurance and reinsurance business in the Lloyd's market.

A full review is included in the Active Underwriter's report.

Gross written premium income by class of business for the calendar year was as follows;

	2014 **£'000**
Casualty	24,956
Property Insurance	7,433
Property Reinsurance	8,117
	40,506

The Syndicate's Key Financial Performance indicators during the year were as follows:

	2014 **£'000**
Gross Written Premium	40,506
Loss for the financial year	(4,732)
Total recognised losses relating to the financial year	(4,658)
Claims ratio	68%
Expense ratio	57%
Combined ratio	125%

The claims ratio is the ratio of claims incurred net of reinsurance to earned premiums net of reinsurance. The expense ratio is the ratio of net operating expenses, including exchange differences, to earned premiums net of reinsurance.

Investment Policy

The Syndicate's investment strategy is to preserve capital and minimise investment risk.

Principal Risks and Uncertainties

The Syndicate sets risk appetite annually, which is approved by the Agency as part of the Syndicate's business planning and Solvency Capital Requirement ('SCR') process. The Agency Risk Committee meets quarterly to oversee the risk management framework. The Syndicate Board review the risk profile and monitors performance against risk appetite using a series of key risk indicators. The principal risk and uncertainties facing the Syndicate are as follows:

Insurance Risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Syndicate Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate Board then monitors performance against the business plan monthly through the year. Reserve adequacy is monitored through quarterly review by the Syndicate actuary. It is also reviewed by an independent firm of actuaries.

Credit Risk

The key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers and intermediaries. The Syndicate Board's policy is that the Syndicate will only reinsure with businesses rated in the A range or higher. The Agency has established a Reinsurance and Intermediaries Security Committee which assesses and is required to approve all new reinsurers and intermediaries before business is placed with them.

Market Risk

Market risk exposure impacting the Syndicate relates to fluctuations in interest rates or exchange rates. The Syndicate is exposed to foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Agency's policy is to maintain received income or incurred expenditure in the core currencies in which they were received or paid. Any surplus or deficit in a core currency would be subject to review by the Syndicate Board, a sub-committee of the Agency Board.

Exposure to changes in interest rates comes from the Syndicate's investment portfolio. The Agency seeks to minimise this risk through investing in either fixed interest securities or high quality floating rate notes.

Liquidity Risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk the Syndicate Board reviews cash flow projections regularly.

Operational Risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. The Agency seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

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

Group / Strategic

This is the risk of contagion that arises from being associated with key stakeholders and the impact that activities and events that occur within other connected or third parties has on the business.

Strategic risk covers the risks faced by the Syndicate due to changes in underlying strategy of the business or that of its key stakeholders (including strategic conflicts of interest).

Solvency II

Solvency II implementation is due to go live on 01 January 2016. Syndicate progress is on track in order to meet the required deadlines.

The Agency has made considerable investment in people and systems over recent years which has provided the syndicate with a robust framework in order to manage Solvency II activity. Asta continues to deliver to the Lloyd's timetable and expects the syndicate to be fully Solvency II compliant.

Future Developments

The Syndicate will continue to transact the current classes of general direct insurance and reinsurance business. If opportunities arise to write new classes of business, these will be investigated at the appropriate time.

The capacity for the 2015 year of account is £75m (2014 year of account £75m).

Directors Serving in the Year

The Directors of Asta who served during the year ended 31 December 2014, were as follows:

T A Riddell (Chairman)	
Y A Bouman	Appointed 4 July 2014
G M J Erulin	
L Harfitt	
A J Hubbard	Appointed 1 April 2014
D J G Hunt	
D F C Murphy	
S P A Norton	
J W Ramage	
J M Tighe	
H M Westcott	Resigned 30 April 2014

Disclosure of Information to the Auditors

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

Auditors

The management intends to reappoint Ernst & Young LLP as the Syndicate's auditors.

Syndicate Annual General Meeting

In accordance with the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the Managing Agent does not propose holding an annual meeting this year; objections to this proposal or the intention to reappoint the auditors for a further 12 months can be made by Syndicate members before 25 April 2015.

On behalf of the Board

C Chow
Company Secretary
17 March 2015

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate annual report and accounts in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so.

The Managing Agent is responsible for keeping proper accounting records that 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 website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

To the members of Syndicate 1729

We have audited the syndicate annual accounts of Syndicate 1729 for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows, 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate'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 7, 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 Annual Report and 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 Active Underwriter's Report and the Report of the Directors of the Managing Agent for the financial year in which the annual accounts are prepared is consistent with the annual accounts.

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 (Lloyds'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

Andrew R. Blackmore (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 March 2015

Profit and loss account: Technical account – General business

For the year ended 31 December 2014

	Notes	2014 £'000
Earned premiums, net of reinsurance		
Gross premiums written	3	40,506
Outward reinsurance premiums		(2,440)
Net premiums written		38,066
Change in the provision for unearned premiums		
Gross amount		(19,461)
Reinsurers' share		595
Change in net provision for unearned premiums		(18,866)
Earned premiums, net of reinsurance		19,200
Allocated investment return transferred from the non-technical account		4
Claims incurred, net of reinsurance		
Claims paid - Gross amount		(2,065)
- Reinsurers' share		192
Net claims paid		(1,873)
Change in the provision for claims		
Gross amount		(11,790)
Reinsurers' share		544
Change in net provision for claims		(11,246)
Claims incurred, net of reinsurance	4	(13,119)
Net operating expenses	5	(10,817)
Total technical charges		(23,936)
Balance on the technical account		(4,732)

All operations are continuing.

The notes on pages 15 to 25 form part of these financial statements.

Profit and loss account: Non-technical account

For the year ended 31 December 2014

	Notes	2014 £'000
Balance on the technical account – general business		(4,732)
Investment Income	8	4
Allocated investment return transferred to general business technical account		(4)
Loss for the financial year		(4,732)

Statement of total recognised gains and losses

For the year ended 31 December 2014

	Notes	2014 £'000
Loss for the financial year		(4,732)
Foreign exchange movement on members' funds	16	74
Total recognised losses relating to the financial year		**(4,658)**

All operations are continuing.

The notes on pages 15 to 25 form part of these financial statements.

Balance sheet – Assets

At 31 December 2014

	Notes	2014 £'000	£'000
ASSETS			
Investments			
Other financial investments	9		14,722
Reinsurers' share of technical provisions			
Provision for unearned premiums		628	
Claims outstanding		576	
			1,204
Debtors			
Debtors arising out of direct insurance operations	10	4,265	
Debtors arising out of reinsurance operations	11	7,904	
Other debtors		42	
			12,211
Other Assets			
Cash at bank and in hand		974	
Overseas deposits	12	94	
			1,068
Prepayments and accrued income			
Deferred acquisition costs		6,599	
Other prepayments and accrued income		1,233	
			7,832
TOTAL ASSETS			37,037

The notes on pages 15 to 25 form part of these financial statements.

Balance sheet – Liabilities

At 31 December 2014

	Notes	2014 £'000	£'000
LIABILITIES			
Capital and reserves			
Members' balances	13		(4,948)
Technical provisions			
Provision for unearned premiums		20,533	
Claims outstanding		12,419	
			32,952
Creditors			
Creditors arising out of direct insurance operations	14	12	
Creditors arising out of reinsurance operations	15	1,908	
Other creditors including taxation and social security		6,842	
			8,762
Accruals and deferred income			271
TOTAL LIABILITIES			37,037

The notes on pages 15 to 25 form an integral part of these financial statements.

The annual accounts on pages 10 to 25 were approved by the Board of Asta Managing Agency Ltd on 13 March 2015 and were signed on its behalf by

D J G Hunt
Director
17th March 2015

Statement of cash flows

For the year ended 31 December 2014

	Notes	2014 £'000
Net cash inflow from operating activities	16	16,080
Payment of Members Agents' fees		(290)
Net cash inflow		15,790
Cash flows were invested as follows:		
Increase in cash holdings	18	974
Increase in deposits	18	94
Increase in portfolio investments	18	14,722
Net investment of cash flows		15,790

Notes to the Financial Statements

At 31 December 2014

1. Basis of Preparation

The financial statements are prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, applicable Accounting Standards in the United Kingdom, and comply with the Statement of Recommended Practice issued by the Association of British Insurers in December 2006 ("the ABI SORP").

2. Accounting Policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's annual accounts.

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

a. Premiums Written

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

b. Unearned Premiums

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

c. 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.

d. 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.

2. Accounting Policies continued

e. Claims Provisions and Related Recoveries

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

The amount included in respect of IBNR is based on statistical techniques of estimation applied by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. Where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on 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.

Accordingly, 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.

f. Unexpired Risks Provision

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

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

g. Deferred Acquisition Costs

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

2. Accounting Policies continued

h. Foreign Currencies

Transactions in Euros, Canadian Dollars and US Dollars are translated at the average rates of exchange for the period. Transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year from the average rate to the closing balance sheet rate are taken to reserves and included in the Statement of Total Recognised Gains and Losses.

All other exchange differences are dealt with in the technical account and included within operating expenses.

The following rates of exchange have been used in the preparation of these accounts:

	2014	
	Year End	**Average**
USD	1.56	1.65
CAD	1.81	1.82
EUR	1.29	1.24

i. Investments

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

j. 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 the valuation at the 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.

2. Accounting Policies continued

k. Taxation

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

No provision has been made for any other overseas tax payable by members 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'.

l. Pension Costs

The Managing Agent operates a defined contribution scheme. Pension contributions in respect of Syndicate staff are charged to the Syndicate and included within net operating expenses.

m. Profit Commission

Profit commission is charged by the Managing Agent based on the profit on a year of account basis. Such commission does not become payable until after the appropriate year of account closes normally at 36 months.

n. Syndicate Operating Expenses

Where expenses are incurred by the Managing Agent or on behalf of the Managing Agent on the administration of managed Syndicates, these expenses are apportioned using various methods depending on the type of expense. Expenses which are incurred jointly for the Managing Agent and managed Syndicates are apportioned between the Managing Agent and the Syndicates depending on the amount of work performed, resources used and volume of business transacted.

3. Segmental Analysis

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

	Gross written premium £'000	Gross premium earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct Insurance:						
Motor (3rd party liability)	52	26	(15)	(14)	(3)	(6)
Motor (other)	1,642	834	(1,538)	(470)	(97)	(1,271)
Transport	405	206	(388)	(116)	(24)	(322)
Fire and other damage to property	3,535	1,116	(613)	(702)	(129)	(328)
Third party liability	4,900	2,460	(1,309)	(1,363)	(285)	(497)
Pecuniary loss	1,548	775	(513)	(508)	(90)	(336)
	12,082	5,417	(4,376)	(3,173)	(628)	(2,760)
Reinsurance	28,424	15,628	(9,479)	(7,644)	(481)	(1,976)
	40,506	21,045	(13,855)	(10,817)	(1,109)	(4,736)

Commissions on direct insurance gross premiums earned during 2014 were £3.5m.

All Contracts were concluded in the UK.

Gross operating expenses are different to net operating expenses shown in the profit and loss account by £135,000, as commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2014.

4. Claims Outstanding

The syndicate has loss reserves for various events and for losses that are incurred but not reported (IBNR). Losses will continue to develop, both positively and negatively on these open balances. Whilst the Syndicate has a reasonable degree of confidence as to the ultimate adequacy of its reserves for all events, volatility exists around the final settlement value, particularly in context of losses where policy holder and client statements are important.

5. Net operating expenses

	2014 £'000
Acquisition costs	(12,633)
Change in deferred acquisition costs	6,181
Administrative expenses	(4,414)
Loss on exchange	(86)
Reinsurer's commissions and profit participations	135
	(10,817)

Administrative expenses include:

	2014 £'000
Auditors' remuneration	
Audit of syndicate financial statements	(15)
Other services pursuant to Regulations and Lloyd's Bylaws	(35)
Actuarial services provided to the syndicate	(15)
	(65)

6. Emoluments of the Directors of Asta Managing Agency Ltd

The aggregate emoluments of the Directors and staff of the Managing Agency are met by Asta Managing Agency Ltd and are disclosed within the financial statements of that company, with the exception of J. M. Tighe, S.P.A. Norton and D.J.G. Hunt. J.M. Tighe's remuneration is disclosed in the financial statements of Asta Capital Ltd and the remuneration of S.P.A. Norton and D.J.G. Hunt is disclosed in the financial statements of Asta Insurance Markets Ltd and were all charged in the accounts of Asta Managing Agency Ltd.

J. M. Tighe's remuneration is disclosed in the financial statements of Asta Insurance Markets Ltd and was charged in the accounts of Asta Managing Agency Ltd. No emoluments of the Directors or Asta Managing Agency Ltd staff were directly charged to the Syndicate. The emoluments of the active underwriter are borne by Dale Underwriting Partners.

7. Active Underwriter's Emoluments

	2014 £'000
Emoluments	423

8. Investment Return

	2014 £'000
Investment income	
Income from investments	4
	4

9. Financial Investments

	2014 Market value £'000	2014 Cost £'000
Shares and other variable securities and units in unit trusts	7,415	7,415
and other fixed income securities	7,307	7,307
	14,722	14,722

All "shares and other variable yield securities and units in unit trusts" and 'Debt and other fixed income securities' are listed. These comprise 100% of the total market value of investments.

10. Debtors Arising out of Direct Insurance Operations

	2014 £'000
Due within one year - intermediaries	4,265
	4,265

11. Debtors Arising out of Reinsurance Operations

	2014 £'000
Due within one year	7,864
Due after one year	40
	7,904

12. Overseas Deposits

The overseas deposits are held under Lloyd's premium trust deed arrangements where applicable and are administered by Lloyd's. The Syndicate is required to lodge deposits in various overseas insurance markets as a condition of conducting underwriting business in those markets. All such overseas deposits are calculated in accordance with the relevant territorial authority's requirements, usually by reference to outstanding liabilities derived from business written in those territories.

Overseas deposits are stated at cost or market value, as notified by Lloyd's.

13. Reconciliation of Member's Balances

Year ended 31 December 2014	2014 £'000
Loss for the year	(4,732)
Other recognised profit	74
Other movement in members balance	(290)
Net balance at 31 December	(4,948)

14. Creditors Arising out of Direct Insurance Operations

	2014 £'000
Due within one year - intermediaries	12
	12

15. Creditors Arising Out of Reinsurance Operations

	2014 £'000
Due within one year	1,908
	1,908

16. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2014 £'000
Operating loss on ordinary activities	(4,732)
Increase in net technical provision	31,748
Increase in debtors and prepayments	(20,043)
Increase in creditors and accruals	9,033
Differences on foreign currency net investment	74
Net cash inflow from operating activities	16,080

17. Movement in Portfolio Investments Net of Financing

	2014 £'000
Net cash inflow for the year	974
Cash flow	
Increase in deposits	94
Increase in portfolio investments	14,722
Movement arising from cash flows	15,790
Changes in market value and exchange rates	-
Total movement in portfolio investments	15,790
Portfolio at 1 January	-
Portfolio at 31 December	15,790

18. Movement in Cash, Portfolio Investments and Financing

	At 1 January 2014 £'000	Cash Flow £'000	Changes to market value and currencies £'000	At 31 December 2014 £'000
Cash at bank	-	974	-	974
Deposits:				
Overseas deposits	-	94	-	94
Portfolio investments:				
Shares and other variable yield securities and units in unit trusts	-	7,415	-	7,415
Debt and other fixed income securities	-	7,307	-	7,307
Total portfolio investments	-	14,722	-	14,722
Total cash portfolio investments and financing	-	15,790	-	15,790

19. Cash flows invested in Portfolio Investments

	2014 £'000
Purchase of shares and other variable yield securities and units in unit trusts	(7,415)
Purchase of debt securities and other fixed income securities	(7,307)
Net cash outflow on portfolio investments	(14,722)

20. Funds at Lloyd's

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

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

21. Disclosure of Interests

Managing Agent's interest

Asta is currently the Managing Agent for nine Lloyd's Syndicates. Syndicates 1686, 1729, 1897, 1910, 2357, 2525, 2526, 4242 and 6117 are managed on behalf of third party capital providers.

The agency also provides administrative services to Syndicates and undertakes a number of ancillary roles for clients.

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

22. Related Parties

Asta provides service and support to Syndicate 1729 in its capacity as Managing Agent. Managing agents fees of £818,750 and service charges of £113,100 were recharged by Asta to the Syndicate during 2014. As at 31 December 2014 an amount of £231,340 was owed to Asta in respect of services provided.

ProAssurance Corporate Capital Limited is a significant but not fully aligned 100% capital provider. ProAssurance Corporate Capital Limited is a subsidiary of ProAssurance Corporation a public company based in Alabama, USA. The syndicate set up a GBP Sterling loan facility with ProAssurance Corporation which was entered into at appropriate commercial rates of interest. The amount outstanding on this loan facility at 31 December 2014 was £6.8m.

The amount of Gross Premium written with Podiatry Insurance Company of America, another subsidiary of ProAssurance in the period was £15.6m. The amount of reinsurance purchased from ProAssurance was £nil. At 31 December 2014, the amount receivable was £2.27m.

From time to time, syndicates managed by Asta enter into (re)insurance contracts with one another. All such transactions are subject to Asta's internal controls which ensure that all are compliant with Lloyd's Related Party Byelaw provisions.

23. Post Balance Sheet Events

There have been no material post balance sheet events.