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SYNDICATE 1969

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Syndicate 1969

Contents

Directors and Administration

Managing agent:

ANV Syndicates Limited

Registered office

47 Mark Lane

London, EC3R 7QQ

Company registration number

4434499

Company secretary

A S Hall

Directors

JMP Taylor	(Non-executive Chairman)	
A P Hulse	(Non-executive Director)	
N C T Pawson	(Non-executive Director)	
P Haynes		Resigned 30 September 2014
M Fairfield		Appointed 20 February 2015
G Van Loon		
J Hamilton		
A Barker		
B Gilman		
L J Cross		
J G M Verhagen		Appointed 17 March 2015

Active Underwriter

N Jones

Apollo's registered office

One Bishopsgate

London, EC2N 3AQ

Bankers

Lloyd's Bank plc

Auditor

Deloitte LLP, London

Syndicate 1969

Strategic Report

Overview

ANV Syndicates Limited provides turnkey managing agency operations for Apollo Syndicate 1969 (Apollo). Apollo's vision is to be a specialist, mid-sized, efficient, Lloyd's oriented business with a balanced portfolio and broker-led distribution. The long term strategy is to build a balanced specialist insurance business in Lloyd's with a focus on short-tail classes.

Apollo's business model is Lloyd's centric with a purely London-based operation and distribution model. Lloyd's will be the only platform. Apollo aims to establish long-standing and valued relationships with all of its clients and brokers by working in partnership with them. Apollo is continually looking to provide client solutions and an excellent service.

Apollo fully embraces and supports Lloyd's vision of being a broker market, as well as accessing local markets through third party coverholders. Apollo believes that it can utilise Lloyd's strong cultural message, low overheads and effective communication with staff and customers by being wholly Lloyd's centric.

Apollo's skills and market-leading capability means that it does not only compete on price: it attracts business through differentiated service and a better understanding of risk and clients' needs.

With Apollo's focus on risk selection, long term relationships and experience it believes that it can out-perform the market when rates are soft and is well positioned when markets turn.

Apollo underwrites a spread of classes of business which reduces the impact of single classes on its overall performance. Apollo's objective is to build a business that delivers profit in a competitive market place rather than waiting for shifts in the market as a result of external events. However, Apollo has a platform upon which it can change its business mix to respond more effectively to different market conditions as cycles change.

As a mid-sized business in a single location, Apollo will be capable of expanding and contracting as market conditions dictate. Through the use of specific outsourcing it will be able to maintain an appropriate support function commensurate with its underwriting capability.

2014 has been another successful year for the syndicate. Despite challenging market conditions the syndicate has delivered to its plan for the year, including the further development of the Marine Energy and Casualty lines, which were added in 2013.

Gross written premium for the calendar year grew 25.6% to £152.2m, whilst net earned premiums for the calendar year grew 14.0% to £105.5m. The syndicate's combined ratio has improved from 97.2% to 93.7%, due to better loss experience with a claims ratio of 54.7%.

Underwriting review

The 2014 year of account was the syndicate's fifth year of underwriting and is showing steady progress towards building a balanced specialist insurance business at Lloyd's.

The syndicate is fully established in the areas of Direct & Facultative Property (D&F), North American Binding Authorities and International Property Treaty. During 2014 it commenced

Strategic Report

underwriting Terrorism and expanded the Offshore Energy area through writing Gulf of Mexico business.

Refer to the Active Underwriter's Report on page 6 for an analysis of the underwriting performance.

Principal activity, key performance indicators and review of the business

The syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business in the United Kingdom. ANV Syndicates Limited (ASL), the syndicate's managing agent, uses a range of key performance indicators (KPI's) to measure the performance of the syndicate against its objectives and overall strategy. These indicators are regularly reviewed and are measured against plan and prior year outcomes. The syndicate's key financial performance indicators during the year were as follows:

	2014	2013
	£000	£000
Gross premiums written	152,193	121,195
Profit for the financial year	6,893	2,985
Claims ratio[1]	54.7%	58.8%
Combined ratio[2]	93.7%	97.2%

[1] The claims ratio is the ratio of net claims incurred to earned premiums net of reinsurance. A lower claims ratio generally represents better underwriting performance.
[2] The combined ratio is the ratio of net claims incurred and net operating expenses to earned premiums net of reinsurance. It excludes investment income and realised and unrealised gains and losses. A lower combined ratio generally represents better performance.

The syndicate's allocated capacity (net of brokerage) for the 2014 year of account was £140.0m (2013: £110.0m).

Gross premiums written increased by 25.6% to £152.2m during the year. The growth in earned premium lagged the growth in written premium due to slower/late writings during 2014. The combined ratio for 2014 improved to 93.7% (2013: 97.2%) due to a combination of a better claims experience which was offset by a slightly higher expense ratio. The claims ratio improved from 58.8% in 2013 to 54.7% in 2014; the large claims incurred during the year related to Hurricane Odile (2013: Mexican windstorms, Julius Klein heist and American Seafood). The increase in expense ratio was the result of increases in acquisition costs and other administrative expenses to support the growth of the syndicate, which are recognised more quickly than the earning of premium income.

Significant Events

As noted in the previous accounts, in line with the syndicate's strategic aims, plans are being developed to establish an independent Managing Agency for the 2016 underwriting year (which will need to be in place in 2015). In September, the syndicate received in-principle approval from Lloyd's to establish a managing agent. The syndicate is in the process of obtaining approval from the UK Prudential Regulation Authority and Financial Conduct Authority.

Strategic Report

As noted in the previous year, ANV Holdings BV (ANV), ANV Syndicate Management Limited's (ASML) ultimate holding company, and Ryan Specialty Group, LLC (RSG) announced that they had entered into an agreement to combine their Lloyd's managing agency operations, ASML and Jubilee Managing Agency Limited (Jubilee). The transaction was completed on 6 December 2013 resulting in ASML acquiring Jubilee, and ANV owning 80% of ASML with RSG owning the remaining 20%. Jubilee's name was changed to ANV Syndicates Limited (ASL) on the transaction completion date. On 1 April 2014, the management of ASML's syndicates was novated to ASL, thus focusing ANV's syndicate management operations in one single company. ASL became the Managing Agent for Syndicate 1969. As part of this process all employment contracts previously with ASML or ASL have been transferred to ANV Central Bureau of Services (CBS).

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

Principal risks and uncertainties

For a detailed description of the outstanding principal risks and uncertainties facing the syndicate, refer to the Report of the directors of the managing agent.

Going concern

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

Future developments

The syndicate aims to further diversify its portfolio to reduce volatility and dependence on any one class whilst being able to react effectively to changing market conditions for the benefit of capital providers and clients.

The syndicate has recruited a team of well-respected aviation underwriters to develop that class for the 2015 year of account.

Approved and signed on behalf of the Board.

G Van Loon
Director of Underwriting
ANV Syndicates Limited
17 March 2015

David Ibeson
Chief Executive Officer
Apollo Syndicate Management Limited
17 March 2015

Syndicate 1969

Active Underwriter's Report

The 2014 calendar year has been profitable producing a combined ratio of 93.7% (2013: 97.2%) including all managing agency expenses. On an annual accounting basis, the result for the calendar year is a profit of £6.9m (2013: £3.0m).

Claims reserves for 2014 have been set based on an actuarial best estimate plus an explicit management margin, which reflects the risk premium relating to the uncertainty of the actual level of claims incurred. Claims reserves are set in accordance with a formal reserving policy, which has been adopted by the Board during 2014.

The 2014 calendar year result is made up of contributions from earnings of all open years of account (2012, 2013 and 2014).

2014 was a development year for the syndicate as it continued to grow its existing classes of business, in particular its Non-Marine Liability and Offshore Energy accounts.

Turning to the traditional three year accounting basis, we are closing the 2012 year of account at a return on stamp capacity of 9.1%, towards the upper limit of the previously set forecast range of a return of 6% to 11% of stamp capacity. The 2012 Year of Account benefited from a benign loss year, with Superstorm Sandy being the most significant large loss, but was impacted by deterioration on the back years of account of £0.3m.

The 2013 year of account has a forecast range of -2% to +3% of stamp capacity at the 24 month stage. This year of account has been impacted by Hurricanes Manuel and Ingrid, Central European flooding and the Julius Klein Diamond heist.

The syndicate is now well established in the Lloyd's market and is receiving excellent support from a wide range of brokers. We believe we are well positioned to deliver consistent profits in future years.

Background and current portfolio

Syndicate 1969 began trading on 1 January 2010 underwriting a short-tail direct property focused account. The 2015 year of account will be Syndicate 1969's sixth year of underwriting and we are showing steady progress towards building a balanced specialist insurance business at Lloyd's. We are fully established in the areas of Direct & Facultative Property (D&F), North American Binding Authorities and International Property Treaty. During 2012 we commenced underwriting Specie & Cargo and in 2013 expanded the Liability account and added Offshore Energy. More recently, we have added Aviation, Terrorism and Personal Accident to the portfolio. It is anticipated that the syndicate will underwrite approximately £152.9m of premium for the 2015 year of account.

In arriving at our forecast premium income figures and building out the newer classes of business, we are anticipating that market conditions will remain competitive over at least the next two years. Our objective is to build a business that delivers profit in a competitive market. We will, however, ensure that the infrastructure is capable of reacting to enable us to take advantage of the market, should opportunities arise.

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The syndicate continually reviews the performance of each class and aims to reallocate premium where necessary with Lloyd's approval, either to maximise returns or accept new opportunities. Underwriters aim to produce profit on a gross basis.

2012 Year of Account

We have closed the 2012 year with a profit of 9.1% (prior to charging members' agents' fees) on stamp capacity of £85.0m. This comprises of an £8.0m profit on the 2012 Year of Account partly offset by a deterioration of £0.3m on the closed 2011 and prior Years of Account.

As at year end, the risk adjusted rate change recorded for the syndicate as a whole was +7.5%, which is broadly in line with the Syndicate Business Forecast and demonstrates the improving trading conditions seen during the year. The syndicate premium income fell slightly short at 98% of planned premium income of £80m.

Claims activity has been encouraging with gross signed to incurred loss ratios on the International Treaty account outperforming the previous year. The Property Direct and Facultative ("D&F") account is performing broadly in line with the 2011 account despite incurring losses from Superstorm Sandy. The syndicate did not participate on the placements for the Metropolitan Transit Authority or Port Authority of New York that sustained significant damage. In addition, the policy forms issued under the Property Binding Authority account generally excluded flood whether caused by wind or not.

Following the withdrawal from International Binders the syndicate has re-focussed the North American binder book towards a small number of contracts written to long-standing coverholders writing commercial and homeowners business in the North Eastern states.

The historical results on this portfolio have been highly profitable. The account is protected by a low level reinsurance programme specifically to protect the binding authority book, reducing the net retention to USD5m. The account includes a small number of Caribbean facilities, which have produced highly profitable results over the longer term.

The syndicate has reallocated aggregate in Japan from the D&F account to the International Treaty account, writing long-standing accounts with the benefit of lower reinsurance protection. 60% of the International Treaty account was renewed at the start of the 2012 year. The majority of this renewal book emanated from Western Europe, which experienced rate increases of approximately 3% to 5%. Although the market did not harden as anticipated at 1 January this changed at 1 April for the Japan renewals. This increasing rate trend continued for the Australia and New Zealand renewals underwritten in July.

Notwithstanding the significant market loss sustained from Superstorm Sandy, from which the syndicate did sustain losses, the overall portfolio performed well during the 2012 year of account and so we are pleased to be able to deliver this positive result.

2013 Year of Account

The 24 month forecast range has been set to -2% to +3% on stamp capacity of £110.0m.

Following approval of a 29.4% pre-emption, the syndicate stamp capacity for 2013 was £110.0m with an approved plan for gross net premium of £107.5m. In addition to the existing property

Active Underwriter's Report

classes, the plan also included Cargo and Specie, an expanded specialist Liability account and Offshore Energy, which was added mid-way through the year. The gross net ultimate premium written for the year was £96.9m, and so has fallen short of original expectations.

The growth planned in the D&F class was a factor of writing increased lines on quality business. The team underwrote approximately £60m gross net premium in line with the approved plan recording a risk adjusted rate increase of 0.6% over the 2012 portfolio. Although the North Atlantic wind season proved to be relatively benign, the account was impacted by two Mexican wind events, Manuel and Ingrid. These events have meant that the 2013 account has performed worse than the 2012 year. The Property Binder book has performed well to date for the 2013 year.

The International Treaty book was renewed in line with the disciplined stance taken in previous years. We ceased writing property risk excess of loss treaties, concentrating purely on regional specific catastrophe excess of loss portfolio as we believe this book will provide a better risk adjusted return for capital providers. The territorial scope was unchanged.

2013 was the first full year for the Specie and Cargo account, which started towards the end of 2012. Novae agreed to support the syndicate with a consortium share, which increased the gross line size and spread the expense base. Unfortunately, premium income generated for the 2013 year of account fell short of original expectations. The class also suffered two notable large loss events; a diamond theft and a cash in transit loss, which has affected the account's performance relative to plan.

The syndicate started to underwrite a new specialist Liability class in 2013, which was supported by a consortium arrangement with capacity provided by Argenta and Hiscox. The account was protected by a quota share and has so far developed well receiving positive support from the broking community.

The syndicate also added an Offshore Energy class. The portfolio written in the latter part of 2013 did not include Gulf of Mexico wind exposures and achieved premium income targets set in the approved plan. As with the Liability account, we enjoyed positive support from the broking community and continue to see a good showing of business in line with our expectations.

The gross underwriting performance has been broadly in line with the original business plan. However, the attritional nature of the losses meant that these fell below the retention of the main property excess of loss programme in force during 2013, resulting in lower than forecast reinsurance recoveries. This has resulted in the current forecast being below plan. Going forward, we have reduced our reinsurance retention for Mexican business which should help improve reinsurance recovery ratio if similar loss scenarios occur.

2014 Year of Account

Our first public forecast will be at the 15 month stage. The combined ratio shows the syndicate has experienced a positive performance over the first 12 months. Whilst the final outcome will be dependent on the claims experience over the next 24 months, at this stage we are expecting that the midpoint of our first forecast for the 2014 underwriting year of account will be a profit.

Syndicate 1969

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Following approval of our 27.3% pre-emption, the stamp capacity for 2014 was £140.0m. The syndicate underwrote gross net premium of £131.9m, compared to the approved plan of £135.0m. The rating environment for the year was competitive, with the actual risk adjusted rate change of -3.7%, which was slightly worse than the planning expectation of -1.6%.

In addition to the existing property classes, the plan also included building on the 2013 base for Specie and Cargo, Liability and Offshore Energy accounts, in addition to underwriting a Terrorism account by supporting a consortium led by a lead Lloyd's syndicate.

The D&F account has continued to target and renew medium sized risks through a broad spread of Lloyd's brokers. The territorial focus for the account is the USA, Caribbean and Mexico, where we believed more attractive rating conditions prevailed. The D&F account underwrote approximately £61m gross net premium, which was slightly lower than the plan due to rating pressures. Overall the account has had a relatively normal loss experience to date, including one notable catastrophe event, Hurricane Odile.

The Property Binding Authority book has been renewed in line with the strategy employed for 2013.

The territorial scope of the International Treaty account has remained unchanged, targeting regionally specific accounts in Canada, UK, Western Europe, South Africa, Japan, Australia and New Zealand. The loss experience in the first 12 months has been relatively benign, with no notable exposure to catastrophe events.

The Specie and Cargo has been developed further during 2014, although the actual premium underwritten fell short of the plan due to market competition. The account continues to be supported by a consortium written on behalf of Novae.

The Liability class has received very strong support from our consortium partners and the broking community. During the year the team identified a number of market opportunities and continued to build its market position. Whilst this is a longer tailed account, to date the claims experience has been positive.

The Offshore Energy team have built strongly on the start made in 2013, delivering 2014 premium income in line with plan. The team has added a modest amount of Offshore Gulf of Mexico windstorm exposure for 2014, which is protected by quota share reinsurance. Claims experience to date has been encouraging.

The syndicate commenced underwriting a Terrorism portfolio through a consortium with a lead Lloyd's syndicate. Whilst premium income has fallen short of our initial plan, loss experience has been very good to date.

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Apollo 2015 portfolio

Following the 14.3% pre-emption approved by Lloyd's, the syndicate stamp has increased to £160.0m for the 2015 year of account. The approved gross net written premium is £152.9m.

The plan for Syndicate 1969 for 2015 can be summarised as follows:

- Continue with the disciplined approach in the existing Property classes;
- Build on the 2014 base for Specie and Cargo, Liability and Offshore Energy;
- Underwrite a Terrorism account by renewing the consortium;
- Underwrite a new Personal Accident account through a consortium led by ANV Syndicate 1861;
- Develop a new class of Marine and Energy Liability business; and
- Underwrite a new Aviation account.

The strategy and focus of the D&F, Binding Authority and International Treaty classes will continue unchanged for 2015. The underwriters will work closely with selected brokers to structure products and allocate capacity in a way to facilitate brokers producing more business to Lloyd's. Our approach to assuming risk in the International Treaty account is highly disciplined and extremely selective. No risk excess, quota share or aggregate stop loss covers will be underwritten. The territorial scope of the Treaty book provides a natural balance to the D&F account as the exposures do not accumulate.

The Specie and Cargo team write a diversified account and have recruited an additional underwriter to bolster the team and help deliver further growth for 2015.

The Liability class is planning to grow cautiously in 2015 following a strong start in 2013 and 2014 with the recruitment of additional underwriters. We are mindful of the current competitive environment and will continue our careful underwriting approach.

We plan to prudently increase premium income for Offshore Energy in 2015 to allow us to fully establish the account.

The Terrorism consortium will be renewed with a slightly larger per risk line size. The consortium arrangement will generate a portfolio with a balance between existing renewal business and new risks to Lloyd's. During the first few years as the account is established the gross premium income to the syndicate will be kept small. The class has limited correlation with existing lines and has no exposure to natural catastrophe events. Terrorism accumulations will be carefully monitored via disciplined exposure management.

The new Personal Accident account will complement our existing portfolio, and is uncorrelated with existing lines.

The syndicate has recently recruited a very well regarded Aviation team with a long track record in the class.

Future plans

As a syndicate we have received strong support from both existing and new capital providers. The initial capital base of Hays Group, Hannover Re and traditional Names has been joined by a small number of highly respected global insurance and reinsurance entities. We are delighted to

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have such a strong, diversified and knowledgeable spread capital base supporting the business. This will give the syndicate both stability and potential to grow whilst also increasing the depth of knowledge available to the staff benefiting us all.

The syndicate will seek to add new lines of business as opportunities arise but will maintain its focus on specialist, profitable lines with a short tail bias. We aim to recruit only the highest calibre Underwriters who have demonstrably profitable track records of experience in their class. We believe adding experienced and well respected underwriting teams will deepen the internal challenge and peer review aspect of the business and bring further intellectual capacity into the development of the business and controls for the future. We aim to expand our capability and expertise for the long term and not to increase competition.

We are currently working through the application process for the Managing Agency which we are targeting to complete during 2015.

Once again I would like to thank you all for your on-going support for Syndicate 1969 and look forward to updating you with our progress in the future. I would also like to take this opportunity to thank both Apollo and ANV staff for their hard work and dedication to further develop the business during the past year.

Nick Jones
Active Underwriter Syndicate 1969
17 March 2015

Report of the directors of the managing agent

The directors of the managing agent, ANV Syndicates Limited ("ASL"), present their report 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.

Results

The result for calendar year 2014 is a profit of £6.9m (2013 profit: £3.0m). Profits and losses will be distributed and called respectively by reference to the results of individual underwriting years.

Principal risks and uncertainties

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

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

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

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

Report of the directors of the managing agent

- **Market risk -** The exposure to financial market risk arises from the investment decisions made in relation to the syndicate funds and adverse movements in foreign exchange rates and interest rates. The managing agent sets the investment strategy. Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities to the extent possible given the regulatory restrictions under which the syndicate operates. Limits to the mean modified duration of invested assets are in place to limit the adverse effect of interest rate movements. Exposure to market risk is managed through the managing agent's Finance and Investment Committee.

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

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

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

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

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

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

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

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

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

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

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

Reports during the year have considered the following:

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

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

Corporate Governance

The Boards of ASL and ASML ran in parallel during Q1 2014. Following the novation of the management of Syndicates 1861 and 1969 to ASL on 1 April 2014, ASL became the managing agent for Syndicates 779, 1861, 1969 and 5820.

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

Report of the directors of the managing agent

A defined operational and management structure is in place and terms of reference exist for all Board committees. The ASL Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and has appointed an Executive Committee to manage the operations of the business. The Board and the Executive Committee are supported by an Audit & Compliance Committee and six other Board Committees, which include a dedicated Conduct Committee to manage conduct risk issues.

Subsequent events

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

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

Therefore, as for all agents rated red at the start of March 2015, ANV's managed syndicates will be affected by a 20% capital loading applied at the mid-year coming-into-line SCR. The actual impact to an individual member relative to their current capital levels will vary as a result of SCR changes being discussed with Lloyd's, potential foreign exchange impacts and the individual participations of each member.

Staff matters

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

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

Directors and Directors' interests

The directors who held office during the year are shown on page 2. Directors' interests are shown in note 20 as part of the related parties note to the accounts.

Annual General Meeting

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

Report of the directors of the managing agent

Disclosure of information to the auditor

Each person who is a director of the Managing Agent at the date of approving this report confirms that:

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

Auditor

Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor.

Approved on behalf of the Board.

G Van Loon
Director of Underwriting
17 March 2015

Syndicate 1969

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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 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 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 that 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 prevention and detection of fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Syndicate 1969

We have audited the syndicate annual financial statements for the year ended 31 December 2014 which comprise of the following primary financial statements; 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 22. 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 regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters 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, the managing agent is responsible for the preparation of syndicate annual financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate annual financial statements

An audit involves obtaining evidence about the amounts and disclosures in the annual financial statements sufficient to give reasonable assurance that the annual financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the annual financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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.

Independent auditor's report to the members of Syndicate 1969 (continued)

Opinion on syndicate annual financial statements

In our opinion the annual financial statements:

- give a true and fair view of the syndicate's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 Strategic Report and Report of the directors of the managing agent for the financial year in which the annual financial statements are prepared is consistent with the annual financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (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 financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Mark McQueen (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 March 2015

Profit and loss account: Technical account – General business
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Earned premiums, net of reinsurance			
Gross premiums written	3	152,193	121,195
Outward reinsurance premiums		(30,989)	(22,982)
Net premiums written		121,204	98,213
Change in the provision for unearned premiums:			
Gross amount	4	(24,230)	(9,847)
Reinsurers' share	4	8,479	4,136
Change in the net provision for unearned premiums		(15,751)	(5,711)
Earned premiums, net of reinsurance		105,453	92,502
Allocated investment return transferred from the non-technical account		254	370
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(47,481)	(48,616)
Reinsurers' share		2,933	2,295
Net claims paid		(44,548)	(46,321)
Change in the provision for claims			
Gross amount	4	(16,254)	(12,039)
Reinsurers' share	4	3,074	3,965
Change in the net provision for claims		(13,180)	(8,074)
Claims incurred, net of reinsurance		(57,728)	(54,395)
Net operating expenses	5	(41,086)	(35,492)
Balance on the technical account - general business		6,893	2,985

All operations relate to continuing activities.

Profit and loss account: Non-technical account
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Balance on the technical account - general business		6,893	2,985
Investment income	9	254	370
Allocated investment return transferred to technical account - general business		(254)	(370)
Profit for the financial year		6,893	2,985

Statement of total recognised gains and losses
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Profit for the financial year	16	6,893	2,985
Currency translation differences	16	(114)	(150)
Total recognised gains relating to the financial year		6,779	2,835

Balance sheet – Assets
at 31 December 2014

	Notes	2014 £000	2013 £000
Investments			
Financial investments	10	59,144	52,408
Reinsurers' share of technical provisions			
Provision for unearned premiums	4	14,694	5,496
Claims outstanding	4	13,063	9,426
		27,757	14,922
Debtors			
Debtors arising out of direct insurance operations	11	29, 288	18,710
Debtors arising out of reinsurance operations	12	1,960	1,008
Other debtors	13	1,389	1,331
		32,637	21,049
Other assets			
Cash at bank and in hand		43,674	17,799
Overseas deposits	14	6,161	8,316
		49,835	26,115
Prepayments and accrued income			
Deferred acquisition costs		19,454	12,570
Other prepayments and accrued income		748	517
		20,202	13,087
Total assets		189,575	127,581

Balance sheet – Liabilities
at 31 December 2014

	Notes	2014 £000	2013 £000
Capital and reserves			
Members' balances	16, 21	11,007	3,852
Technical provisions			
Provision for unearned premiums	4	76,221	48,689
Claims outstanding	4	88,819	69,179
		165,040	117,868
Creditors			
Creditors arising out of direct insurance operations		1,283	1,578
Creditors arising out of reinsurance operations		9,475	3,717
Other creditors	15	2,770	51
		13,528	5,346
Accruals and deferred income		-	515
Total liabilities		189,575	127,581

The annual accounts on pages 20 to 39 were approved by the Board of ASL on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Finance Director
17 March 2015

Statement of cash flows
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	17	25,533	10,248
Transfers from members in respect of underwriting participations		526	9,848
Members' agents' fees paid on behalf of members		(150)	(237)
		25,909	19,859
Cash flows were invested as follows:			
Increase in cash holdings	18	23,899	14,436
(Decrease) in overseas deposits	18	(2,217)	(740)
Increase in portfolio investments	18, 19	4,227	6,163
Net investment of cash flows		25,909	19,859

Notes to the annual accounts
at 31 December 2014

1. Basis of preparation

These annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable Accounting Standards in the United Kingdom. They comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers.

The results for the financial year are determined on the annual basis of accounting in accordance with UK GAAP.

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

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

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

Revised Accounting Standards

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

FRS 100 - 'Application of Financial Reporting Requirements'

FRS 101 - 'Reduced Disclosure Framework' (not applicable to Lloyd's syndicates),

FRS 102 - 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

FRS 103 – 'Insurance Contracts'

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

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

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

Under the functional currency concept, gains and losses on the translation of monetary foreign currency items to functional currency are to be recorded within profit and loss account and not through the Statement of Recognised Gains and Losses (STRGL) as permitted under the concept of 'branch accounting' as adopted by the syndicate. Given the different functional and presentational currencies, foreign exchange gains and losses will be generated on translation to presentational currency which will be reported through the STRGL in future periods.

2. Accounting policies

Gross premiums written

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

Unearned premiums

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

Outwards reinsurance premiums

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

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ("IBNR") as well as claims incurred but not enough reported ("IBNER") at the balance sheet date based on statistical methods.

These methods 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. Included within the provision is an allowance for the future costs of settling those claims. This is estimated based on past experience and current expectations of future cost levels. 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 annual accounts
at 31 December 2014

2. Accounting policies (continued)

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

Accordingly, the most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development, that the outstanding claims estimates are reasonable and that the rating and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred. The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks. The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the annual accounts for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

Unexpired risks provision

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

The provision for unexpired risks is calculated by reference to classes of business which are regarded as all managed together, after taking into account relevant investment return. The expected claims are calculated having regard to events that have occurred prior to the Balance Sheet date.

Net operating expenses (including acquisition costs)

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

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

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

Notes to the annual accounts
at 31 December 2014

2. Accounting policies (continued)

The syndicate both manages and participates on a number of consortium agreements. Fees associated with the acquisition of business through such arrangements are considered to be acquisition costs and are accounted for accordingly. Any profit commissions associated with the underlying performance of these consortia are accrued based on the performance of the consortia and recorded as acquisition costs. Any overrider commission income associated with the setting up and managing these consortia are accrued based on the consortium's written premium and recorded as a contribution to operating expenses.

Foreign currencies

Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated into presentational currency at exchange rates prevailing at the balance sheet date or, if appropriate, at the forward foreign currency contract rate.

Income and expense transactions in currencies are translated to presentational currency at the date the transaction is processed or at the appropriate average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate for the period.

The syndicate maintains separate currency ledgers for GBP, US dollar, Canadian dollar and Euro business. These businesses are considered by management to represent foreign branches. Exchange gains and losses arising from the retranslation into presentational currency of the balance sheets of these branches using the rates of exchange prevailing at the balance sheet date, and the retranslation into presentational currency of the profit and loss accounts of these branches using average rates of exchange for the year have been recorded in the statement of total recognised gains and losses.

All other exchange differences are included in the technical account within net operating expenses.

Investments

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

Investment return

Investment return comprises 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 are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Notes to the annual accounts
at 31 December 2014

2. Accounting policies (continued)

Investment return is initially recorded in the non-technical account and subsequently transferred to the general business technical account to reflect the investment return on funds arising from underwriting business.

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax 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 are included in the balance sheet under the heading "other debtors".

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

Pension costs

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

Profit commission

Profit commission may be charged by the managing agent in accordance with contractual terms in the Managing Agent's Agreement, which is generally subject to a deficit clause. Profit commission is estimated on an ultimate basis for each year of account, and accrued by the syndicate based on the interim and annual accounting results of the year of account. Final settlement to the managing agent is made when the year of account closes, normally at 36 months.

Notes to the annual accounts
at 31 December 2014

3. Segmental analysis

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

2014	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross[1] operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance:						
Marine, aviation and transport	15,775	10,384	(3,866)	(3,841)	(1,467)	1,210
Fire and other damage to property	60,434	56,007	(29,650)	(18,677)	(6,134)	1,546
Third-party liability	19,331	11,695	(8,679)	(4,316)	(1,480)	(2,780)
Motor	29	29	3	(9)	(1)	22
	95,569	78,115	(42,192)	(26,843)	(9,082)	(2)
Reinsurance	56,624	49,848	(21,543)	(14,243)	(7,421)	6,641
	152,193	127,963	(63,735)	(41,086)	(16,503)	6,639

2013	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross[1] operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance:						
Marine, aviation and transport	4,002	1,670	(1,631)	(723)	(400)	(1,084)
Fire and other damage to property	58,175	58,113	(31,476)	(21,223)	(3,488)	1,926
Third-party liability	6,674	3,583	(3,537)	(1,640)	(263)	(1,857)
Motor	86	100	(101)	(33)	4	(30)
	68,937	63,466	(36,745)	(23,619)	(4,147)	(1,045)
Reinsurance	52,258	47,882	(23,910)	(11,873)	(8,439)	3,660
	121,195	111,348	(60,655)	(35,492)	(12,586)	2,615

[1] 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 for 2014 and 2013.

Commissions on direct insurance gross premiums earned during 2014 were £22.0m (2013: £15.7m).

All premiums were concluded in the UK.

Notes to the annual accounts
at 31 December 2014

3. Segmental analysis (continued)

The geographical analysis of premiums by situs of the risk is as follows:

	2014	2013
	£000	£000
UK	9,124	2,781
Other EU countries	7,258	3,451
US	80,870	68,674
Other	54,941	46,289
Total	152,193	121,195

4. Technical provisions

The syndicate has applied a similar approach this year end to establishing the technical provisions for claims outstanding reserves and reinsurer's share thereof held as at the end of the previous year. Included within net claims incurred of £57.7m (2013: £54.4m) is an improvement of £2.4m to claims reserves established at the prior year end principally due to the favourable development of property reserves. An analysis of the movement in technical provisions is set out below:

	Unearned premiums	Claims outstanding	Total
	£000	£000	£000
Gross			
At 1 January 2014	48,689	69,179	117,868
Exchange adjustments	3,302	3,386	6,688
Movement in provision	24,230	16,254	40,484
At 31 December 2014	76,221	88,819	165,040
Reinsurance			
At 1 January 2014	5,496	9,426	14,922
Exchange adjustments	719	563	1,282
Movement in provision	8,479	3,074	11,553
At 31 December 2014	14,694	13,063	27,757
Net technical provisions			
At 31 December 2014	61,527	75,756	137,283
At 31 December 2013	43,193	59,753	102,946

Notes to the annual accounts
at 31 December 2014

5. Net operating expenses

	2014 £000	2013 £000
Acquisition costs	38,047	30,413
Change in deferred acquisition costs	(6,162)	(1,899)
Administrative expenses	9,165	5,626
Loss on exchange	36	1,352
	41,086	35,492

Administrative expenses include:

Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions, managing agent's fees and profit commission)	3,137	1,955

6. Auditor's remuneration

	2014 £000	2013 £000
Audit of syndicate annual accounts	45	46
Other services pursuant to Regulations and Lloyd's Byelaws	67	61
Non audit fees – Statement of actuarial opinion	45	55
Total	157	162

7. Staff numbers and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	2014 £000	2013 £000
Wages and salaries	5,231	3,717
Social security costs	608	471
Pension costs	469	373
Total	6,308	4,561

Notes to the annual accounts
at 31 December 2014

7. Staff numbers and costs (continued)

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate during the year was as follows:

	2014 Number	2013 Number
Underwriting	15	12
Claims	3	2
Finance and Administration	17	10
Total	35	24

8. Emoluments of the directors of ASL

The directors of ASL received the following aggregate remuneration charged to the syndicate and included within net operating expenses £nil (2013: £nil). There is a fixed fee arrangement between ASL and Syndicate 1969 in respect of administrative services. There are no directors costs charged to Syndicate 1969 for 2014 or 2013.

Included in the aggregated remuneration charged to the syndicate are emoluments paid to the highest paid director amounting to £nil (2013: £nil).

The active underwriter received the following remuneration charged as a syndicate expense:

	2014 £000	2013 £000
Emoluments	309	262

9. Investment income

	2014 £000	2013 £000
Investment income		
Income from investments	254	370

Notes to the annual accounts
at 31 December 2014

10. Financial investments

	Market value		Cost	
	2014	2013	2014	2013
	£000	£000	£000	£000
Units in unit trusts	59,144	52,408	59,144	52,408

All of the above financial investments are held in short-term money market funds.

11. Debtors arising out of direct insurance operations

	2014	2013
	£000	£000
Due within one year - intermediaries	29,288	18,710

12. Debtors arising out of reinsurance operations

	2014	2013
	£000	£000
Due within one year - intermediaries	1,939	1,008
Due after one year - intermediaries	21	-
Total	1,960	1,008

13. Other debtors

	2014	2013
	£000	£000
Amounts due from group companies	417	519
Consortium fee debtor	917	293
Rent escrow	-	479
Taxes receivable	55	40
Total	1,389	1,331

14. Overseas deposits

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

Notes to the annual accounts
at 31 December 2014

15. Other creditors

	2014 £000	2013 £000
Amounts due to group companies	1,597	51
Profit commission payable	796	-
Taxes payable	13	-
Expense payable	364	-
Total	2,770	51

16. Reconciliation of members' balances

	2014 £000	2013 £000
Members' balances brought forward at 1 January	3,852	(8,478)
Profit for the financial year	6,893	2,985
Currency translation differences	(114)	(150)
Receipt of personal reserve fund	526	9,848
Members' agents' fees advances	(150)	(353)
Members' balances carried forward at 31 December	11,007	3,852

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.

17. Reconciliation of balance on the technical account for general business to net cash inflow from operating activities

	2014 £000	2013 £000
Balance on the technical account for general business	6,893	2,985
Foreign exchange (gains)/losses on cash and investments	(4,547)	1,144
Increase in net technical provisions	34,337	11,951
Increase in debtors	(18,703)	(7,252)
Increase in creditors	7,667	1,685
Other movements	(114)	(265)
Net cash inflow from operating activities	25,533	10,248

Notes to the annual accounts
at 31 December 2014

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

	2014 £000	2013 £000
Net cash inflow for the year	23,899	14,436
Cash flow		
(Decrease) in overseas deposits	(2,217)	(740)
Increase in portfolio investments	4,227	6,163
Movement arising from cash flows	25,909	19,859
Changes in exchange rates	4,547	(1,144)
Total movement in portfolio investments	30,456	18,715
Balance brought forward at 1 January	78,523	59,809
Balance carried forward at 31 December	108,979	78,524

Analysis of movement in cash and portfolio investments

	At 1 January 2014 £000	Cash flow £000	Changes in exchange rates £000	At 31 December 2014 £000
Cash at bank and in hand	17,799	23,899	1,976	43,674
Overseas deposits	8,316	(2,217)	62	6,161
Portfolio investments:				
Units in unit trusts	52,408	4,227	2,509	59,144
Total cash, portfolio investments and financing	78,523	25,909	4,547	108,979

19. Net cash outflow on portfolio investments

	2014 £000	2013 £000
Purchase of units in unit trusts	4,227	6,163

Notes to the annual accounts
at 31 December 2014

20. Related parties

All business with related parties is transacted on an arm's length basis.

Apollo has applied to Lloyd's, the PRA and FCA to establish a separate managing agency, Apollo Syndicate Management Limited. Should this application be successful the managing agency of Syndicate 1969 will transfer from ASL to Apollo Syndicate Management Limited, which is a wholly owned subsidiary of Apollo Partners LLP. Nick Jones, the active underwriter of Syndicate 1969, is a partner of Apollo Partners LLP, along with other members of the senior management and underwriting team.

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

Members' expenses, being agent's fees and profit commission payable to the Managing Agent. For the 2014 underwriting year of account ANV Syndicates Limited has charged an agent's fee of £1.2m (2013: £1.0m).

Profit commission of £796k has been accrued at 31 December 2014 in respect to the 2013 and 2014 years of account. Profit commission is not accrued in respect of the 2012 year of account in accordance with the contractual terms in the Managing Agent's Agreement at the end of 2014. Profit commission is not actually paid until the year of account in respect of which it was earned closes after three years.

The Managing Agent incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. The total amount recharged at cost by the Managing Agent to the syndicate during 2014 was £9.4m (2013: £6.1m). This includes remuneration paid to the Partners of Apollo Partners LLP (£1.5m) and excludes agent fees and profit commission.

The syndicate had the following amounts outstanding at the year-end, which are included in "Other creditors" and "Other debtors" on the balance sheet:

	2014 £000	2013 £000
Other debtors		
ASL	418	-
ASML	-	18
Syndicate 1861		501
Total	418	519
Other creditors		
Apollo Underwriting Limited	21	-
ASL	1,576	-
ANV Group	-	51
Total	1,597	51

During the year, the interest free unsecured short term loan of £228k ASML had previously made to Apollo Underwriting Limited (relating to the purchase of fixed assets) has been repaid.

Notes to the annual accounts
at 31 December 2014

20. Related parties (continued)

Apollo Underwriting Limited is the parent company of certain management capital providers for Syndicate 1969. Nick Jones was a director of Apollo Underwriting Limited until 1 October 2014. James MacDiarmid, Simon White and Stephen Lerum are the current directors of Apollo Underwriting Limited.

Nick Jones and other members of the syndicate's underwriting team participate on the syndicate through a Limited Liability Partnership.

Anthony Hulse is a director of both ANV Syndicates Limited and Apollo Syndicate Management Limited.

Syndicate 1969 has purchased an Energy (excluding Gulf of Mexico) excess of loss reinsurance policy on which Syndicate 1861 participates on. During 2014, reinsurance premiums amounted to £0.2m (2013: £0.1m). Both Syndicate 1969 and Syndicate 1861 are managed by ASL.

During the year, a number of outwards reinsurance transactions have been conducted with Syndicate 1969, namely Hannover Ruckversicherung AG, Partner Re and Transatlantic Re, who all participate on the syndicate with a share of 25.3%, 4.7% and 1.8% on 2014 YOA syndicate capacity respectively. All such transactions were undertaken on an arm's length basis and amounted to less than 11% of outwards premium for the calendar year.

One of the Syndicate 1969's major capital providers is a US insurance broking firm, Hays Companies, who is also the ultimate holding company of Apollo Underwriting Limited. Some risks written by the syndicate may involve Hays Companies in the intermediary chain, although such business would always be placed directly into the syndicate by an unaffiliated Lloyd's broker. The syndicate would not normally be aware of Hays Companies' involvement, and the quantum of such business is not believed to be significant.

The syndicate may source business from Ryan Specialty Group (RSG), a shareholder of ASL, on the open market through Lloyd's brokers. All risks are entered into on an arm's length basis and ASL has unfettered underwriting discretion for all opportunities. Business placed via RSG into the syndicate did not exceed 2% of gross written premium.

21. Funds at Lloyd's

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving and other risks in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member; therefore there are no specific funds available to a syndicate which can be precisely identified as its capital.

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

Notes to the annual accounts
at 31 December 2014

22. Subsequent events

The 2012 year of account closed with effect from the end of 2014 at a cumulative 36 month profit of £7.7m, before members' agents' fees, which will be distributed to the members during 2015.

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

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

Therefore, as for all agents rated red at the start of March 2015, ANV's managed syndicates will be affected by a 20% capital loading applied at the mid-year coming-into-line SCR. The actual impact to an individual member relative to their current capital levels will vary as a result of SCR changes being discussed with Lloyd's, potential foreign exchange impacts and the individual participations of each member.

SYNDICATE UNDERWRITING YEAR ACCOUNTS

FOR THE 2012 YEAR OF ACCOUNT
CLOSED AT 31 DECEMBER 2014

Statement of Managing Agent's Responsibilities

ANV Syndicates Limited, as managing agent, is responsible for preparing syndicate underwriting year of accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

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

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

(i) 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;

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

(iii) make judgements and estimates that are reasonable and prudent; and

(iv) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

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

Independent auditor's report to the members of Syndicate 1969
2012 Closed Year of Account

We have audited the syndicate underwriting year accounts for the 2012 year of account of Syndicate 1969 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 23 to 45 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, for the 2012 year of account in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to those 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, 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 annual report to identify material inconsistencies with the audited financial statements 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.

Independent auditor's report to the members of Syndicate 1969
2012 Closed Year of Account
(continued)

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts:

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

Matters on which we are required to report by exception

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

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Mark McQueen (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 March 2015

Syndicate 1969

Profit and loss account: Technical account

2012 Year of Account
For the 36 months ended 31 December 2014

	Notes	£000
Syndicate allocated capacity		84,771
Earned premiums, net of reinsurance		
Gross premiums	25	100,566
Outward reinsurance premiums		(15,906)
Net premiums written and earned		84,660
Reinsurance to close premium receivable, net of reinsurance	26	14,060
		98,720
Allocated investment return transferred from the non-technical account		340
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(44,949)
Reinsurers' share		5,014
Net claims paid		(39,935)
Reinsurance to close premium, net of reinsurance	27	(20,366)
Claims incurred, net of reinsurance		(60,301)
Net operating expenses	28	(31,062)
Balance on the technical account for general business		7,697

Profit and loss account: Non-technical account

2012 Year of Account

For the 36 months ended 31 December 2014

	Notes	£000
Balance on the general business technical account		7,697
Investment income	32	340
Allocated investment return transferred to general business technical account		(340)
Profit for the 2012 closed year of account		7,697

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 – Assets

2012 Year of Account
For the 36 months ended 31 December 2014

	Notes	£000
Investments		
Financial investments	34	23,410
Reinsurance recoveries anticipated on gross reinsurance to close premium	27	5,829
Debtors		
Debtor arising out of direct insurance operations		26
Debtors arising out of reinsurance operations	35	946
Other debtors	36	1,885
		2,857
Other assets		
Cash		2,267
Overseas deposits	37	2,406
		4,673
Total assets		**36,769**

Balance sheet – Liabilities
2012 Year of Account
For the 36 months ended 31 December 2014

	Notes	£000
Amounts due to members	39	7,429
Reinsurance to close premium payable to close the account – gross amount	27	26,195
Creditors		
Creditors arising out of direct insurance operations		1,056
Creditors arising out of reinsurance operations		1,231
Other creditors	38	858
		3,145
Total liabilities		**36,769**

The syndicate underwriting year accounts on pages 44 to 60 were approved by the Board of ASL on 17 March 2015 and were signed on its behalf by:

J M Hamilton

Finance Director

17 March 2015

Statement of cash flows

2012 Year of Account

For the 36 months ended 31 December 2014

	Notes	£000
Net cash inflow from operating activities	40	28,351
Member agent fees paid on behalf of members	39	(268)
		28,083
Cash flows were invested as follows:		
Increase in cash holdings	41	2,267
Increase in overseas deposits	41	2,406
Increase in financial investments	41, 42	23,410
Net investment of cash flows		28,083

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

23. Basis of preparation

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2012 year of account which has been closed by reinsurance to close at 31 December 2014.

Consequently the balance sheet represents the assets and liabilities of the 2012 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three-year period until closure. The accounts are compiled using the signing messages relating to its year of account; this means that the resulting cash balance shown in the balance sheet belongs to that specific year of account.

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

24. Accounting policies

The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

Gross premiums written

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

Premiums written are treated as fully earned.

Outward reinsurance premiums

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

Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy.

Notes to the underwriting year accounts
2012 Year of Account
For the 36 months ended 31 December 2014

24. Accounting policies (continued)

Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to close premium payable

A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing the reinsurance to close.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the “Claims provisions and related recoveries” section per the syndicate annual accounts.

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

Investment return

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

Syndicate operating expenses

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

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

Notes to the underwriting year accounts
2012 Year of Account
For the 36 months ended 31 December 2014

24. Accounting policies (continued)

Foreign currencies

Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated into presentational currency at exchange rates prevailing at the balance sheet date or, if appropriate, at the forward foreign currency contract rate.

Income and expense transactions in currencies, other than reinsurance to close, are translated to presentational currency at the date the transaction is processed or at the appropriate average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate for the period.

All exchange differences are included in the technical account within net operating expenses.

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

25. Segmental analysis - 2012 year of account after three years

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

2012 year of account after three years	Gross premiums written[1] £000	RITC received[2] £000	Gross claims incurred £000	Gross operating expenses[3] £000	Reinsurance balance £000	Total £000
Direct insurance:						
Marine, aviation and transport	342	-	(1,678)	(102)	359	(1,079)
Fire and other damage to property	55,580	7,126	(42,005)	(20,374)	728	1,055
Third-party liability	3,052	463	(4,216)	(1,507)	1	(2,207)
Motor	37	32	(35)	(19)	5	20
	59,011	7,621	(47,934)	(22,002)	1,093	(2,211)
Reinsurance	41,555	6,439	(23,210)	(9,060)	(6,156)	9,568
	100,566	14,060	(71,144)	(31,062)	(5,063)	7,357

1 All premiums written are earned as at 36 months.

2 RITC received includes the reinsurance to close premium of £14,060 received from the 2011 year of account.

3 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 for 2012 year of account.

All premiums were concluded in the UK.

The geographical analysis of premiums by situs of the risk is as follows:

	£000
UK	1,260
Other EU countries	4,402
US	59,789
Other	35,115
Total	100,566

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

26. Reinsurance to close premium receivable

	£000
Gross reinsurance to close premium receivable	18,622
Reinsurance recoveries anticipated	(4,562)
Reinsurance to close premium receivable, net of reinsurance	14,060

27. Reinsurance to close premium payable

	Reported £000	IBNR £000	Total £000
Gross reinsurance to close premium payable	(18,439)	(7,756)	(26,195)
Reinsurance recoveries anticipated	3,939	1,890	5,829
Reinsurance to close premium payable, net of reinsurance	(14,500)	(5,866)	(20,366)

28. Net operating expenses

	£000
Brokerage and commission	21,761
Other acquisition costs	4,320
Administrative expenses	4,279
Loss on exchange	702
	31,062
Administrative expenses include:	
Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions and managing agent's fees)	1,340

29. Auditor's remuneration

	£000
Audit of syndicate annual accounts	24
Other services pursuant to Regulations and Lloyd's Byelaws	35
Non-audit fees – Statement of Actuarial Opinion	51
Total	110

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

30. Staff numbers and costs

All staff are employed by the managing agency or related companies. The following amounts were recharged to the syndicate in respect of salary costs:

	£000
Wages and salaries	3,357
Social security costs	340
Other pension costs	323
Total	4,020

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate each year and aggregated for the three years was as follows:

	Number
Administration and finance	5
Underwriting	8
Claims / Reinsurance	2
Total	15

31. Emoluments of the directors of ASL

The directors of ASL received the following aggregate remuneration charged to the syndicate's 2012 year of account and included within net operating expenses:

	£000
Emoluments	183

Included in the total above are emoluments paid to the highest paid director amounting to £75k.

The active underwriter received the following remuneration charged as a syndicate expense:

	£000
Emoluments	226

32. Investment income

	£000
Income from investments	340

Notes to the underwriting year accounts
2012 Year of Account
For the 36 months ended 31 December 2014

33. Balance on technical account

	2011 & prior year of account £000	2012 pure year of account £000	Total 2012 £000
Technical account balance before allocated investment return & net operating expenses	(21)	38,440	38,419
Brokerage and commission on gross premiums	(88)	(25,993)	(26,081)
	(109)	12,447	12,338
Allocated investment return transferred from the non-technical account			340
Net operating expenses other than acquisition costs			(4,981)
Profit for the 2012 closed year of account			7,697

34. Financial investments

	Market value £000	Cost £000
Units in unit trusts	23,410	23,410

All of the above financial investments are held in short-term money market funds.

35. Debtors arising out of reinsurance operations

	£000
Due from intermediaries	946

36. Other debtors

	£000
Inter-year loans	1,857
Taxes receivable	28
	1,885

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

37. Overseas deposits

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

38. Other creditors

	£000
Amounts due to group companies	414
Expense payable	364
Inter-year loans	80
	858

39. Reconciliation of members' balances

	£000
Profit for the closed year of account	7,697
Members' agents' fees	(268)
Amounts due to members at 31 December 2014	7,429

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.

40. Reconciliation of balance on the technical account for general business to net cash inflow from operating activities

	£000
Balance on the technical account for general business	7,697
Net reinsurance to close premium	20,365
(Increase) in debtors	(2,857)
Increase in creditors	3,146
Net cash inflow from operating activities	28,351

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

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

	£000
Net cash inflow for the three years	2,267
Cash flow	
Increase in overseas deposits	2,406
Increase in financial investments	23,410
Movement arising from cash flows	28,083
Changes in exchange rates	-
Total movement in financial investments	28,083
Balance brought forward at 1 January 201	-
Balance carried forward at 31 December 2014	28,083

Analysis of movement in cash and portfolio investments

	At 1 January 2012 £000	Cash flow £000	Changes in exchange rates £000	At 31 December 2014 £000
Cash at bank and in hand	-	2,267	-	2,267
Overseas deposits	-	2,406	-	2,406
Portfolio investments:				
Units in unit trusts	-	23,410	-	23,410
Total cash, portfolio investments and financing	-	28,083	-	28,083

42. Net cash outflow on portfolio investments

	£000
Purchase of units in unit trusts	23,410

Notes to the underwriting year accounts
2012 Year of Account
For the 36 months ended 31 December 2014

43. Related parties

All business with related parties is transacted on an arm's length basis.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent. For the 2012 underwriting year of account ANV Syndicates Limited has charged an agent's fee of £0.8m.

Profit commission is not accrued in respect of the 2012 year of account in accordance with the contractual terms in the Managing Agent's Agreement at the end of 2014.

The Managing Agent incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. The total amount recharged at cost by the Managing Agent to the syndicate during 2014 was £5.2m excluding agent fees and profit commission.

Apollo Underwriting Limited is the parent company of certain management capital providers for Syndicate 1969. Nick Jones, the active underwriter of Syndicate 1969 was a director of Apollo Underwriting Limited until 1 October 2014. James MacDiarmid, Simon White and Stephen Lerum are the current directors of Apollo Underwriting Limited.

The syndicate had the following amounts outstanding at the year-end, which are included in "Other debtors" on the balance sheet:

	£000
ASML	(126)
ASL	348

Nick Jones, the active underwriter, and other members of the syndicate's underwriting team participate on the syndicate through a Limited Liability Partnership.

Anthony Hulse is a director of both ANV Syndicates Limited and Apollo Syndicate Management Limited.

For the 2012 underwriting year of account, a number of outwards reinsurance transactions have been conducted with Syndicate 1969, namely Hannover Ruckversicherung AG, who participates on the 2012 YOA with a share of 24.5% syndicate capacity. All such transactions were undertaken on an arm's length basis.

One of the Syndicate 1969's major capital providers is a US insurance broking firm, Hays Companies, who is also the ultimate holding company of Apollo Underwriting Limited. Some risks written by the syndicate may involve Hays Companies in the intermediary chain, although such business would always be placed directly into the syndicate by an unaffiliated Lloyd's broker. The syndicate would not normally be aware of Hays Companies' involvement (and the quantum of such business is not expected to be significant).

Notes to the underwriting year accounts

2012 Year of Account

For the 36 months ended 31 December 2014

44. Funds at Lloyd's

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving and other risks in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member; therefore there are no specific funds available to a syndicate which can be precisely identified as its capital.

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

45. Subsequent events

The management of ASL have considered that there are no reportable subsequent events in relation to these underwriting year accounts.

Syndicate 1969

Three Year Summary of Underwriting Results

As at 31 December 2014

	2010	2011	2012
Syndicate allocated capacity (£000)	63,748	74,450	84,771
Number of underwriting members	324	354	303
Aggregate net premiums (£000)	62,304	75,372	84,660
Result for a name with an illustrative share of £10,000			
Gross premiums	11,769	12,191	11,863
Net premiums	**9,774**	**10,124**	**9,987**
Premium for reinsurance to close an earlier Year of Account	-	1,645	1,659
Net claims	(5,371)	(6,104)	(4,711)
Reinsurance to close the Year of Account	(1,992)	(1,886)	(2,402)
Syndicate operating expenses	(3, 736)	(3,593)	(3,423)
Loss on exchange	(46)	(166)	(83)
Balance on technical account	**(1,371)**	**20**	**1,027**
Investment return	40	93	40
Profit/(loss) before personal expenses	**(1,331)**	**113**	**1,067**
Illustrative personal expenses (note 2)	(176)	(183)	(158)
Profit /(loss) after illustrative profit commission and personal expenses	**(1,507)**	**(70)**	**909**
Capacity utilised (note 3)	87.9%	93.8%	93.0%
Net capacity utilised (note 4)	68.0%	73.1%	74.2%
Underwriting profit/claims ratio (note 5)	(11.7)%	0.2%	8.6%
Result as a percentage of stamp capacity	(15.1)%	(0.7)%	9.1%

Notes to the summary:

1. The summary has been prepared from the audited accounts of the syndicate.
2. Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years, Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee, and profit commission payable to the managing agent. This amount excludes Members' Agents fees.
3. Capacity utilised represents gross premium written net of acquisition costs expressed as a percentage of allocated capacity.
4. Net capacity utilised represents written premium net of acquisition costs net of reinsurance expressed as a percentage of allocated capacity.
5. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.