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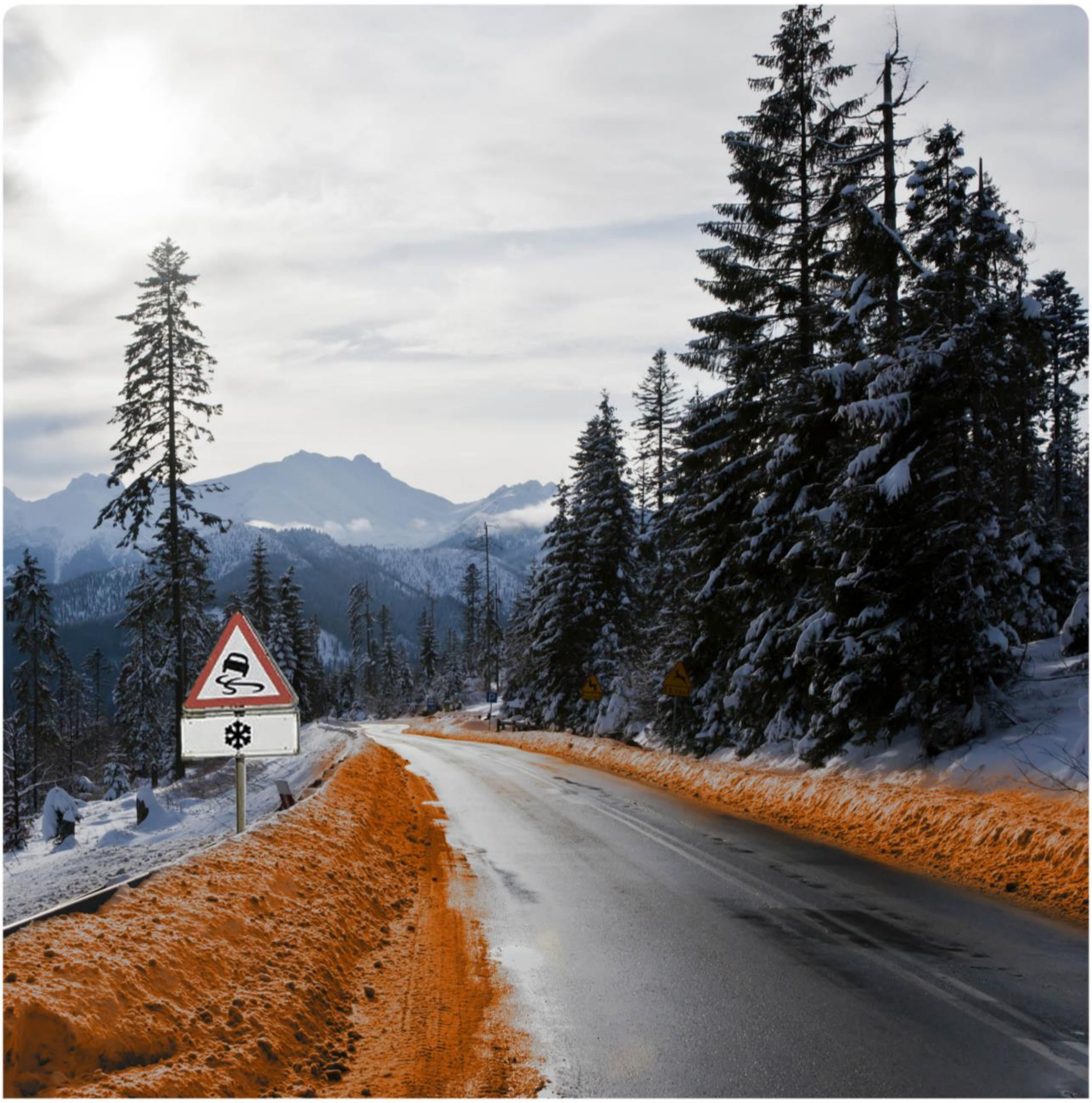
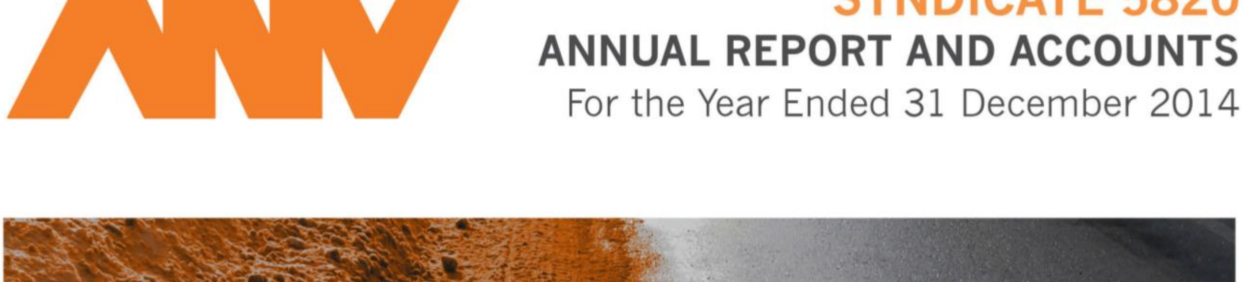


SYNDICATE 5820
ANNUAL REPORT AND ACCOUNTS
For the Year Ended 31 December 2014



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Directors and Advisers

Managing Agent
ANV Syndicates Limited

Registered office
47 Mark Lane
London EC3R 7QQ

Company registration No. 4434499
FCA firm registration No. 226696
Lloyd's registration No. 2073D

Directors

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

Company Secretary
A S W Hall

Active Underwriter

• C Biles	Resigned 31 July 2014
• G M van Loon	Appointed 1 August 2014

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

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

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

Strategic Report

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

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

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

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

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

In growing these classes, the Syndicate will exploit the revenue synergy potential of its relationship between the managed syndicates and with ANV's MGU business.

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

Underwriting review
The Syndicate has continued its strategy of underwriting in three primary markets: Consumer Products, Property and Political Risk. However, as detailed below changes have been implemented in 2014 and further in 2015 to the way in which these books of business are managed.

The restructuring of the Consumer Products team, following the resignation of a number of the former Jubilee team, was a key area of focus in 2014 for the Syndicate. With Gerard Van Loon stepping into the Active Underwriter role (on an interim basis), ANV has made notable progress in executing its strategy to defend key profitable accounts, and position the Syndicate as a lead market for warranty business, to optimise the potential for long-term value creation across the Consumer Products division. ANV recognises that the encouraging start has been driven by retention of two key underwriters, combined with new senior leadership and underwriter appointments which have increased the depth of underwriting capability and experience; and it is committed to further strengthen the team, and the operational support that underpins the platform, to ensure 5820 is well placed to defend its status as a leading market at Lloyd's.

However, the impact of subsequent downward revisions to premium estimates, most notably on the 2014 YOA, has caused an under-utilisation of capacity in the syndicate. The substantial effort expended to preserve the value in the existing Consumer Products portfolio, highlights ANV's commitment to keep Consumer Products as one of the cornerstones of the business.

Property has benefited from another benign natural catastrophe year, and has seen positive development across this class. However, the rating environment continues to be challenging across the property market, which 5820 has been able to partly mitigate in 2014, through a re-balancing of the portfolio between Open Market and Delegated Authority business.

Two significant losses were incurred by the Political Risk account during the year, which, whilst ultimately profitable for all underwriting years of account, resulted in a deterioration in the calendar year performance for 2014.

Significant Events

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

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

During the third quarter, a number of the former Jubilee Consumer Products team resigned, including the former Active Underwriter. With Gerard Van Loon stepping into the Active Underwriter role (on an interim basis), ANV has made notable progress in executing a strategy to defend key profitable accounts, and position the Syndicate to optimise the potential for long-term value creation across the Consumer Products division.

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

A historical obligation, arising from the acquisition of Jubilee Group by Ryan Speciality Group in 2011, is that ASL is required to obtain the consent of the majority capital provider, Cassidy Capital Limited (CCL), on the 2011 & prior years of account for the closure of the years of account in which it has an interest. ASL has recommended that the 2010 and 2011 years of account should be closed but CCL has not provided its consent to closure and the years of account will therefore remain open for a further twelve months.

Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis during the year and were as follows:

	2014	**2013**
	£m	**£m**
Gross premium written	238.7	129.5
Premiums written, gross of reinsurance, net of brokerage and commission	89.2	70.9
Net premium written [1]	229.6	111.7
Net premium earned [2]	133.4	109.3
Result for the year [3]	(0.4)	17.0
Cash and investments	80.6	53.3
	%	**%**
Claims ratio (net)	36.2	13.8
Acquisition ratio	56.1	56.1
Expense ratio	8.5	13.6
Combined ratio [4]	100.9	83.5

Notes:
[1] Net premium written is stated gross of brokerage and commission, and net of associated reinsurance costs.
[2] Net premium earned is stated gross of brokerage and commission, and net of associated reinsurance costs.
[3] The result for the year is stated after STRGL gain of £0.4m (2013 STRGL loss: £1.3m)
[4] The combined ratio is the ratio of net claims incurred, acquisition costs and net operating expenses to net premiums earned.

Gross premium written

The growth recorded in gross premiums written (£109.2m or 84.1%) is largely driven by Consumer Products business which attracts significantly higher acquisition costs than other classes. On a net of brokerage and commissions basis premiums gross of reinsurance were £89.2m for 2014 (2013: £70.9m) representing growth of £18.3m (25.8%).

Net premium written

The growth in net premiums written is similarly reflective of the growth seen in the Consumer Products classes. Excluding acquisition costs, the Syndicate recorded an increase in net premiums written of £26.9m (50.6%). The 2013 comparative balance includes the costs of the 100% quota share reinsurance agreement that the Syndicate purchased at a cost of £6.9m to protect against deterioration in the legacy Motor business written by the 2010 year of account. As a consequence of this and the higher gross premium volumes the ceded reinsurance ratio has improved on a written basis from 13.8% to 3.8%.

Net premium earned

The growth in net earned premiums of £24.1m seen during the year is less pronounced than the growth seen on a written basis as a consequence of the longer earnings patterns associated with the Consumer Products book. On a net of reinsurance and acquisition cost basis, premium grew by £10.5m (22.0%) from 2013.

Claims ratio

There has been a disappointing increase in the claims ratio of 22.4% compared to the previous year driven by an increase in attritional losses on a number of schemes and the impact of the current political and economic environment on the Political Risks book where the Syndicate has seen a number of sizeable notifications. By contrast the prior year saw a strong performance driven by significant reserves releases on the legacy Property book as well as a favourable performance on 2012 and 2013 years of account. The 2014 claims ratio still compares favourably to the 2014 SBF net claims ratio of 39% (2013 SBF: 48%).

Acquisition ratio

The acquisition ratio, which includes brokerage and commissions as well as other expenses incurred in the acquisition of business, varies according to the classes of business written. Given the focus on Consumer Products business the acquisition costs of the Syndicate are higher than the majority of the Syndicate's peers. The ratio has remained in line with the prior year reflecting the longer earning profile of the Consumer Products business.

Expense ratio

The expense ratio, which includes administrative expenses and profit and loss on exchange, has reduced by 3.8% from the prior year reflecting the synergies achieved through the acquisition of the Syndicate's managing agent by ANV Syndicate Management Limited in December 2013. The Syndicate has benefited from the greater scale and efficiencies afforded by the acquisition.

Combined ratio

The deterioration in the combined ratio of 17.4% is reflective of the adverse claims experience in part offset by the reduction in the Syndicate's expense base.

Cash and investments

The cash and investments balance has increased by £27.3m during the year driven by the growth in the business, cash calls of £6.5m and the requirement for certain of the Syndicate's reinsurers to deposit funds as collateral. At the year end the Syndicate held funds in relation to collateral of £12.6m (2013: £0.0m). During the year the Syndicate made cash calls of £6.5m in respect of the 2011 open year. As is required, only those amounts necessary to meet the immediate liquidity needs of the year, whose funds are required to be kept separate from the 2012 and post years, were called.

Profit/(loss) for the year

The Syndicate is reporting a marginal loss for the year of £0.4m (loss of £0.9m before currency translation differences) against a profit of £17.0m in the previous year driven by an increase in incurred claims of £22.4m, following significant reserve releases in 2013, offset in part by premium growth and expense savings.

Investments and investment return

	2014 £m	2013 £m
Average amount of syndicate funds available for investment during the year:		
Sterling	13.6	7.7
Euro	4.3	1.8
US Dollar	37.3	32.2
Canadian Dollar	3.6	2.3
Australian Dollar	3.0	3.2
Combined in sterling	61.8	47.2
Gross aggregate investment return for the calendar year in sterling	0.3m	0.4m
Gross calendar year investment return:		
Sterling	0.62%	1.50%
Euro	-0.02%	0.59%
US Dollar	0.12%	0.30%
Canadian Dollar	0.39%	0.66%
Australian Dollar	4.90%	3.92%
Combined in sterling	0.11%	0.77%

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

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

As a result of agreements with the majority capital provider on the 2010 and 2011 years the Syndicate is required to maintain segregated funds between the 2011 & Prior and 2012 & Post years of account. The funds held by the 2011 & Prior years are required to be highly liquid in order to meet the Syndicate's requirements for the payment of claims on these years. Funds are therefore invested on this basis.

The investment returns of the Syndicate during the year, whilst disappointing, are reflective of the restrictions upon the investment opportunities available to the Syndicate and the wider market conditions. The investment return of 0.11% (2013: 0.77%) also reflects the effects of the interest rate environment on the Syndicate's debt portfolio.

Following a competitive tender, the Managing Agent has recently appointed Amundi Asset Management to manage the Syndicate's investments for 2015 onwards for the 2012 and post years of account. Where restrictions allow, we will seek to enhance the effectiveness of the investment strategy within strict risk appetite parameters whilst continuing to ensure that sufficient liquidity is maintained.
The investment manager during the year for the 2011 & Prior portfolio was Goldman Sachs International Limited, and is expected to remain investment manager in 2015.

Underwriting years of account

Review of the open 2010 year of account

The forecast ultimate result for the 2010 year of account is a loss of £16.9m (forecast loss at 48 months £18.1m) after all expenses including those not yet incurred, and an allowance for the forecast profit in the unearned premium reserves. Managing Agent's profit commission is accordingly £nil. The forecast ultimate loss represents 12.2% of stamp.

The ultimate loss for the 2010 year of account has primarily been driven by poor performance in the Property account. Significant Catastrophe losses arising from earthquakes in Chile and New Zealand were incurred. In addition to these catastrophe losses, attritional and large claim loss experience for the 2009 & prior years of account has been in excess of expectations.

For the 2010 pure year of account only, the Motor account previously written by Syndicate 1231, another Syndicate managed by ASL which subsequently closed, was underwritten by the Syndicate. This account produced a combined ratio significantly in excess of 100%. During the previous calendar year the Agency entered into a 100% quota share reinsurance agreement with Shelbourne Syndicate 2008 thus removing the Syndicate's exposure to any further deterioration in the Motor book.

Overall the 2010 year of account saw positive development during the year, primarily from the Property classes, as well as the favourable settlement of specific Consumer Products claims. Overall the 2010 year of account recorded a calendar year profit of £3.4m for the year to 31 December 2014.

The 2010 year of account remains open at 31 December 2014 at the request of CCL, the majority capital provider, whose consent is required to close the year of account.

Review of the open 2011 year of account

The forecast ultimate result for the 2011 year of account is a loss of £13.2m (forecast loss at 36 months £15.7m) after all expenses including those not yet incurred, and an allowance for the forecast profit in the unearned premium reserves. Managing Agent's profit commission is accordingly £nil. The forecast ultimate loss represents 13.2% of stamp.

The ultimate loss for the 2011 year of account has primarily been driven by poor performance in the Property account arising from exposure to the Japanese earthquake, Thailand floods, Hurricane Irene, US tornadoes and Superstorm Sandy.

The Syndicate recorded a calendar year profit for this year of account of £2.0m primarily resulting from beneficial developments within the Property account as well as further earning of the long tailed Consumer Products lines.

The 2011 year of account remains open at 31 December 2014 at the request of CCL, the majority capital provider, whose consent is required to close the year of account.

Review of the closed 2012 year of account

The 2012 year of account reinsured to close into the 2013 year of account of the Syndicate at a loss of £4.0m, representing a loss on stamp of 3.6%.

Unlike the majority of its peers, Syndicate 5820 continues to have significant levels of unearned premium at 36 months reflecting the earning profile of certain of the Consumer Products classes. As a consequence the reinsurance to close premium payable was determined at a modest discount to the held reserves in line with Solvency II principles reflecting the expected profitability of the remaining unearned business

The 2012 year of account represented a transitional year for the Syndicate following the acquisition of the Managing Agency by Ryan Speciality Group (RSG) in September 2011 and subsequent development and diversification of the portfolio to fully re-underwrite the Property account, expand the Consumer Products book and introduce Political Risks, Terrorism and Casualty. Premium volume was a challenge in the first year of transition which combined with the higher one-off expenses incurred in developing the new classes resulted in a previously forecasted marginal result.

With the exception of claims related to Superstorm Sandy the year had initially seen benign claims experience across all lines with particularly favourable experience on the Property book. During the latter part of 2014, the 2012 year of account received one material notification on the Political Risks book. In addition there was an increase in the level of attrition on a number of Consumer Products schemes written by the Syndicate.

2013 year of account

The forecast ultimate result for the 2013 account is a marginal loss representing 1.4% of stamp (range -4.0% to +1.0%).

The 2013 year of account built upon the foundations of the significant changes in strategy, management and underwriting focus implemented following RSG’s acquisition of the Managing Agency.

The specialist Consumer Products business comprising a wide variety of Warranty, Creditor and Accident & Health programmes grew, consolidating the Syndicate’s position as one of the leading London Market insurers for this business.

The Property account also continued to develop well, building upon the repositioning of the portfolio and movement back into profitability in 2012.

The Political Risk book, whilst still ultimately profitable, has felt the effects of the current instability in the global political and economic environment with a number of recent losses putting pressure on the results.

The heavy competition within the Lloyd’s Terrorism class has meant that the Terrorism portfolio has not grown as much as planned.

Reductions in premium volume continued to put a strain on profitability as the strategy continued to take shape and achieve traction in the market, and as a result of intense competition in a number of classes, most notably Property and Terrorism.

2014 year of account

The earning profile of the business is such that much of the premium remains unearned at the end of the first calendar year. Net earned premiums represent 19.6% of forecast net ultimate premiums at 12 months, broadly in line with the 2013 year of account at the same stage of development (22.9%). It is therefore too early to assess accurately the likely ultimate outcome. Initial indications are that the year will make a marginal profit. The first public forecast will be at the 15 month stage.

Future opportunities

For 2015 the Syndicate capacity has remained at £131.1m (2014: £131.1m).

The Consumer Products team restructuring this year, while challenging, has given the Syndicate the opportunity to reposition the underwriting division in the market. The future growth strategy is predicated on entering and penetrating new emerging territories with existing partners and on developing new broker and coverholder relationships through its existing partnership with ANV MGU and the recruitment of a new talented Underwriting team. Furthermore, the Syndicate's future focus will be on the underwriting and servicing of medium-sized Warranty schemes with a de-emphasis of its Mortgage Creditor, Mortgage Indemnity and Structural Defects business. It should also be noted that the former Consumer Product team's departure created the opportunity to improve and streamline the working practices within the division. A significant investment has been made to address the regulatory emphasis on conduct of business and consumer outcomes.

The Syndicate is also looking to further develop its traditional specialty insurance business by maximising its considerable synergies with ANV's wider Lloyd's proposition. From 2015, the Property teams across Syndicate 1861 and Syndicate 5820 will underwrite as a consortium under a single management structure, led by Mark Abrahams. This will provide an increased market presence for Syndicate 5820, as well as driving cost synergies through expense and reinsurance efficiencies. Additionally Syndicate 1861 has provided access to new specialty markets across Accident & Health, Cyber and Excess Casualty, to offer further diversification and profitability for the Syndicate.

The Syndicate remains firmly committed to the Political Risk account, which will continue to seek a trajectory of moderated growth, with an acute appreciation of the challenging prevailing market conditions.

These are exciting times for Syndicate 5820, a fact ANV recognises through its commitment of significant underwriting capital to support the 2014 and 2015 Years of Account. While 2014 was a challenging year, the significant investment across underwriting capabilities and support functions during the year has left the Syndicate in a strong position to drive growth and value for all our capital providers.

Finally, this is an opportunity to thank all employees for their continued commitment and hard work during what has been a demanding, but stimulating, year in the Agency.

Principal risks and uncertainties

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

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

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

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

Going concern

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

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

Report of the Directors of the Managing Agent

Year Ended 31 December 2014

The Directors of the Managing Agent present their annual report for the year ended 31 December 2014. This report is in respect of Syndicate 5820.

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

Results

The result for the 2014 calendar year is a loss of £0.4m (2013: profit of £17.0m) after currency translation. Profits/losses will be distributed or collected by reference to the results of individual underwriting years.

Principal risks and uncertainties

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

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

- **Insurance risk** - Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks maybe 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.

- **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 centered on customer outcomes, including in the UK where the FCA has highlighted, among a number of items, delegated authority business as a focus area. The Syndicate relies heavily on delegated distribution and we will continue to respond to this increased focus during 2015.

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

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

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

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

Supplementing and informing the assessment of risk in the categories identified above, management receive regular risk reports highlighting the material areas of risk, 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.

- **Consumer Products:** The departure of the Syndicate 5820 Consumer Products underwriting team at a time when consumer outcomes concerns dominate the regulatory agenda provided ASL with the opportunity to introduce improved processes and working practices, and to hire new underwriters committed to the consumer outcomes agenda.

- **Open Years management:** Open Years management continues to be an area of focus for the 2011 and 2010 & prior underwriting years. This process involves regular interaction with Lloyd's, timely monthly Open Years Management Committee meetings and detailed consideration by the Board.

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

Corporate Governance

The Boards of 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.

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

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

Staff matters

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

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

Directors and Directors' interests

The Directors who held office during the year are shown on page 2. Directors' interests are shown on note 22 as part of the related parties note to the accounts.

Annual General Meeting

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

Disclosure of information to auditors

Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent 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 to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

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

Approved by Order of the Board

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

Company number: 4434499

Statement of Managing Agent's Responsibilities

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") require the Managing Agent to prepare the syndicate annual accounts at 31 December each year in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice). The annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as 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 apply them consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- prepare the annual accounts on the basis that the Syndicate will continue to write business unless it is inappropriate to presume that the Syndicate will do so.

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

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Auditors

Independent Auditor's Report to the Members of Syndicate 5820

We have audited the Syndicate Annual Accounts for the year ended 31 December 2014 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 14, the Managing Agent is responsible for the preparation of the Annual Accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Annual Accounts

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

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

Opinion on Syndicate Annual Accounts

In our opinion the Syndicate Annual Accounts:

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

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

In our opinion the information given in the Report of the Directors of the Managing Agent for the financial year for which the Syndicate Annual Accounts are prepared is consistent with the Syndicate Annual Accounts.

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

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

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

Profit and Loss Account: Technical Account – General Business
Year Ended 31 December 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Earned premiums, net of reinsurance					
Gross premiums written					
Continuing operations		238,741		129,456	
Discontinued operations		-		44	
	2	238,741		129,500	
Outward reinsurance premiums		(9,173)		(17,826)	
Net premium written			229,568		111,674
Change in the provision for unearned premiums					
Gross amount	3	(96,653)		(3,279)	
Reinsurers' share	3	435		925	
Change in the net provision for unearned premiums			(96,218)		(2,354)
Earned premiums, net of reinsurance			133,350		109,320
Allocated investment return transferred from the non-technical account			290		363
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(54,647)		(51,499)	
Reinsurers' share		3,636		2,559	
Net claims paid		(51,011)		(48,940)	
Change in the provision for claims					
Gross amount	3	6,471		31,800	
Reinsurers' share	3	(3,789)		2,095	
Change in the net provision for claims		2,682		33,895	
Claims incurred, net of reinsurance			(48,329)		(15,045)
Net operating expenses	4		(86,183)		(76,281)
Balance on the technical account for general business			(872)		18,357

Attributable to:	2014 £'000	2013 £'000
Continuing operations	(872)	20,056
Discontinued operations	-	(1,699)
	(872)	18,357

The discontinued operations in 2013 relate to the Motor business.

Profit and Loss Account: Non-Technical Account
Year Ended 31 December 2014

	Note	2014 £'000	2013 £'000
Balance on the technical account – general business		(872)	18,357
Investment income	7	421	764
Investment expenses and charges	8	(71)	(171)
Unrealised losses on investments		(60)	(230)
Allocated investment return transferred to the general business technical account		(290)	(363)
(Loss)/profit for the financial year	14	(872)	18,357

Statement of Total Recognised Gains and Losses
Year Ended 31 December 2014

		2014 £'000	2013 £'000
(Loss) / profit for the financial year	14	(872)	18,357
Currency translation differences	14	438	(1,346)
Total recognised (losses)/gains for the financial year		(434)	17,011

Balance Sheet - Assets
at 31 December 2014

Assets	**Note**	**2014 £'000**	**2014 £'000**	**2013 £'000**	**2013 £'000**
Investments					
Other financial investments	9		61,857		46,895
Reinsurers' share of technical provisions					
Claims outstanding	3	8,344		11,748	
Provision for unearned premiums	3	3,743		3,107	
			12,087		14,855
Debtors					
Debtors arising out of direct insurance operations	10	38,291		29,207	
Other debtors	11	1,181		155	
			39,472		29,362
Other assets					
Cash at bank and in hand	13,18	15,280		2,058	
Other (Overseas deposits)	12	3,450		4,348	
			18,730		6,406
Prepayments and accrued income					
Deferred acquisition costs		117,308		40,419	
Other prepayments and accrued income		50		263	
			117,358		40,682
Total assets			249,504		138,200

Balance Sheet – Liabilities
at 31 December 2014

Liabilities	**Note**	**2014 £'000**	**2014 £'000**	**2013 £'000**	**2013 £'000**
Capital and reserves					
Members' balances	14		(18,318)		(23,947)
Technical provisions					
Provision for unearned premiums	3	179,318		83,489	
Claims outstanding	3	67,049		70,746	
			258,987		154,235
Deposits received from reinsurers	13		12,620		-
Creditors					
Creditors arising out of direct insurance operations	15	5,742		5,499	
Creditors arising out of reinsurance operations	16	2,463		891	
Other creditors including taxation and social security		630		1,522	
			8,835		7,912
Total liabilities			249,504		138,200

The annual accounts on pages 17 to 36 were approved by the Board of ASL on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Cash Flow Statement
Year Ended 31 December 2014

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	Note	2014 £'000	2013 £'000
Operating (loss)/profit on ordinary activities		(872)	18,357
Realised/unrealised investment (gains)/losses	18	(1,841)	1,530
(Decrease)/increase in net technical provisions		94,900	(31,165)
(Increase) in debtors		(86,786)	(177)
(Decrease)/increase in creditors		923	(5,154)
Currency translation differences		438	(1,346)
Net cash inflow/(outflow) from operating activities		6,762	(17,955)
Financing:			
Cash calls received	14	6,500	19,845
Other	14	(437)	(435)
Net cash inflow		12,825	1,455
Cash flows were invested as follows:			
Increase in cash holdings	17	13,272	3
Decrease in overseas deposits	17	(933)	(184)
Increase in portfolio investments	19	13,106	1,636
Increase in deposits received from reinsurers	13	(12,620)	-
Net investment of cash flows		12,825	1,455

Notes to the Financial Statements

1. Basis of preparation and accounting policies

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

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

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

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

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

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

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

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

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

Under the functional currency concept gains and losses on the translation of monetary foreign currency items to functional currency are to be recorded within profit and loss account and not through the Statement of Recognised Gains and Losses (STRGL) as permitted under the concept of 'branch accounting' as adopted by the Syndicate. Given the alignment of the functional and presentational currencies, no foreign exchange gains and losses will be generated on translation to presentational currency and consequently no STRGL will be reported in future periods.

Gross premiums written

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

Unearned premiums

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

Outwards reinsurance premiums

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

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 amount of any salvage and subrogation recoveries is separately identified and where material, reported as an asset.

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

These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions.

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

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

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

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

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

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

Deposits received from reinsurers
The Syndicate requires certain reinsurers to collateralise their potential exposure to the Syndicate through the depositing of funds. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as cash with a corresponding liability recorded as deposits received from reinsurers.

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

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

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.

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

Balance sheet assets and liabilities are translated into Sterling at the rates of exchange at the balance sheet date. Any profit or loss arising on the retranslation of the Balance Sheet to the closing rate of exchange is dealt with through the Statement of Total Recognised Gains and Losses (STRGL).

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

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

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

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

Investment return is initially recorded in the Non-Technical Account and subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Taxation

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

No provision is made in the Syndicate accounts for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate are included in the Balance Sheet under the heading "Other debtors".

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

Profit commission

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

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

Pension costs

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

2. Segmental analysis

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

2014 Calendar Year	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	23,926	25,733	(7,203)	(18,229)	143	444
Motor (Third party liability)	2,268	3,439	71	(2,302)	(1,441)	(233)
Motor (Other classes)	3,218	1,625	(637)	(1,077)	(2)	(91)
Marine, Aviation, Transport and Non-Marine Energy	84	132	18	(64)	(56)	30
Fire and other damage to Property	118,753	51,923	(13,466)	(30,364)	(6,084)	2,009
Third party liability	1,747	2,213	(1,061)	(1,049)	(97)	6
Credit and Suretyship	84,058	50,988	(26,595)	(30,219)	1,299	(4,527)
Total direct	234,054	136,053	(48,873)	(83,304)	(6,238)	(2,362)
Reinsurance	4,687	6,035	697	(2,879)	(2,653)	1,200
Total	238,741	142,088	(48,176)	(86,183)	(8,891)	(1,162)

2013 Calendar Year	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	20,055	37,234	(4,135)	(33,446)	(2,680)	(3,027)
Motor (Third party liability)	3,910	5,409	(2,137)	(2,820)	(1,419)	(967)
Motor (Other classes)	967	1,341	237	(453)	(1,430)	(305)
Marine, Aviation, Transport and Non-Marine Energy	145	187	39	(219)	155	162
Fire and other damage to Property	24,532	16,750	14,289	(17,978)	(340)	12,721
Third party liability	2,771	2,685	(1,134)	(682)	(252)	617
Credit and Suretyship	50,386	43,020	(11,630)	(29,813)	(4,749)	(3,172)
Total direct	102,766	106,626	(4,471)	(85,411)	(10,715)	6,029
Reinsurance	26,734	19,595	(15,228)	9,130	(1,532)	11,965
Total	129,500	126,221	(19,699)	(76,281)	(12,247)	17,994

All premiums written are in respect of contracts concluded in the UK. Total commissions for direct insurance written in the year amounted to £143.1m (2013: £65.7m).

3. Claims incurred net of reinsurers' share

The Syndicate has applied a similar approach at year end to establishing the technical provisions for claims outstanding reserves and reinsurers' share thereof held at the end of the previous year. Included within net claims incurred of £48.3m (2013: £15.0m) is an improvement of £9.4m to claims reserves established at the prior year end principally due to the favourable settlement of specific Consumer Products claims on 2010 & prior years of account and favourable run-off of Property reserves on all years of account.

	Unearned premiums £000	Claims outstanding £000	Total £000
Gross			
At 1 January 2014	83,489	70,746	154,235
Movement in provision	96,653	(6,471)	90,182
Exchange adjustments	(824)	1,659	835
Movement in salvage and subrogation	-	1,115	1,115
At 31 December 2014	179,318	67,049	246,367
Reinsurance			
At 1 January 2014	(3,107)	(11,748)	(14,855)
Movement in provision	(435)	3,789	3,354
Exchange adjustments	(201)	(385)	(586)
At 31 December 2014	(3,743)	(8,344)	(12,087)
Net technical provisions			
At 31 December 2014	175,575	58,705	234,280
At 31 December 2013	80,382	58,998	139,380

	Unearned premiums £000	Claims outstanding £000	Total £000
Gross			
At 1 January 2013	80,251	102,308	182,559
Movement in provision	3,279	(31,800)	(28,521)
Exchange adjustments	(41)	238	197
At 31 December 2013	83,489	70,746	154,235
Reinsurance			
At 1 January 2013	(2,279)	(9,735)	(12,014)
Movement in provision	(925)	(2,095)	(3,020)
Exchange adjustments	(97)	(82)	(179)
At 31 December 2013	(3,107)	(11,748)	(14,855)
Net technical provisions			
At 31 December 2013	80,382	58,998	139,380
At 31 December 2012	77,972	92,573	170,545

4. Net operating expenses

	2014 £'000	2013 £'000
Brokerage and commissions	149,561	58,559
Other acquisition costs	2,876	3,293
Acquisition costs	152,437	61,852
Change in deferred acquisition costs	(77,615)	(514)
Administrative expenses	11,788	14,573
(Profit)/loss on exchange	(427)	370
	86,183	76,281
Administrative expenses include:		
Fees payable to the Syndicate auditors for:		
The audit of the Syndicate's accounts	128	139
Other services pursuant to legislation (e.g. Returns to Lloyd's)	55	22
Other services relating to taxation	6	4
Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions, Managing Agent's fee and profit commission)	1,810	1,828

5. Employees

During the year, all employee contracts with the Managing Agency were transferred to CBS. The following amounts were recharged to the Syndicate in respect of salary costs:

	2014 £'000	2013 £'000
Wages and salaries	5,178	6,601
Social security costs	673	1,068
Other pension costs	477	445
	6,328	8,114

The average number of employees employed by the Managing Agent but working for the Syndicate during the year was as follows:

	2014	2013
Administration and Finance	23	43
Underwriting	29	35
Claims	7	8
IT	1	-
	60	86

6. Directors' and Active Underwriter's emoluments

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

	2014 £'000	2013 £'000
Emoluments	453	1,350
Contributions to defined contribution pension schemes	17	77
	470	1,427

The Active Underwriters received the following aggregate remuneration charged as a Syndicate expense:

	2014 £'000	2013 £'000
Emoluments	196	176
Contributions to defined contribution pension schemes	7	18
	106	194

7. Investment income

	2014 £'000	2013 £'000
Income from investments	421	615
Gains on realisation of investments	-	149
	421	764

8. Investment expenses and charges

	2014 £'000	2013 £'000
Investment management expenses, including interest	11	51
Losses on realisation of investments	60	120
	71	171

9. Other financial investments

	Market Value		Cost	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Shares and other variable yield securities and units in unit trusts	49,868	28,616	49,868	28,616
Debt securities and other fixed income securities	2,429	6,749	2,472	6,965
Participation in investment pools	9,555	11,525	9,555	11,525
Deposits with credit institutions	5	5	5	5
	61,857	46,895	61,900	47,111

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

10. Debtors arising out of direct insurance operations

	2014	2013
	£'000	£'000
Due within one year – intermediaries	38,291	29,207

11. Other debtors

	2014	2013
	£'000	£'000
Expenses recoverable	66	-
Salvage and subrogation recoveries	1,115	-
Members' balance	-	155
	1,181	155

12. Other assets – other

	2014	2013
	£'000	£'000
Other – Overseas Deposits	3,450	4,348

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

13. Deposits received from reinsurers

	2014	2013
	£'000	£'000
Reinsurance collateral	12,620	-

Cash at bank and in hand includes £12.6m in relation to funds deposited by reinsurers to collateralise their potential exposure (2013: £0.0m). A corresponding creditor is recorded as deposits received from reinsurers.

14. Reconciliation of the members' balances

	2014 £'000	2013 £'000
Members' balances brought forward at 1 January	(23,947)	(60,523)
(Loss)/profit for the financial year	(872)	18,357
Amount called from members' personal reserve funds	6,500	20,000
Currency translation differences	438	(1,346)
Members' Agents' fees	(306)	(455)
Non-standard personal expenses	(22)	20
Unpaid cash call	(109)	-
Members' balances carried forward at 31 December	(18,318)	(23,947)

Members participate on syndicates by reference to years of account and their ultimate results. Assets and liabilities are assessed with reference to policies incepting in that year of account in respect of the members participation in a particular year.

15. Creditors arising out of direct insurance operations

	2014 £'000	2013 £'000
Due within one year – intermediaries	5,742	5,499

16. Creditors arising out of reinsurance operations

	2014 £'000	2013 £'000
Due within one year – intermediaries	2,463	891

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

	2014 £'000	2013 £'000
Net cash inflow/(outflow) for the year	13,272	3
Movement in overseas deposits	(933)	(184)
Cash flow – portfolio investments (note 17)	13,106	1,636
Movement arising from cash flows	25,445	1,455
Changes in market value and exchange rates	1,841	(1,530)
Total movement in portfolio investments, net of financing	27,286	(75)
Balance brought forward at 1 January	53,301	53,376
Balance carried forward at 31 December	80,587	53,301

18. Movement in cash, portfolio investments and financing

	At 1 January 2014 £'000	Cash Flow £'000	Changes to Market Value and Currencies £'000	At 31 December 2014 £'000
Cash at bank and in hand	2,058	13,272	(50)	15,280
Overseas deposits	4,348	(933)	35	3,450
Portfolio investments:				
Shares and other variable yield securities and units in unit trusts	28,616	19,829	1,423	49,868
Participation in investment pools	11,525	(1,970)	-	9,555
Debt securities and other fixed income securities	6,749	(4,753)	433	2,429
Deposits with credit institutions	5	-	-	5
Total of portfolio investments	46,895	13,106	1,856	61,857
Total of cash, portfolio investments and financing	53,301	25,445	1,841	80,587

The yearend cash at bank and in hand balance stated includes £12.6m in relation to funds deposited by reinsurers to collateralise their potential exposure (2013: £0.0m).

19. Net cash inflow/(outflow) on portfolio investments

	2014 £'000	2013 £'000
(Purchase)/sale of shares and other variable yield securities	(19,829)	(11,546)
(Purchase)/sale of debt and other fixed income securities	4,753	17,898
(Purchase)/sale of participations in investment pools	1,970	(9,918)
(Withdrawals)/deposits with credit institutions	-	1,930
Net cash inflow/(outflow) on portfolio investments	13,106	(1,636)

20. Cash calls

During the year a cash call of £6.5m was made in relation to the 2011 year of account (2013: cash call of £20.0m in relation to the 2010 year of account). No further cash calls are proposed at this stage on the 2010 and 2011 years of account, however cash calls in relation to the 2011 year may be expected during 2015.

The 2012 year of account closed at 36 months at a loss of £4.0m, consequently these funds will be collected from the Syndicate's members through the Lloyd's collection and distribution process during 2015.

21. Funds at Lloyd's

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

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

22. Related parties

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

Syndicate capital

Prior to the sale of JMAL to the ANV Group, the parent company of Jubilee Managing Agency Limited was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency and Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

<u>2010</u>

Cassidy Capital Limited (CCL) provided 85.6% of the Underwriting Capacity of the Syndicate. Following agreement from Lloyd's, the Funds at Lloyd's held by JMPL to support Syndicate 1231 on the 2009 year of account, were made inter-available to CCL to support Syndicate 5820 until the closure of the 2010 year of account.

<u>2011</u>

Cassidy Capital Limited (CCL) provided 55.6% of the Underwriting Capacity of the Syndicate.

Jubilee Group Holdings Limited provided capital to CCL to support the Syndicate's underwriting. Following the acquisition of JGHL by RSG, JGHL novated its participation to a company outside the group.

During 2011, T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were JGHL directors and shareholders, as well as providers of capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock also had an interest in the Syndicate capital provided by JGHL. R J G Lowe and Lord Marland of Odstock further had an interest in the Syndicate capital provided to CCL by Insurance Capital Partners.

A P D Lancaster and A C Loucaides were also JGHL Directors during 2010 and 2011 and provided capital via CCL to support the Syndicate until the acquisition by RSG.

Guardian Re (SAC) Limited, a JGHL shareholder until the acquisition by RSG, and certain syndicate underwriters also provided capital to support the Syndicate.

For the 2011 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. This direct corporate participant was set up solely as a vehicle for a third party reinsurer to participate on the Syndicate. JCCL provides 9.99% of the capacity of the 2011 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December 2012 JCCL was sold to Jubilee Member 1 Limited (JM1) at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

2012
Following the acquisition of JMAL by RSG in 2011, Jubilee Corporate Member LLP, a limited liability partnership owned by Jubilee Member 1 Limited (JM1), provided 67.9% of the Underwriting Capacity of the Syndicate for the 2012 year of account.

For the 2012 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. JCCL provided 8.87% of the capacity of the 2012 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December, JCCL was sold to JM1 at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC another United Stated Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

2013
On 20 December 2012, the ownership of the senior member of Jubilee Corporate Member LLP, JM1, was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company.

In 2013, Jubilee Corporate Member LLP provided 18.44% of the Underwriting Capacity of the Syndicate.

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

2014
Jubilee Corporate Member LLP provided 16.78% of the Underwriting Capacity of the Syndicate.

Following the acquisition of JMAL by the ANV Group, ANV Corporate Name Limited acquired capacity in the syndicate and provided 51% of the Underwriting Capacity of the Syndicate for the 2014 year.

Nicholas Pawson, a director of ASL, participates on the Syndicate in the 2013, 2014 and 2015 years of account as a corporate member.

Transactions with group entities
Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is ANV Syndicates Limited (ASL).

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

The ANV Group includes ANV Global Services Limited (ANVGSL), a managing general agency that underwrites on behalf of the syndicate as a coverholder. The syndicate is charged commissions for the type of business underwritten by ANVGSL. The Directors of ASL consider the commissions charged to the Syndicate by ANVGSL to be consistent with those payable to a third party for similar services.

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

For the 2014 underwriting year of account, ASL charged an average agent's fee of 0.7% of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit. Within the financial statements for the 2014 calendar year, fees of £0.9m (2013: £0.9m) and profit commission of £nil (2013: £nil) have been charged. At 31 December 2014 there are no unpaid fees (2013: £nil).

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 by the Managing Agent to the Syndicate during 2014, including amounts relating to the remuneration of directors of ASL but excluding agent fees and profit commission, was £13.9m (2013: £15.9m). As at 31 December 2014, an amount of £0.6m (2013: £1.2m) was due to the Managing Agent in relation to expenses.

At the start of the year, a proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL, which forms part of the RSG Group. JSSL has subsequently outsourced its operations to Direct Group Limited (DGL), a company within the JGHL group, and continues to provide a range of administrative services to the Syndicate.

The fee income paid to these companies in respect of services provided to Syndicate 5820 was £0.4m (2013: £0.7m). The balance due to the companies at 31 December 2014 was £nil (2013: £0.05m).

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

The profit commission payable to JE in 2014 by the Syndicate was £nil (2013: £nil). The balance due to JE at 31 December 2014 was £nil (2013: £nil).

The Directors of ASL consider the commissions charged to the Syndicate by JSSL, DGL and JE to be consistent with those payable to a third party for similar services.

Other Entities

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

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Direct Group Limited – UK based coverholder and provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services;
- R-T Specialty LLC – US wholesale broker
- RSG Underwriting Mangers LLC – US managing general agency

Syndicate 5820 may source business from RSG 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 is capped at 20% of stamp capacity and in 2014 did not exceed 8% of gross written premium, net of acquisition costs.

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

During the year, a number of outwards reinsurance transactions have been conducted with Syndicate 5820, namely Hannover Ruckversicherung AG and Transatlantic Re, who provide capital to the Syndicate. All such transactions were undertaken on an arm's length basis and amounted to less than 5% of outwards premium for the calendar year.

During the year an agreement was entered into with Securis with respect to the period beginning on 1 January 2015 to support the Funds at Lloyd's of ANV Corporate Name Limited, an ANV group company and a corporate member participant on the capacity of the Syndicate, through the provision of a letter of credit backed by an excess of loss reinsurance contract. In addition, Securis participate on the capacity of 2015 year of account of the Syndicate on a limited tenancy basis. The Syndicate also purchased reinsurance protection through Axe Insurance PCC Ltd, a Securis group company, on normal terms for such reinsurance.

Directors' interests

Members of the ASL Board are also directors of other ANV Group companies that transact with ASL and/or the syndicates, as follows:

- R. Matthew Fairfield – ANV Global Services Limited
- Adam Barker – ANV Global Services Limited, ANV Global Services Inc. & ANV Corporate Name Limited
- Janice Hamilton – ANV Corporate Name Limited
- Gerard van Loon – ANV Global Services Limited

23. Pension obligations

A group personal pension scheme is operated for Syndicate staff, the cost of which is borne by the Syndicate. The funds of the scheme are administered by Aviva plc and are held separately. Contributions are paid by the group and Syndicate staff. The group also makes payments into certain other staff personal pension plans. The cost of the contributions for the year was £0.5m (2013: £0. 4m).

24. Post balance sheet events

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

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

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

Syndicate 5820 Underwriting Year Accounts – 2012 Year of Account

Year Ended 31 December 2014

Syndicate Underwriting Year Accounts – 2012 Year of Account

Report of the Directors of the Managing Agent
31 December 2014

The Directors of the Managing Agent present their report for the year ended 31 December 2014 in respect of the 2012 Year of Account of Syndicate 5820. The principal activity of the Syndicate is that of underwriting Property, Consumer Products, Casualty, Terror and Political Risks business that is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided within the Strategic Report and the Report of the Directors of the Managing Agent within the Annual Accounts.

Review of the 2012 year of account
The 2012 year of account reinsured to close into the 2013 year of account of the Syndicate at a loss of £4.0m, representing a loss on stamp of 3.6%.

Unlike the majority of its peers, Syndicate 5820 continues to have significant levels of unearned premium at 36 months reflecting the earning profile of certain of the Consumer Products classes. As a consequence the reinsurance to close premium payable was determined at a modest discount to the held reserves in line with Solvency II principles reflecting the expected profitability of the remaining unearned business

The 2012 year of account represented a transitional year for the Syndicate following the acquisition of the Managing Agency by Ryan Speciality Group (RSG) in September 2011 and subsequent development and diversification of the portfolio to fully re-underwrite the Property account, expand the Consumer Products book and introduce Political Risks, Terrorism and Casualty. Premium volume was a challenge in the first year of transition which combined with the higher one-off expenses incurred in developing the new classes resulted in a previously forecasted marginal result.

With the exception of claims related to Superstorm Sandy the year had initially seen benign claims experience across all lines with particularly favourable experience on the Property book. During the latter part of 2014, the 2012 year of account received one material notification on the Political Risks book. In addition there was an increase in the level of attrition on a number of Consumer Products schemes written by the Syndicate.

Seven Year Summary of Results
A seven year summary of underwriting results is presented on page 81**.**

Disclosure of information to the auditors
Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent 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 to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

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

Approved by Order of the Board

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

Statement of Managing Agent's Responsibilities

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Underwriting Year Accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

In preparing the Syndicate Underwriting Year Accounts, the Managing Agent is required to:

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

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

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

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

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

Report of the Auditors
31 December 2014

Independent Auditors' Report to the Members of Syndicate 5820
2012 Closed Year of Account

We have audited the Syndicate Underwriting Year Accounts for the 2012 Closed Year of Account of Syndicate 5820 for the three years ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Managing Agent and Auditors
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 39, the Managing Agent is responsible for the preparation of the Syndicate Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Underwriting Year Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

Opinion on Syndicate Underwriting Year Accounts
In our opinion the Syndicate Underwriting Year Accounts:
- give a true and fair view of the loss for the 2012 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

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

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

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

Profit and Loss Account: Technical Account – 2012 Year of Account

2012 Closed Year of Account for three years ended 31 December 2014

	Note	£'000	£'000
Syndicate allocated capacity			112,715
Earned premiums, net of reinsurance			
Gross premiums written	2		153,691
Outward reinsurance premiums			(11,579)
Net premium written			142,112
Allocated investment return transferred from the non-technical account			185
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(37,306)	
Reinsurers' share		721	
Net claims paid		(36,585)	
Reinsurance to close premium, net of reinsurance	3	(17,526)	
			(54,111)
Net operating expenses	2, 4		(92,214)
Balance on the technical account	6		(4,028)

Profit and Loss Account: Non-Technical Account – 2012 Year of Account

2012 Closed Year of Account for three years ended 31 December 2014

	Note	£'000
Balance on the technical account		(4,028)
Investment income	5	185
Allocated investment return transferred to the technical account		(185)
Loss for the 36 months as at 31 December 2014	8	(4,028)

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

Balance Sheet – 2012 Year of Account
2012 Closed Year of Account as at 31 December 2014

	Note	£'000
Investments		
Financial investments	7	34,646
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	3	3,207
Debtors		
Debtors arising out of direct insurance operations	8	6,198
Other debtors		72
		6,270
Other assets		
Cash at bank and in hand		707
Amounts due from members	9	4,038
Total assets		48,868
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	3	20,733
Creditors		
Creditors arising out of direct insurance operations	10	887
Creditors arising out of reinsurance operations	11	2,673
Other creditors	12	24,575
		28,135
Total liabilities		48,868

The syndicate underwriting year accounts on pages 43 to 54 were approved by the Board of ASL on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Cash Flow Statement – 2012 Year of Account

2012 Closed Year of Account for three years ended 31 December 2014

	Note	2012 Year of account £'000
Reconciliation of the result to net cash inflow from activities as at 36 months		
Loss for the 2012 year of account on ordinary activities		(4,028)
Net reinsurance to close premium payable		17,526
Increase in debtors		(6,270)
Increase in creditors		28,135
Net cash inflow from operating activities		35,363
Expenses paid on behalf of members	9	(10)
		35,353
Cash flows were invested as follows:		
Increase in cash holdings	13	707
Net portfolio investment	13, 14	34,646
Net investment of cash flows		35,353

Notes to the Syndicate Underwriting Year Accounts

1. Basis of preparation and accounting policies

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These Underwriting Year Accounts relate to the 2012 year of account which has been closed as at 31 December 2014. Consequently the balance sheet represent 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 36 months until closure.

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, these are the only reporting periods and so corresponding amounts as required by FRS28 are not shown.

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

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

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

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

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

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

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the 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 either the reinsurance to close or the estimate of future liabilities as applicable. Any unearned premiums are taken into account within the calculation of the amount retained to meet all known and unknown liabilities.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the accounting policies to the annual accounts.

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

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

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

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

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

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

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

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

2. Segmental analysis

An analysis of the underwriting result to 31 December 2014, before investment return, is set out below:

2012 Year of Account	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	25,899	25,899	(3,801)	(22,484)	(669)	(1,055)
Motor	6,673	6,673	(2,559)	(5,418)	(259)	(1,563)
Other	4,311	4,311	(3,100)	(1,489)	(348)	(626)
Fire and other damage to Property	15,084	15,084	(4,071)	(11,309)	(1,331)	(1,627)
Credit and Suretyship	63,230	63,230	(19,470)	(45,104)	(3,138)	(4,482)
Total direct	115,197	115,197	(33,001)	(85,804)	(5,745)	(9,353)
Reinsurance	38,494	38,494	(25,038)	(6,410)	(1,906)	5,140
Total	153,691	153,691	(58,039)	(92,214)	(7,651)	(4,213)

Notes for the segmental analysis:

- *Gross premiums written have been analysed by reference to the situs of the risk.*
- *Gross premiums earned are identical to gross premiums written.*
- *Gross claims incurred comprises gross claims paid and gross amounts retained to meet all known and unknown liabilities.*
- *The reinsurance balance comprises reinsurance premiums ceded and reinsurance recoveries anticipated on reinsurance to close receivable less reinsurance recoveries on claims paid, reinsurance recoveries anticipated on amounts retained to meet all known and unknown liabilities.*
- *All premiums written are in respect of contracts concluded in the UK.*

3. Reinsurance to close premium payable

2012 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	(2,489)	(18,244)	(20,733)
Reinsurance recoveries anticipated	(18)	3,225	3,207
Reinsurance to close premium payable, net of reinsurance	(2,507)	(15,019)	(17,526)

The 2012 year of account has not accepted any reinsurance to close premium from any other years of account, given the 2010 and 2011 years of account are in run-off, therefore there are no amounts for reinsurance to close premium receivable.

4. Net operating expenses

2012 Year of Account

	£'000
Brokerage and commissions	74,671
Other acquisition costs	3,850
Acquisition costs	78,521
Loss on exchange	503
Administrative expenses	13,190
	92,214

Included within administrative expenses above are the following:

	£'000
Other services relating to taxation	8
Auditors' remuneration – audit	88
Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions, Managing Agent's fee and profit commission)	1,193

5. Investment income

2012 Year of Account	£'000
Income from investments	185
	185

6. Balance on the technical account before net operating expenses and allocated investment return

2012 Year of Account

	2012 Year of account £'000
Technical account balance before net operating expenses & allocated investment return	88,000
Brokerage and commission on gross premium	(74,670)
Balance after brokerage and commissions	13,330

As there is no reinsurance to close premium received from an earlier year of account, the whole balance on the technical account relates to the 2012 pure year of account.

7. Investments

2012 Year of Account	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	34,646	34,646
	34,646	34,646

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

8. Debtors arising out of direct insurance operations

2012 Year of Account	£'000
Due from intermediaries	6,198
	6,198

All amounts are due within one year.

9. Amounts due from members

2012 Year of Account	£'000
Loss for the closed year of account as at 31 December 2014	(4,028)
Amount due from members	(10)
	(4,038)

10. Creditors arising out of direct insurance operations

2012 Year of Account	£'000
Due to intermediaries	887
	887

All amounts are payable within one year.

11. Creditors arising out of reinsurance operations

2012 Year of Account	£'000
Due to intermediaries	2,673
	2,673

All amounts are payable within one year.

12. Other creditors

2012 Year of Account	£'000
Inter year loans	24,575
	24,575

All amounts are payable within one year.

13. Movement in cash and portfolio investments

2012 Year of Account

Cash Flow as at 31 December 2014

	£'000
Cash at bank and in hand	707
Shares and other variable yield securities and units in unit trusts	34,646
Total movement in cash and portfolio investments	35,353

14. Net cash inflow on portfolio investments

2012 Year of Account	£'000
Purchase of shares and other variable yield securities and units in unit trusts	34,646

15. Related parties

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

Syndicate capital

Prior to the sale of JMAL to the ANV Group, the parent company of Jubilee Managing Agency Limited was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency and Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

Following the acquisition of JMAL by RSG in 2011, Jubilee Corporate Member LLP, a limited liability partnership owned by Jubilee Member 1 Limited (JM1), provided 67.9% of the Underwriting Capacity of the Syndicate for the 2012 year of account.

For the 2012 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. JCCL provided 8.87% of the capacity of the 2012 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December, JCCL was sold to JM1 at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC another United Stated Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

Transactions with Directors and Group Entities

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is ANV Syndicates Limited (ASL).

<u>ANV Entities</u>

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

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

For the 2012 underwriting year of account, ASL charged an average agent's fee of 0.575% of capacity and given the overall loss on the year of account no profit commission was paid to the Managing Agent. Within the underwriting accounts for the 2012 year of account, managing agent's fees of £0.65m have been reflected within net operating expenses. At 31 December 2014 there are no unpaid fees.

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

The total amount recharged by the Managing Agent to the 2012 year of account was £16.0m, including amounts relating to the remuneration of directors of ASL, but excluding agent fees and profit commission.

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL, which forms part of the RSG Group. JSSL has subsequently outsourced its operations to Direct Group Limited (DGL), a company within the JGHL group, and continues to provide a range of administrative services to the Syndicate.

The fee income paid to these companies in respect of services provided to the 2012 year of account of Syndicate 5820 was £0.5m. The balance due to the companies at 31 December 2014 was £nil.

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

The profit commission payable to JE in respect of the 2012 year of account by the Syndicate was £nil. The balance due to JE at 31 December 2014 was £nil.

The Directors of ASL consider the commissions charged to the Syndicate by JSSL, DGL and JE to be consistent with those payable to a third party for similar services.

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

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Direct Group Limited – UK based coverholder and provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services;
- R-T Specialty LLC – US wholesale broker
- RSG Underwriting Mangers LLC – US managing general agency

Syndicate 5820 may source business from RSG 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 is capped at 20% of stamp capacity and in 2014 did not exceed 8% of gross written premium, net of acquisition costs.

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

Directors' interests
Members of the ASL Board are also directors of other ANV Group companies that transact with ASL and/or the syndicates, as follows:

- R. Matthew Fairfield – ANV Global Services Limited
- Adam Barker – ANV Global Services Limited, ANV Global Services Inc. & ANV Corporate Name Limited
- Janice Hamilton – ANV Corporate Name Limited
- Gerard van Loon – ANV Global Services Limited

Syndicate 5820 Run-off Underwriting Year Accounts – 2010 and 2011 Years of Account

Year Ended 31 December 2014

Syndicate Run-off Underwriting Year Accounts – 2010 and 2011 Years of Account

Report of the Directors of the Managing Agent
31 December 2014

The Directors of the Managing Agent present their report for the year ended 31 December 2014 in respect of the 2010 and 2011 Years of Account of Syndicate 5820. The principal activity of the Syndicate for the 2010 year of account is that of underwriting Property, Motor and Consumer Product business, whilst the principal activity of the Syndicate for the 2011 year of account is that of underwriting Property, Terror and Consumer Product business, all of which is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided within the Strategic Report and the Report of the Directors of the Managing Agent within the Annual Accounts.

Significant Events
A historical obligation, arising from the acquisition of Jubilee Group by Ryan Speciality Group in 2011, is that ASL is required to obtain the consent of the majority capital provider, Cassidy Capital Limited (CCL), on the 2011 & prior years of account for the closure of the years of account in which it has an interest. ASL has recommended that the 2010 and 2011 years of account should be closed but CCL has not provided its consent to closure and the years of account will therefore remain open for a further twelve months.

Review of the open 2010 year of account
The forecast ultimate result for the 2010 year of account is a loss of £16.9m (forecast loss at 48 months £18.1m) after all expenses including those not yet incurred, and an allowance for the forecast profit in the unearned premium reserves. Managing Agent's profit commission is accordingly £nil. The forecast ultimate loss represents 12.2% of stamp.

The ultimate loss for the 2010 year of account has primarily been driven by poor performance in the Property account. Significant Catastrophe losses arising from earthquakes in Chile and New Zealand were incurred. In addition to these catastrophe losses, attritional and large claim loss experience for the 2009 & prior years of account has been in excess of expectations.

For the 2010 pure year of account only, the Motor account previously written by Syndicate 1231, another Syndicate managed by ASL which subsequently closed, was underwritten by the Syndicate. This account produced a combined ratio significantly in excess of 100%. During the previous calendar year the Agency entered into a 100% quota share reinsurance agreement with Shelbourne Syndicate 2008 thus removing the Syndicate's exposure to any further deterioration in the Motor book.

Overall the 2010 year of account saw positive development during the year, primarily from the Property classes, as well as the favourable settlement of specific Consumer Products claims. Overall the 2010 year of account recorded a calendar year profit of £3.4m for the year to 31 December 2014.

The 2010 year of account remains open at 31 December 2014 at the request of CCL, the majority capital provider, whose consent is required to close the year of account.

Review of the open 2011 year of account
The forecast ultimate result for the 2011 year of account is a loss of £13.2m (forecast loss at 36 months £15.7m) after all expenses including those not yet incurred, and an allowance for the forecast profit in the unearned premium reserves. Managing Agent's profit commission is accordingly £nil. The forecast ultimate loss represents 13.2% of stamp.

The ultimate loss for the 2011 year of account has primarily been driven by poor performance in the Property account arising from exposure to the Japanese earthquake, Thailand floods, Hurricane Irene, US tornadoes and Superstorm Sandy.

The Syndicate recorded a calendar year profit for this year of account of £2.0m primarily resulting from beneficial developments within the Property account as well as further earning of the long tailed Consumer Products lines.

The 2011 year of account remains open at 31 December 2014 at the request of CCL, the majority capital provider, whose consent is required to close the year of account.

Seven Year Summary of Results
A seven year summary of underwriting results is presented on page 81.

Disclosure of information to the auditors
Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent 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 to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

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

Approved by Order of the Board

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

Statement of Managing Agent's Responsibilities

The Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) requires the Managing Agent to prepare Syndicate Run-off Underwriting Year Accounts at 31 December in respect of any syndicate year that is in run-off.

In preparing the Syndicate Run-off Underwriting Year Accounts, the Managing Agent is required to:

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

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

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

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

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

Report of the Auditors
31 December 2014

Independent Auditor's Report to the Members of Syndicate 5820 2010 & 2011 Run-off Years of Account

We have audited the Syndicate Run-off Underwriting Year Accounts for the 2010 and 2011 Run-off Years of Account of Syndicate 5820 for the five years ended 31 December 2014 for the 2010 Year of Account, and the four years ended 31 December 2014 for the 2011 Year of Account, which comprise the Profit and Loss Accounts, the Balance Sheets, the Cash Flow Statements and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members on the 2010 or 2011 Years of Account of the Syndicate, as a body, in accordance with Regulation 6(4) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and Auditors
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 58, the Managing Agent is responsible for the preparation of the Syndicate Run-off Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view of the result of the underwriting year at 31 December 2014. Our responsibility is to audit and express an opinion on the Syndicate Run-off Underwriting Year Accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Run-off Underwriting Year Accounts
An audit involves obtaining evidence about the amounts and disclosures in the Syndicate Run-off Underwriting Year Accounts sufficient to give reasonable assurance that the Syndicate Run-off 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 Run-off Underwriting Year Accounts.

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

Opinion on Syndicate Run-off Underwriting Year Accounts
In our opinion the Syndicate Underwriting Year Accounts for the 2010 and 2011 Run-off Years of Account 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 Run-off Underwriting Year Accounts are not in agreement with the accounting records.

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

Profit and Loss Account: Technical Account – 2010 Year of Account

2010 Run-off Year of Account for five years ended 31 December 2014

	Note	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Syndicate allocated capacity			139,000
Earned premiums, net of reinsurance			
Gross premiums written	2	(272)	131,734
Outward reinsurance premiums		(57)	(20,111)
Net premium written		(329)	111,623
Reinsurance to close premium received net of reinsurance	3	-	44,652
		(329)	156,275
Amount retained to meet all known and unknown liabilities, net of reinsurance , brought forward		31,027	-
Allocated investment return transferred from the non-technical account		65	2,660
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(11,896)	(88,764)
Reinsurers' share		2,796	3,588
Net claims paid		(9,100)	(85,176)
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	4	(17,190)	(17,190)
		(26,290)	(102,366)
Net operating expenses	5	(1,045)	(74,696)
Balance on the technical account	6	3,428	(18,127)

Profit and Loss Account: Non-Technical Account – 2010 Year of Account

2010 Run-off Year of Account for five years ended 31 December 2014

	Note	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Balance on the technical account		3,428	(18,127)
Investment income	7	140	3,236
Unrealised gains on investments		-	548
Investment expenses and charges	8	(37)	(447)
Unrealised losses on investments		(38)	(677)
Allocated investment return transferred to the long term business technical account		(65)	(2,660)
Loss for the 60 months as at 31 December 2014	11	3,428	(18,127)

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

Profit and Loss Account: Technical Account – 2011 Year of Account

2011 Run-off Year of Account for four years ended 31 December 2014

	Note	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Syndicate allocated capacity			100,081
Earned premiums, net of reinsurance			
Gross premiums written	2	690	121,935
Outward reinsurance premiums		(7)	(11,453)
Net premium written		683	110,482
Amount retained to meet all known and unknown liabilities, net of reinsurance , brought forward		15,507	-
Allocated investment return transferred from the non-technical account		77	685
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(5,548)	(48,640)
Reinsurers' share		118	2,191
Net claims paid		(5,430)	(46,449)
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	4	(8,045)	(8,045)
		(13,475)	(54,494)
Net operating expenses	5	(826)	(70,525)
Balance on the technical account		1,966	(13,852)

Profit and Loss Account: Non-Technical Account – 2011 Year of Account

2011 Run-off Year of Account for four years ended 31 December 2014

	Note	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Balance on the technical account		1,966	(13,852)
Investment income	7	133	1,135
Unrealised gains on investments		-	127
Investment expenses and charges	8	(32)	(306)
Unrealised losses on investments		(24)	(271)
Allocated investment return transferred to the long term business technical account		(77)	(685)
Loss for the 48 months as at 31 December 2014	11	1,966	(13,852)

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 – 2010 Year of Account
2010 Run-off Year of Account as at 31 December 2014

	Note	2010 Year of Account £'000
Assets		
Investments	9	11,098
Debtors	10	8,128
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	4	2,417
Other assets		
Cash at bank and in hand	13	959
Total assets		22,602
Liabilities		
Amounts retained to meet all known and unknown outstanding liabilities - gross amount	4	19,607
Creditors	12	1,231
Amounts due to members	11	1,764
Total liabilities		22,602

The Syndicate Run-off Underwriting Year Accounts on pages 62 to 80 were approved by the Board of ANV Syndicates Limited on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Balance Sheet – 2011 Year of Account

2011 Run-off Year of Account as at 31 December 2014

	Note	2011 Year of Account £'000
Assets		
Investments	9	4,476
Debtors	10	1,806
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	4	12
Other assets		
Cash at bank and in hand	13	1,419
Amounts due from members	11	7,362
Total assets		15,075
Liabilities		
Amounts retained to meet all known and unknown outstanding liabilities - gross amount	4	8,057
Creditors	12	7,018
Total liabilities		15,075

The Syndicate Run-off Underwriting Year Accounts on pages 62 to 80 were approved by the Board of ANV Syndicates Limited on 17 March 2015 and were signed on its behalf by:

J M Hamilton
Director

Cash Flow Statement – 2010 Year of Account

2010 Run-off Year of Account for five years ended 31 December 2014

	Note	2010 Year of Account £'000
Reconciliation of the result to net cash inflow from activities as at 60 months		
Loss for the 2010 year of account on ordinary activities		(18,127)
Net amount retained to meet outstanding liabilities		17,190
Increase in debtors		(8,128)
Increase in creditors		1,231
Net cash outflow from operating activities		(7,834)
Expenses paid on behalf of members		(109)
Cash calls received	11	20,000
		12,057
Cash flows were invested as follows:		
Increase in cash holdings	13	959
Net portfolio investment	13	11,098
Net investment of cash flows		12,057

Cash Flow Statement – 2011 Year of Account

2011 Run-off Year of Account for four years ended 31 December 2014

	Note	2011 Year of Account £'000
Reconciliation of the result to net cash inflow from activities as at 48 months		
Loss for the 2011 year of account on ordinary activities		(13,852)
Net amount retained to meet outstanding liabilities		8,045
Increase in debtors		(1,806)
Increase in creditors		7,018
Net cash outflow from operating activities		(595)
Expenses paid on behalf of members		(10)
Cash calls received	11	6,500
		5,895
Cash flows were invested as follows:		
Increase in cash holdings	13	1,419
Net portfolio investment	13	4,476
Net investment of cash flows		5,895

Notes to the Syndicate Run-off Underwriting Year Accounts

1. Basis of preparation and accounting policies

Basis of preparation

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2010 and 2011 years of account which remain open as at 31 December 2014. Consequently the balance sheets represent the net assets and liabilities of the 2010 and 2011 years of account at that date. The profit and loss account and cash flow statement reflect the transactions for these years of account during the 60 months and 48 months respectively to that date.

These Syndicate Run-off Underwriting Year Accounts cover the period from the date of inception of the 2010 and 2011 years of account to the current year end date. Accordingly, these are the only reporting periods and so corresponding amounts as required by FRS28 are not shown.

Accounting policies

The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account. The 2010 and 2011 years of account remain open at the request of the majority capital providers to those years whose consent is required in order to close the years.

The accounting policies disclosed within the notes to the Syndicate Annual Accounts have been applied consistently on an annual basis from 1 January 2010 in dealing with items which are considered material in relation to the Underwriting Year Accounts. In addition to the policies disclosed in the annual accounts, the Underwriting Year Accounts have been prepared in line with the following:

Gross premiums written

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

Outwards reinsurance premiums

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

Claims paid and related recoveries

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

Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance

The estimate of the amount retained to meet all known and unknown liabilities is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the closed year of account and all previous years of account reinsured therein.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the accounting policies to the annual accounts.

The Directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. The uncertainties which are inherent in the process of estimating are such that in the normal course of events, unforeseen or unexpected future developments may cause the ultimate cost of settling the outstanding liabilities to differ from that presently estimated. Credit is taken for any reinsurance recoveries that are presently estimated to be recoverable. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable.

Any unearned premiums are taken into account within the calculation of the amount retained to meet all known and unknown liabilities.

Investment return

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

Syndicate operating expenses

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

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

Basis of currency translation

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

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

2. Segmental analysis

An analysis of the underwriting result to 31 December 2014, before investment return, is set out below:

2010 Year of Account	**Gross premiums written**	**Gross premiums earned**	**Gross claims incurred**	**Gross operating expenses**	**Reinsurance balance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Direct insurance						
Accident and health	32,287	32,287	(9,310)	(27,603)	(111)	(4,737)
Motor	19,122	19,122	(15,979)	(7,853)	(1,692)	(6,402)
Other	10,432	10,432	(3,275)	(6,460)	(2,437)	(1,740)
Fire and other damage to Property	52,059	52,059	(25,975)	(24,035)	(9,868)	(7,819)
Total direct	113,900	113,900	(54,539)	(65,951)	(14,108)	(20,698)
Reinsurance	17,834	17,834	(8,950)	(8,745)	(228)	(89)
Total	131,734	131,734	(63,489)	(74,696)	(14,336)	(20,787)

2011 Year of Account	**Gross premiums written**	**Gross premiums earned**	**Gross claims incurred**	**Gross operating expenses**	**Reinsurance balance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Direct insurance						
Accident and health	29,670	29,670	(11,078)	(22,465)	(71)	(3,944)
Other	7,036	7,036	(3,487)	(4,310)	(488)	(1,249)
Fire and other damage to Property	33,358	33,358	(18,787)	(13,555)	(4,586)	(3,570)
Credit and Suretyship	22,386	22,386	(8,285)	(16,182)	(50)	(2,131)
Total direct	92,450	92,450	(41,637)	(56,512)	(5,195)	(10,894)
Reinsurance	29,485	29,485	(15,060)	(14,013)	(4,055)	(3,643)
Total	121,935	121,935	(56,697)	(70,525)	(9,250)	(14,537)

Notes for the segmental analysis:

- *Gross premiums written have been analysed by reference to the situs of the risk.*
- *Gross premiums earned are identical to gross premiums written.*
- *Gross claims incurred comprises gross claims paid and gross amounts retained to meet all known and unknown liabilities.*
- *The reinsurance balance comprises reinsurance premiums ceded and reinsurance recoveries anticipated on reinsurance to close receivable less reinsurance recoveries on claims paid, reinsurance recoveries anticipated on amounts retained to meet all known and unknown liabilities.*
- *All premiums written are in respect of contracts concluded in the UK.*

3. Reinsurance to close premium received

2010 Year of Account Only

	Outstanding claims £'000	IBNR £'000	2010 Year of account £'000
Gross reinsurance to close premium received	17,601	27,281	44,882
Reinsurance recoveries anticipated	(227)	(3)	(230)
Reinsurance to close premium received net of reinsurance	17,374	27,278	44,652

4. Amount retained to meet all known and unknown outstanding liabilities

2010 Year of Account

	Outstanding claims £'000	IBNR £'000	2010 Year of account £'000
Gross amount retained to meet all known and unknown outstanding liabilities	(10,733)	(8,874)	(19,607)
Reinsurance recoveries anticipated	2,111	306	2,417
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	(8,622)	(8,568)	(17,190)

2011 Year of Account

	Outstanding claims £'000	IBNR £'000	2011 Year of account £'000
Gross amount retained to meet all known and unknown outstanding liabilities	(3,250)	(4,807)	(8,057)
Reinsurance recoveries anticipated	11	1	12
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	(3,239)	(4,806)	(8,045)

5. Net operating expenses

2010 Year of Account

	Calendar Year 2014	Cumulative Balance to 31 December 2014
	£'000	£'000
Brokerage and commissions	376	48,964
Other acquisition costs	-	9,453
Acquisition costs	376	58,417
Loss on exchange	225	2,558
Administrative expenses	444	13,721
	1,045	74,696

Included within administrative expenses above are the following:

	£'000	£'000
Other services relating to taxation	1	32
Auditors' remuneration - audit	7	237
Members' standard personal expenses (Lloyd's subscriptions, New central fund contributions, Managing Agent's Fees and profit commission)	-	1,604

2011 Year of Account

	Calendar Year 2014	Cumulative Balance to 31 December 2014
	£'000	£'000
Brokerage and commissions	815	53,278
Other acquisition costs	-	6,653
Acquisition costs	815	59,931
Profit on exchange	(526)	(547)
Administrative expenses	537	11,141
	826	70,525

Included within administrative expenses above are the following:

	£'000	£'000
Other services relating to taxation	-	9
Auditors' remuneration - audit	7	143
Members' standard personal expenses (Lloyd's subscriptions, New central fund contributions, Managing Agent's Fees and profit commission)	-	1,254

6. Balance on the technical account before net operating expenses and allocated investment return

2010 Year of Account

	2009 & prior years of account £'000	2010 pure £'000	2010 Year of account £'000
Technical account balance before net operating expenses & allocated investment return	14,223	39,686	53,909
Brokerage and commission on gross premium	(2,168)	(46,796)	(48,964)
Balance after brokerage and commissions	12,055	(7,110)	4,945

2011 Year of Account

	2011 Year of account £'000
Technical account balance before net operating expenses & allocated investment return	55,987
Brokerage and commission on gross premium	(53,278)
Balance after brokerage and commissions	2,709

As there is no reinsurance to close premium received by the 2011 year of account from an earlier year of account, the whole balance on the technical account relates to the 2011 pure year of account.

7. Investment income

2010 Year of Account

	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Income from investments	140	2,877
Gains on realisation of investments	-	359
	140	3,236

2011 Year of Account

	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Income from investments	133	1,043
Gains on realisation of investments	-	92
	133	1,135

8. Investment expenses and charges

2010 Year of Account

	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Investment management expenses, including interest	-	208
Losses on realisation of investments	37	239
	37	447

2011 Year of Account

	Calendar Year 2014 £'000	Cumulative Balance to 31 December 2014 £'000
Investment management expenses, including interest	9	206
Losses on realisation of investments	23	100
	32	306

9. Investments

2010 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	1,342	1,342
Debt securities and other fixed income securities	782	796
Participations in investment pools	8,970	8,970
Deposits with credit institutions	4	4
	11,098	11,112

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

2011 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	2,243	2,243
Debt securities and other fixed income securities	1,646	1,676
Participations in investment pools	587	587
	4,476	4,506

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

10. Debtors

	2010 Year of account £'000	2011 Year of account £'000
Arising out of direct insurance operations	1,973	1,411
Other debtors	84	395
Inter year loans	6,071	-
	8,128	1,806

All amounts are due within one year. The inter year loan was made by the 2010 year of account to the 2011 year of account and is not interest bearing.

11. Amounts due to / (from) members

	2010 Year of account £'000	2011 Year of account £'000
Loss for the open year of account as at 31 December 2014	(18,127)	(13,852)
Cash Call made	20,000	6,500
Amount due from members	(109)	(10)
	1,764	(7,362)

12. Creditors

	2010 Year of account £'000	2011 Year of account £'000
Arising out of direct insurance operations	496	780
Arising out of reinsurance operations	253	167
Other creditors	482	-
Inter year loans	-	6,071
	1,231	7,018

All amounts are payable within one year.

13. Movement in cash and portfolio investments

Cash Flow as at 31 December 2014

	2010 Year of account £'000	2011 Year of account £'000
Cash at bank and in hand	959	1,419
Shares and other variable yield securities and units in unit trusts	1,342	2,243
Debt securities and other fixed income securities	782	1,646
Participations in investment pools	8,970	587
Deposits with credit institutions	4	-
Total movement in cash and portfolio investments	12,057	5,895

14. Net cash inflow on portfolio investments

	2010 Year of account £'000	2011 Year of account £'000
Purchase of shares and other variable yield securities and units in unit trusts	1,342	2,243
Purchase of debt securities and other fixed income securities	782	1,646
Purchase of participations in investment pools	8,970	587
Purchase of deposits with credit institutions	4	-
	11,089	4,476

15. Non-closure

ASL undertook a ground-up review of all claims which has greatly improved our confidence in the Syndicate's reserve position. As a result we believe this puts the Syndicate in a position to reinsure to close its 2010 & prior and 2011 years of account.

However, ASL requires the consent of Cassidy Capital Limited, who were providers of capital on 2010 and 2011, in order to close these years of account. This has not been forthcoming and so the years remain open.

The net technical provisions of £17.2m (2013: £31.0m) for the 2010 year of account and £8.0m (2013: £15.5m) for the 2011 year of account represent management's assessment of a prudent best estimate at this time. As the years are in run-off they will be subject to further change as losses develop during 2015 and we will work with representatives of Cassidy Capital Limited in order to produce a plan to close these two years of account within the next 12 months.

16. Related parties

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

Syndicate capital
Prior to the sale of JMAL to the ANV Group, the parent company of Jubilee Managing Agency Limited was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency and Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

2010
Cassidy Capital Limited (CCL) provided 85.6% of the Underwriting Capacity of the Syndicate. Following agreement from Lloyd's, the Funds at Lloyd's held by JMPL to support Syndicate 1231 on the 2009 year of account, were made inter-available to CCL to support Syndicate 5820 until the closure of the 2010 year of account.

2011
Cassidy Capital Limited (CCL) provided 55.6% of the Underwriting Capacity of the Syndicate.

Jubilee Group Holdings Limited provided capital to CCL to support the Syndicate's underwriting. Following the acquisition of JGHL by RSG, JGHL novated its participation to a company outside the group.

During 2011, T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were JGHL directors and shareholders, as well as providers of capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock also had an interest in the Syndicate capital provided by JGHL. R J G Lowe and Lord Marland of Odstock further had an interest in the Syndicate capital provided to CCL by Insurance Capital Partners.

A P D Lancaster and A C Loucaides were also JGHL Directors during 2010 and 2011 and provided capital via CCL to support the Syndicate until the acquisition by RSG.

Guardian Re (SAC) Limited, a JGHL shareholder until the acquisition by RSG, and certain syndicate underwriters also provided capital to support the Syndicate.

For the 2011 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. This direct corporate participant was set up solely as a vehicle for a third party reinsurer to participate on the Syndicate. JCCL provides 9.99% of the capacity of the 2011 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December 2012 JCCL was sold to Jubilee Member 1 Limited (JM1) at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

Transactions with group entities
Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is ANV Syndicates Limited (ASL).

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

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

For the 2010 and 2011 underwriting years of account, ASL charged an average agent's fee of 0.575% of capacity and given the overall loss on the year of account no profit commission was paid to the Managing Agent. Managing agent's fees of £0.8m and £0.6m have been reflected within net operating expenses of the underwriting year accounts for the 2010 and 2011 year of account respectively. At 31 December 2014 there are no unpaid fees.

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

Included within the recharges are amounts relating to the remuneration of directors of ASL. The total amount recharged by the Managing Agent to the 2010 and 2011 years of account was £18.2m and £15.8m respectively, excluding agent fees and profit commission.

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL, which forms part of the RSG Group. JSSL has subsequently outsourced its operations to Direct Group Limited (DGL), a company within the JGHL group, and continues to provide a range of administrative services to the Syndicate.

The fee income paid to these companies in respect of services provided to the 2010 and 2011 years of account of Syndicate 5820 was £0.2m and £0.6m respectively. The balance due to the companies at 31 December 2014 was £nil.

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

The profit commission payable to JE in respect of the 2010 and 2011 years of account by the Syndicate was £nil. The balance due to JE at 31 December 2014 was £nil.

The Directors of ASL consider the commissions charged to the Syndicate by JSSL, DGL and JE to be consistent with those payable to a third party for similar services.

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

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Direct Group Limited – UK based coverholder and provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services;
- R-T Specialty LLC – US wholesale broker
- RSG Underwriting Mangers LLC – US managing general agency

Syndicate 5820 may source business from RSG 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 is capped at 20% of stamp capacity and in 2014 did not exceed 8% of gross written premium, net of acquisition costs.

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

Directors' interests
Members of the ASL Board are also directors of other ANV Group companies that transact with ASL and/or the syndicates, as follows:

- R. Matthew Fairfield – ANV Global Services Limited
- Adam Barker – ANV Global Services Limited, ANV Global Services Inc. & ANV Corporate Name Limited
- Janice Hamilton – ANV Corporate Name Limited
- Gerard van Loon – ANV Global Services Limited

Seven Year Summary of Underwriting Results

As at 31 December 2014

	2006	2007	2008	2009	Open 2010	Open 2011	Closed 2012
Syndicate allocated capacity (£'000)	44,000	44,000	42,000	63,100	139,000	100,081	112,715
Number of underwriting members	2	2	2	1	2	5	4
Aggregate net premiums (£'000)	33,163	33,720	31,854	52,764	111,623	110,482	142,112
Result for a name with an illustrative share of £10,000							
Gross premiums [6]	7,752	8,108	7,659	9,648	5,275	6,200	6,669
Net premiums	7,537	7,664	7,584	8,362	3,829	5,056	5,642
Premium for reinsurance to close an earlier year of account	415	6,081	6,471	4,306	3,212	-	-
Net claims	(3,547)	(5,203)	(6,273)	(6,762)	(6,128)	(4,645)	(3,246)
Reinsurance to close the year of account	(1,345)	(6,177)	(6,469)	(7,076)	-	-	(1,555)
Amount retained to meet all known and unknown liabilities	-	-	-	-	(1,237)	(805)	-
Syndicate operating expenses	(1,035)	(1,040)	(747)	(836)	(872)	(989)	(1,064)
Profit/(loss) on exchange	(1,256)	336	130	261	(184)	55	(45)
Balance on technical account	769	1,661	696	(1,745)	(1,380)	(1,328)	(268)
Investment return	425	418	204	321	191	69	16
Profit/(loss) before personal expenses	1,194	2,079	900	(1,424)	(1,189)	(1,260)	(252)
Illustrative profit commission	(164)	(256)	(163)	-	-	-	-
Illustrative personal expenses [2]	(211)	(259)	(126)	(136)	(115)	(125)	(106)
Profit /(loss) after illustrative profit commission and personal expenses	819	1,564	611	(1,560)	(1,304)	(1,385)	(357)
Capacity utilised [3]	77.50%	81.10%	76.60%	96.50%	52.70%	62.00%	66.70%
Net capacity utilised [4]	75.40%	76.60%	75.80%	83.60%	38.30%	50.60%	56.40%
Underwriting profit/loss ratio [5]	9.90%	20.50%	9.10%	(18.10%)	(26.20%)	(21.40%)	(4.00%)
Result as a percentage of stamp capacity	8.20%	15.60%	6.10%	(15.60%)	(13.00%)	(13.90%)	(3.60%)

Notes to the Summary

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