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Syndicate 6110

Annual Report 2014

Year ended
31 December 2014

Contents

Underwriter's Report

Background

The Syndicate commenced trading on 1st January 2012 as a Special Purpose Syndicate ("SPS"). The Syndicate is managed by Pembroke Managing Agency Limited ("PMA") and all of the capacity is provided by Names from Hampden Agencies Ltd.

From 1 January 2014, all new and renewed business of the Syndicate was bound by standalone Syndicate 2014. The capital base of Syndicate 2014 is similar in composition to the Syndicate and includes a mixture of corporate names and trade capital.

Pembroke Syndicate 4000 ceded via quota share reinsurance, a diverse mix of business to the Syndicate. From 1 January 2014 this business was written directly by Syndicate 2014.

Results

The Syndicate reports a total recognised gain for the financial year of £5.7m (2013: loss £1.4m). The profit for the financial year reflects the profitable run off of the 2012 and 2013 years of account and in particular the release of catastrophe reserves.

The Business of the Syndicate

The Syndicate assumes business by way of a variable rate quota share arrangement of predominantly short tail lines from Syndicate 4000. These are outlined below.

Property Reinsurance

Risks are assumed via quota share, catastrophe excess of loss and per risk excess of loss treaties. All exposures are in North America. The Syndicate assumes 90.00% cede from Pembroke Syndicate 4000 for the 2012 and 2013 underwriting years.

High Value Cargo

This class contains a wide variety of business which includes items such as classic cars, fine art collections and private jewellery, along with general specie including, diamond mine theft risk and jewellers block. There are also some more unusual risks covered such as contingency, motorsport on-track damage, off-track storage transit paddock risk. A small amount of cash in transit business is also written. The syndicate assumed a 9.50% cede from Pembroke Syndicate 4000 for the 2012 and 9.58% for the 2013 underwriting year.

Cargo

This is a more traditional cargo book and covers more standard risks including retail and wholesale stock in stores, warehouses and at distribution centres. Additionally there is a small amount of retail exposure. A material amount of premium in this class is written through binders. The Syndicate assumed a 22.30% cede from Pembroke Syndicate 4000 for the 2012 and 20.57% for the 2013 underwriting year.

Marine Re

The entire class is comprised of a single binding authority issued to Ironshore Underwriting Services Inc. (an Ironshore group company). It underwrites a selection of North American and Caribbean quota share treaty reinsurances. Marine Hull, Liability & Cargo polices are all contained within this class pertaining to a wide range of vessels engaged in both business and leisure activities. The Syndicate assumed a 15.20% cede from Pembroke Syndicate 4000 for the 2012 and 13.57% for the 2013 underwriting year.

War & Terrorism

Typical policies provide protection against damage to commercial and residential property due to war, terrorism, strikes and riots. There is also cover relating to business interruption arising from the stated perils. Additionally some aviation and marine war contracts have been written. Business was written on a worldwide basis. The Syndicate assumed a 12.00% cede from Pembroke Syndicate 4000 for the 2012 and 9.81% for the 2013 underwriting year.

Underwriter's Report (continued)

Political Risks

The book is composed of confiscation, contract frustration and trade credit risks. A lot of the risks written are in respect of the oil industry. Business was written on a worldwide basis. The term of contracts varies widely, from 60 days up to 5 years. All of the business written is direct. The Syndicate assumed a 39.80% cede from Pembroke Syndicate 4000 for the 2012 and 36.01% for the 2013 underwriting year.

Millennium Consortium

This participation is in support of the Millennium Syndicate, a specialist team which covers engineering and construction risks. The Syndicate assumed a 29.60% cede from Pembroke Syndicate 4000 for the 2012 and 24.10% for the 2013 underwriting year.

Personal Accident

This class comprises a mixture of Personal Accident binding authorities, direct and facultative placements, medical expense cover and an excess of loss reinsurance account. In its second year the business continues to develop exactly as planned and has provided diversification for the Syndicate. The Syndicate assumed a 15.00% cede from Pembroke Syndicate 4000 for the 2012 underwriting year and Nil for the 2013 underwriting year.

Accident & Health

This class was new for 2013 with the objective of replacing the Personal Accident business ceded in 2012. The Syndicate assumed a 90.00% cede from Pembroke Syndicate 4000 for the 2013 underwriting year.

Contingency

Also new in 2013, this class comprises cancellation and abandonment cover for major events. The Syndicate assumed a 90.00% cede from Pembroke Syndicate 4000 for the 2013 underwriting year.

Outward Reinsurance Arrangements

Business is transacted on the basis of generating gross underwriting profit, regardless of the supporting reinsurance arrangements. Business planning and modelling assumptions are based on the expectation that reinsurers will make a profit.

The Syndicate is ceded business from Syndicate 4000 and benefits from the outwards reinsurance arrangements. This includes Excess of Loss protection on the High Value Cargo, Cargo, War & Terrorism, Political Risks, Hull, Cargo & Marine Liability and Personal Accident accounts together with quota share reinsurance arrangements for the standard Property book and the Millennium Consortium.

Future Prospects

The 2013 year of account was the final underwriting year for the Syndicate, with all new and renewed business being bound by Syndicate 2014.

The 2013 year of account accepted a reinsurance to close premium of £4.9m from the 2012 year of account on an equitable basis. Current expectations are that the 2013 year of account will close with a profit.

David Indge

David Indge
Active Underwriter
17 March 2015

Managing Agent's Report

The Directors of the Managing Agent present their report for the year ended 31 December 2014.

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

The Managing Agent

Pembroke Managing Agency Limited ("PMA") is a Lloyd's Managing Agency, managing Syndicates 4000, 6110 and 2014. PMA's ultimate parent company is Ironshore Inc., a company incorporated in the Cayman Islands.

Principal Activities

The principal activity of the Syndicate is to transact reinsurance business in the United Kingdom.

Review of the Business and Future Developments

The Syndicate's key financial performance indicators for the year were as follows:

	2014 £000	2013 £000
Gross written premium	3,000	39,636
Total recognised gains and losses	5,660	(1,440)
Combined ratio	65.7%	105.1%

The Underwriter's Report provides a review of the business of the Syndicate for the financial year and outlines future developments.

The results for the year are set out in the Profit and Loss Account and commented on in the Underwriter's Report.

Principal Risks and Uncertainties

The Board sets risk appetite annually as part of the Syndicate's business planning and capacity setting process. PMA has established a Risk Committee which meets at least quarterly to review and update the risk register and to monitor performance against risk appetite using a series of key risk indicators. An Own Risk and Solvency Assessment ("ORSA") is completed on a quarterly basis and is used to monitor changes in the risk profile of PMA and to ensure that PMA meets its current and future capital requirements. The principal risks and uncertainties facing the Syndicate are as follows:

Underwriting Risk

The Syndicate separately defines underwriting risk appetite in respect of market losses and syndicate-specific losses, with appetite for the former being greater.

Underwriting risk appetite is expressed at the highest level, as a maximum event-specific net underwriting loss as a percentage of syndicate capacity for a specific year of account. Detailed stochastic modelling of underwriting risk, both gross and net of reinsurance, using dynamic financial analysis techniques supports this approach.

PMA's Board approves the risk appetite limit, after consultation with capital providers considering the relativity between 'willing to lose' and potential forecast profitability for each year of account. The risk appetite will therefore reflect the view of forecast profitability, utilising the Syndicate's latest business plan assumptions.

PMA manages underwriting risk through monthly reporting utilising centrally prepared detailed underwriting management information packs. Underwriters report to the Underwriting Committee, which in turn, reports to the PMA Board. This control process ensures that several layers of review occur for underwriting risks, with the focus being on the main components of risk, notably pricing, loss ratio selection, reserving, variation in experience, cycle management, reinsurance protection and catastrophe modelling.

Underwriting authorities, underwriting peer reviews of all risks, Independent Review procedures, and the audit and review of delegated arrangements, all contribute to the strength of the underwriting control environment.

Managing Agent's Report (continued)

Underwriting Risk (continued)

Underwriting exposure is controlled via risk policy coding systems, setting of maximum lines, setting of jurisdiction limits, strict underwriter authority limits, Realistic Disaster Scenario modelling, reinsurance programme design, policy limitations and exclusions, imposed deductibles and standard policy wording and coverage clauses.

PMA records and monitors individual risk exposures on a regular basis to ensure they remain within the policies and guidelines set.

PMA manages claims related risks by way of reinsurance and by a similar monitoring process to underwriting. There are strict claims handling authority limits and standard claims reports such as non-moving claims. Only approved third party adjustors and surveyors are used.

PMA undertakes an extensive annual underwriting planning process in order to determine targets for premiums written and profitability for the coming year. Factors taken into account in determining the targets include the risk appetite agreed by the capital provider, anticipated policy pricing, terms and conditions, expected claims frequency and cost and reinsurance cost and efficacy.

Credit Risk

An Ironshore Group Security Committee reviews all reinsurer counterparties with whom PMA wishes to conduct business and sets credit limits for the recoveries due from each reinsurer. The review includes an analysis of the financial strength of the reinsurer, its payment performance record and standing in the market. Thereafter, management of reinsurer credit risk follows active and regular review, with the assistance of outside expertise, of the credit rating and financial exposure to all approved reinsurers.

PMA predominantly purchases reinsurance from reinsurers rated strong or better by Standard & Poor's (or equivalent). Maximum exposures per reinsurer are set in response to a reinsurer's rating and net assets.

Broker credit risk limits are also determined depending on the grading of the relevant broker and exposures monitored against limits on a monthly basis.

Reserving Risk

PMA's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year.

Booked reserves represent the level of reserves booked at the Syndicate level. They are prepared on an underwriting year basis, and equal the actuarial best estimate reserves.

Booked reserves provide the basis for the Syndicate results and forecasts.

Actuarial best estimate reserves, which are prepared on an underwriting year basis are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning.

The actuarial best estimate reserves are calculated by PMA. The actuarial team calculates the reserves in conjunction with extensive discussions with underwriting, claims and reinsurance staff. The Directors consider, assess and approve the best estimate calculated, based on which the Directors set the booked reserve.

Reserving risk is controlled by the robust application of actuarial methodologies, stepped sign-off procedures, quarterly tracking of projected ultimate loss ratios and reassessment of methodologies where appropriate, regular dialogue between actuaries and practitioners, and access to a history of loss data.

Managing Agent's Report (continued)

Investment Strategy and Risk Management

PMA's philosophy is that investment activities are complementary to the primary underwriting activities of the business and should not therefore divert or utilise financial resources otherwise available for insurance operations.

Interest rate risk
The most significant proportion of risk within the Syndicate's fixed income portfolio is interest rate risk, which increases as the duration of each portfolio gets longer. In order to manage this risk duration constraints are set, relative to a benchmark to provide downside protection for increases in interest rates although no limit is set for the minimum duration of each portfolio enabling managers to switch to cash or variable rate securities, if considered appropriate.

Currency risk
The Syndicate writes a significant proportion of reinsurance business in currencies other than sterling, which gives rise to a potential exposure to currency risk.

Liquidity risk
The Syndicate is subject to calls on cash resources, mainly in respect of claims on reinsurance business, on a daily basis. PMA operates and maintains a liquidity risk policy designed to ensure that cash is available to settle liabilities and other obligations when due without excessive cost to the business. The liquidity risk policy, which is subject to review and approval by the Board on an annual basis, sets limits for cash required to meet expected cash flows. It includes a contingency funding plan, which details the process and provisions for raising additional funds required to meet liabilities in extreme circumstances.

Operational Risk

This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate. PMA seeks to manage this risk with detailed procedures manuals and a structured programme of testing of processes and systems by internal audit.

Regulatory Risk

PMA is required to comply with the requirements of the Prudential Regulation Authority, Financial Conduct Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. PMA has a Compliance Officer, who monitors regulatory developments and assesses the impact on agency policy. PMA also carries out a compliance-monitoring programme.

Staff Matters

PMA considers its staff to be a key resource and seeks to provide a good working environment for its staff that is safe and complies with appropriate employee legislation. During the year there have been no significant injuries to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

Environmental Matters

PMA does not consider that a business such as a syndicate at Lloyd's has a large adverse impact upon the environment. As a result PMA does not manage its business by reference to any environmental key performance indicators.

Managing Agent's Report (continued)

Directors

The directors of PMA who held office during the period covered by this report are set out in the table below. None of the directors has a direct participation on the Syndicate for any year covered by this report.

G.E. Barnes, BA (Hons), FCII	Director
C.D. Brown, ACII	Director
I.R. Garven, BA (Hons), FCA	Finance Director *(appointed 6 August 2014)*
T.A.B.H. Glover, ACII,	Director, Active Underwriter
A.M. Kaufman, FCAS, MAAA, FIA (HON), ARM, CPCU	Chairman
M. Johnson, FCII,	Director *(resigned 18 November 2014)*
M.F. Fisher, FCCA	Director *(appointed 19 February 2014; resigned 15 August 2014)*
T Seymour MA(Oxon), ACA	Non-executive Director *(appointed 20 February 2014)*
J.A.S. Wash, BSc (Hons), ACA	Managing Director
R.J. Wallace, FCII	Non-executive Director *(resigned 31 December 2014)*
L.J. West, BCom, ACA	Director *(resigned 15 August 2014)*
M.H. Wheeler, ACII	Director

MANAGING AGENT:

Company Secretary
P.P. Hicks, FCII, FIRM, FCIS

Registered office
2nd Floor South, The LUC
3 Minster Court, Mincing Lane
London, EC3R 7DD

SYNDICATE:

Active Underwriter
D Indge *(appointed 25 September 2014)*
D Bruce *(resigned 25 September 2014)*

Bankers
Citibank N.A.
Lloyds TSB
HSBC
Royal Trust

Registered Auditors
PKF Littlejohn LLP

Managing Agent's Report (continued)

Disclosure of Information to the Auditors

The directors each confirm that:

- so far as the directors are aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the Syndicate's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Auditors

PKF Littlejohn LLP are deemed reappointed as the Syndicate's auditors.

By order of the Board
J.A.S. Wash
Managing Director
17 March 2015

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate annual report and annual 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 syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The annual accounts are required by law to give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

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

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

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

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

Independent Auditor's Report to the Members of Syndicate 6110

We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2014 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. 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) Regulation 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 10, the Managing Agent is responsible for the preparation of the Annual Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

Opinion on syndicate annual accounts
In our opinion the annual accounts:

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

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

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

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

N A Coulson

Neil Coulson (Senior Statutory Auditor)
for and on behalf of PKF Littlejohns LLP, Statutory Auditor
London
17 March 2015

Profit and Loss Account

For the year ended 31 December 2014

Technical account – General business

	Note	2014 £000	2013 (restated) £000
Earned premiums, net of reinsurance			
Gross premiums written	3	3,000	39,636
Outward reinsurance premiums		(163)	(6,960)
Net premiums written		2,837	32,676
Change in the gross provision for unearned premiums			
Gross amount		12,413	(5,869)
Reinsurers' share		(1,737)	3,022
Change in the net provision for unearned premiums		10,676	(2,847)
Earned premiums, net of reinsurance		13,513	29,829
Allocated investment return transferred from the non-technical account		527	120
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(12,103)	(4,397)
Reinsurers' share		1,973	(323)
Net claims paid		(10,130)	(4,720)
Change in the provision for claims			
Gross amount		5,953	(13,992)
Reinsurers' share		(668)	(916)
Change in the net provision for claims	4	5,285	(14,908)
Claims incurred, net of reinsurance		(4,845)	(19,628)
Net operating expenses	5	(4,031)	(11,720)
Balance on the technical account for general business		5,164	(1,399)

All the amounts above are in respect of continuing operations. All new and renewed business of the Syndicate was bound by standalone Syndicate 2014.

Non-technical account

	Note	2014	2013
Balance on the technical account for general business		5,164	(1,399)
Investment income	9	527	120
Allocated investment return transferred to the general business technical account		(527)	(120)
Profit/(loss) for the financial year	10	5,164	(1,399)

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2014

	Note	2014 £000	2013 (restated) £000
Profit/(loss) for the financial year		5,164	(1,399)
Currency translation differences	10	496	(41)
Total recognised gains/(losses)		5,660	(1,440)

Balance Sheet
As at 31 December 2014

ASSETS	Note	**2014**	**2013 (restated)**
		£000	**£000**
Reinsurers' share of technical provisions			
Provision for unearned premiums		275	2,012
Claims outstanding		3,102	3,296
		3,377	5,308
Debtors due within one year			
Debtors arising out of reinsurance operations		23,398	-
Debtors due after one year			
Debtors arising out of reinsurance operations		33,045	46,253
Prepayments and accrued income			
Deferred acquisition costs		1,138	3,974
		1,138	3,974
TOTAL ASSETS		60,958	55,535
LIABILITIES			
Capital and reserves			
Members' balances	10	380	(5,280)
Technical provisions			
Provision for unearned premiums		3,225	15,624
Claims outstanding		19,478	24,463
		22,703	40,087
Creditors due within one year			
Creditors arising out of reinsurance operations		13,135	-
Creditors due after one year			
Creditors arising out of reinsurance operations		16,084	12,151
Accruals and deferred income		8,656	8,577
TOTAL LIABILITIES		60,958	55,535

The annual accounts on pages 12 to 22 were approved by the Board of Pembroke Managing Agency Limited on 17 March 2015 and were signed on its behalf by

I Garven
Finance Director
17 March 2015

Statement of Cash Flows
For the year ended 31 December 2014

	Note	2014 £000	2013 (restated) £000
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss) on ordinary activities	10	5,164	(1,399)
Statement of total recognised gains and losses	10	496	(41)
(Increase)/decrease in net technical provisions		(15,453)	16,646
(Increase) in debtors		(7,354)	(32,185)
Increase in creditors		17,147	17,428
Non-standard personal expenses		-	(449)
Net cash inflow from operating activities		-	-

There are no cash inflows as the Syndicate does not have a bank account.

Notes to the Financial Statements
At 31 December 2014

1. Basis of preparation

These accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 by the Association of British Insurers (as amended in December 2006), except that exchange differences are dealt with in the Technical Account as there are no Non-technical items.

2. Accounting policies

Premiums written
Premiums written comprise premiums on contracts incepted during the financial year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified.

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

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.

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') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience 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 amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

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

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

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. The methods used, and the estimates made, are reviewed regularly.

Notes to the Financial Statements

At 31 December 2014

2. Accounting policies (continued)

Unexpired risks provision

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

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

Deferred acquisition costs

Acquisition costs, which comprise 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.

Foreign currencies

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

Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate. Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year from the average rate to the closing balance sheet rate are taken to reserves and included in the Statement of Total Recognised Gains and Losses.

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

The rates of exchange used to translate monetary balances at the year end in foreign currencies into sterling are as follows:

	31 December 2014	*31 December 2013*
US Dollars	1.55	1.64
Canadian Dollars	1.81	1.74

Investment return

As part of the Quota Share arrangement Syndicate 4000 cedes a percentage of its investment return to Syndicate 6110. Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and carrying value. 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. A transfer is made from the Non-technical Account to the general business Technical Account. Investment return has been wholly allocated to the Technical Account as all investments relate to the Technical Account.

Taxation

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

Notes to the Financial Statements
At 31 December 2014

2. Accounting policies (continued)

Pension costs
Pembroke Managing Agency Limited operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the Syndicate and included within net operating expenses.

Profit commission
Profit commission due from the Syndicate to the Managing Agency is not payable until after the appropriate year of account closes – typically at 36 months.

Profit commission payable to Lloyd's cover holders or producing brokers has been provided for on all years of account and recognised within acquisition costs.

3. Segmental analysis

All business for this syndicate is related to the reinsurance of Syndicate 4000.

All premiums were concluded in the UK.

The geographical analysis of gross premiums written by destination:

	2014 £000	2013 (restated) £000
UK	578	7,401
Other EU countries	213	2,786
US	1,255	18,404
Other	954	11,045
Total	3,000	39,636

4. Claims outstanding

The movement in the net provision of claims includes a release of £4.0m in respect of claims provisions held at the previous year end. The releases predominantly relate to Property Treaty accounts.

5. Net operating expenses

	2013 £000	2013 £000
Acquisition costs	(559)	(10,000)
Change in deferred acquisition costs	(2,699)	717
Administrative expenses	(773)	(2,437)
	(4,031)	(11,720)

Notes to the Financial Statements
At 31 December 2014

6. Auditors' Remuneration

	2014 £000	2013 £000
Fees payable to the Syndicate's Auditors for:		
Audit of the Syndicate annual accounts	15	23
Audit of the Managing Agents' annual accounts	-	15
Other services pursuant to regulations and Lloyd's byelaws	24	26
	39	64

7. Staff numbers and costs

All staff were employed by Pembroke Managing Agency Limited. The following amounts were recharged to the Syndicate in respect of salary costs:

	2014 £000	2013 £000
Wages and salaries	-	1,855
Social security costs	-	256
Other pension costs	-	118
Other	-	36
	-	2,265

Salary costs in Pembroke Managing Agency Limited are only recharged for the latest year of account, consequently the recharge was £nil in 2014.

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

	2014 Number	2013 Number
Administration and finance	15	18
Underwriting	59	52
Claims	9	5
Compliance	12	5
Other	2	7
	97	87

Employees are not devoted entirely to the Syndicate and may work for other syndicates for which Pembroke Managing Agency Limited is the Managing Agency.

Notes to the Financial Statements
At 31 December 2014

8. Emoluments of the directors of Pembroke Managing Agency Limited

The directors of Pembroke Managing Agency Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2014 £000	2013 £000
Emoluments	-	226
Pension contributions	-	28
	-	254

The Active Underwriter received the following remuneration charged as a syndicate expense:

	2014 £000	2013 £000
Emoluments	-	49
Pension contributions	-	4
	-	53

Salary costs in Pembroke Managing Agency Limited are only recharged for the latest year of account, consequently the recharge was £nil in 2014.

9. Investment return

	2014 £000	2013 £000
Investment income	436	302
Net realised losses on investments	(17)	(47)
Net unrealised gains on investments	108	(135)
	527	120

Investment return is ceded from Syndicate 4000 as part of the quota share arrangement.

Notes to the Financial Statements
At 31 December 2014

10. Reconciliation of members' balances

	2014 £000	2013 (restated) £000
Members' balances brought forward at 1 January	(5,280)	(3,391)
Profit/(loss) for the financial year	5,164	(1,399)
Non standard personal expenses paid on behalf of the members	-	(449)
Statement of total recognised gains and losses	496	(41)
Members' balances carried forward at 31 December	380	(5,280)

Members participate on syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year in respect of their membership of a particular year.

11. Related parties

Capital

Underwriting capacity is provided through a combination of Names and Trade Capital. Underwriting capacity is not provided by any entity within the Ironshore Inc group of companies. Ironshore Inc is a company domiciled in the Cayman Islands and it is the ultimate parent company of the Managing Agency, PMA.

Managing agent

The Syndicate is managed by PMA. During the financial year the Syndicate incurred managing agency fees of £0m (2013: £0.2m). In addition to the fee for managing the Syndicate, PMA periodically recharges costs incurred on behalf of managed Syndicates. During the financial year, total expenses recharged to the Syndicate amounted to £0m (2013: £3.0m). A profit commission is also charged by PMA to the Syndicate. During the financial year £0.4m (2013 : £0) of profit commission was charged.

Inwards reinsurance contracts

The Syndicate assumes business by way of a variable rate quota share arrangement of predominantly short tail lines from Syndicate 4000.

12. Funds at Lloyd's

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

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

Notes to the Financial Statements

At 31 December 2014

13. Off-balance sheet arrangements

The Syndicate has not been party to any arrangement, which is not reflected in its balance sheet, where material risks and benefits arise for the Syndicate.

14. Prior year restatement

An adjustment has been made to the prior year comparatives in relation to outward reinsurance arrangements for the 2012 year of account. All net of reinsurance balances in the profit and loss account and balance sheet for the 2012 year of account have been grossed up to disclose the amounts ceded by the Syndicate on a consistent basis for both years of account.

The restatement has resulted in a change in the presentation of prior year results and net assets. The financial impact on the results and net asset position of the Syndicate is nil.

Underwriting Year – Report of the Directors of the Managing Agent

The directors of the Managing Agent present their report at 31 December 2014 for the 2012 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by the insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

The reinsurance to close for the 2012 underwriting year was approved by the board of directors on 11 February 2015.

Principal activities

The Syndicate assumes business by way of a variable rate quota share arrangement of predominantly short tail lines from Syndicate 4000. These are outlined on pages 3 to 4.

2012 Closed Year of Account

The 2012 year of account closed on 31 December 2014 with total recognised gains of £2.0m. This result represented a member return on allocated capacity of 8.0%.

The 2012 year of account was reinsured to close into the 2013 year of account for a premium of £4.9m

Directors

Details of the directors of the Managing Agent that served during the year are shown on page 8

Disclosure of information to the auditors

The directors each confirm that:

- so far as the directors are aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the Syndicate's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

By order of the Board
J.A.S. Wash
Managing Director
17 March 2015

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the managing agent's report and Syndicate underwriting year 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 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.

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

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make 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 underwriting year accounts.

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

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

Independent Auditor's Report to the Members of Syndicate 6110 for the 2012 Closed Underwriting Year of Account

We have audited the Syndicate Underwriting Year Accounts for the 2012 Year of Account of Syndicate 6110 for the three years ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 8 and the Statement Of Managing agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members on the 2012 year of account of the Syndicate, as a body, in accordance with the 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 24, the Managing Agent is responsible for the preparation of the Syndicate Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Underwriting Year Accounts in accordance with applicable 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.

Opinion on Syndicate Underwriting Year Accounts

In our opinion the Syndicate Underwriting Year Accounts:

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

Matters on which we are required to report by exception

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

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

N A Coulson

Neil Coulson (Senior Statutory Auditor)
for and on behalf of PKF Littlejohns LLP, Statutory Auditor
London
17 March 2015

Profit and Loss Account – 2012 Year of Account

For the 36 months ended 31 December 2014

Technical account – General business

	Note	£000
Syndicate allotted capacity		24,856
Earned premiums, net of reinsurance		
Gross premiums written	2	27,804
Outward reinsurance premiums		(4,801)
Earned premiums, net of reinsurance		23,003
Allocated investment return transferred from the non-technical account		300
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(8,451)
Reinsurers' share		899
Net claims paid		(7,552)
Reinsurance to close premium payable, net of reinsurance	3	(4,886)
Claims incurred, net of reinsurance		(12,438)
Net operating expenses	4	(7,903)
Standard personal expenses		(952)
Balance on the technical account for general business	6	2,010

Non-technical account

	Note	£000
Balance on the technical account for general business		2,010
Investment income	5	300
Allocated investment return transferred to the general business technical account		(300)
Profit for the financial year	6	2,010

The underwriting year has closed; all items therefore relate to discontinued operations.

Statement of Total Recognised Gains and Losses
2012 Year of Account
For the 36 months ended 31 December 2014

	Note	£000
Profit for the financial year		2,010
Currency translation differences		(24)
Total recognised gains		1,986

Balance Sheet
For the closed year of account as at 31 December 2014

	Note	£000
ASSETS		
Debtors due within one year		
Debtors arising out of reinsurance operations		23,287
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	3	1,001
TOTAL ASSETS		24,288
LIABILITIES		
Amounts due to members	7	1,986
Reinsurance to close premium payable to close – gross amount	3	5,887
Creditors due within one year		
Creditors arising out of reinsurance operation		13,135
Accruals and deferred income		3,280
TOTAL LIABILITIES		24,288

Notes to the Financial Statements
At 31 December 2014

1. Accounting policies

The principal accounting policies adopted on the preparation of these financial statements are summarised below. They have been applied consistently to all the years presented unless otherwise stated.

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2012 year of account which has been closed by reinsurance to close as at 31 December 2014. Consequently the balance sheet represents the assets and the liabilities of the 2012 year of account at the date of closure. The profit and loss account reflects the transactions for that year of account during the three year period until closure.

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

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

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, line slip or consortium arrangement 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 and duties levied on them.

Premiums written are treated as fully earned. Commission and brokerage are charged to the year of account to which the relevant policy is allocated.

Reinsurance premium ceded
Initial reinsurance premiums paid to purchase policies that give excess of loss protection on a risk attaching basis are charged to the year of account in which the protection commences. Premiums for other reinsurances such as proportional treaty and excess of loss on a losses occurring basis are charged to the same year of account as the risks being protected.

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

Notes to the Financial Statements
At 31 December 2014

1. Accounting policies *(continued)*

Reinsurance to close premium payable
The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not yet reported), net of estimated collectible reinsurance recoveries, relating to the year of account and all prior years of account reinsured therein.

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

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. 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 the provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

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

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, 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 for the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

Investment return
As part of the Quota Share arrangement Syndicate 4000 cedes a percentage of its investment return to Syndicate 6110. Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and carrying value. 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. A transfer is made from the Non-technical Account to the general business Technical Account. Investment return has been wholly allocated to the Technical Account as all investments relate to the Technical Account.

Operating expenses
Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Operating expenses are allocated to the year of account for which they are incurred.

Notes to the Financial Statements
At 31 December 2014

1. Accounting policies *(continued)*

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

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

2. Segmental information

All business for this syndicate is related to the reinsurance of Syndicate 4000

3. Reinsurance to close premium payable

	Reported £'000	IBNR £'000	Total £'000
Gross reinsurance to close payable	2,428	3,459	5,887
Reinsurance recoveries anticipated	(611)	(390)	(1,001)
Reinsurance to close premium payable, net of reinsurance	1,817	3,069	4,886

4. Net operating expenses

	£000
Acquisition costs – brokerage and commissions	(5,283)
Acquisition costs – other	(2,004)
Administrative expenses	(640)
Loss on exchange	24
	(7,903)

Administrative expenses include:

	£000
Auditors remuneration	
- Fees payable to the syndicate auditor for the audit of the 2012 accounts	3
- Other services pursuant to legislation	-
	3

Notes to the Financial Statements
At 31 December 2014

5. Investment income

	£000
Investment income	363
Net realised losses on investments	(38)
Net unrealised losses on investments	(25)
	300

6. Balance on technical account

	£000
Technical account before net operating expenses and allocated investment return	10,565
Acquisition costs	(7,287)
	3,278
Net operating expenses other than acquisition costs	(1,568)
Allocated investment return transferred from the non-technical account	300
	2,010

The whole of the above results relate to the 2012 underwriting year business as no earlier year has been reinsured into it.

7. Amounts due to members

	£000
Profit for the 2012 closing year of account	2,235
Members agent fees advances	(249)
	1,986

8. Related parties

Capital

Underwriting capacity is provided through a combination of Names and Trade Capital. Underwriting capacity is not provided by any entity within the Ironshore Inc group of companies. Ironshore Inc is a company domiciled in the Cayman Islands and it is the ultimate parent of the managing agency, PMA.

Managing agent

The Syndicate is managed by PMA. The Syndicate incurred managing agency fees of £1.8m in respect of the 2012 underwriting year. In addition to the fee for managing the Syndicate, PMA periodically recharges costs incurred on behalf of managed Syndicates. Total expenses recharged to the Syndicate amounted to £3.1m in respect of the 2012 underwriting year. A profit commission is also charged by PMA to the Syndicate. Total profit commission charged was £0.1m (2013 : £0).

Inwards reinsurance contracts

The Syndicate assumes business by way of a variable rate quota share arrangement of predominantly short tail lines from Syndicate 4000.

One Year Summary

The result for the 2012 closed year is summarised below

	2012 £000
Syndicate allotted capacity	
Capacity utilised	25,000
Number of underwriting members	99.4%
Aggregate net premiums	876
Net capacity utilised	90.0%
Technical account ratio	91.3%

Result for an illustrative share of £10,000

	2012 £
Gross premiums	11,186
Net premiums	9,255
Reinsurance to close from earlier account	
Net claims	(3,038)
Reinsurance to close	(1,966)
Profit/(loss) on exchange	10
Syndicate operating expenses	(3,311)
Balance on technical account	950
Investment income and gains and less losses, less expenses and charges	121
	1,071
Illustrative personal expenses for a traditional name:	
Managing agent's fee	(50)
Contribution to Lloyd's Central Fund	(23)
Profit commissions	(142)
Lloyd's subscriptions	(45)
	(260)
Profit/(loss) after illustrative profit commission and personal expenses	811

Appendix 7

SYNDICATE ANNUAL ACCOUNTS AND SYNDICATE UNDERWRITING YEAR ACCOUNTS 31 DECEMBER 2014

Syndicate No. 6110

Managing Agent: PEMBROKE MANAGING AGENCY

In respect of the above syndicate:

I confirm that the version of the 31 December 2014 syndicate annual accounts submitted to Lloyd's in electronic PDF file format, via the Lloyd's Market Returns Website on or before 24 March 2015, is identical to the hardcopy signed version of the syndicate annual accounts submitted to Lloyd's Market Finance Department on or before 17 March 2015.

and either:

*I confirm that the version of the 31 December 2014 syndicate underwriting year accounts submitted to Lloyd's in electronic PDF file format, via the Lloyd's Market Returns Website on or before 24 March 2015, is identical to the hardcopy signed version of the syndicate underwriting year accounts submitted to Lloyd's Market Finance Department on or before 24 March 2015.

or

~~*I confirm that no syndicate underwriting year accounts have been produced for~~ this ~~syndicate because either the syndicate has no year that has reached the normal date of closure or because all members have agreed that no underwriting year accounts are required.~~

Signed.. Director / ~~Compliance Officer~~

Name IAN GARVEN (Block capitals)

Date 17 MARCH 2015

*Delete as appropriate

This form is to be signed and dated by a Director or compliance officer and returned to Shabbir Patel, Market Finance, 1986 Building/G5, 1 Lime Street, London, EC3M 7HA, by Tuesday 24 March 2015.

Report of the independent auditors to the Council of Lloyd's

Syndicate 6110

We have reviewed the statement dated 17 March 2015 by the managing agent.

This report is made solely to the addressees in accordance with Market Bulletin ref: Y4850 dated 15 December 2014 entitled "2014 syndicate report and accounts". Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other that the addressees of this report, for our work, for this report, or for the opinions we have formed.

Our opinion dated 17 March 2015 on the syndicate annual accounts was not qualified.

There are no additional matters referred to in that opinion which have not been referred to in our opinion dated 19 February 2015 on the 2014 Calendar year information in the Annual Return.

OPINION
In our opinion:

a) the statement dated 17 March 2015 has been properly prepared by the managing agent; and
b) it was not unreasonable for the managing agent giving the statement to have made the statements therein.

PKF Littlejohn LLP

PKF Littlejohn LLP
Registered Auditor
London
17 March 2015

Appendix 4 (including restatement of 2013)

SYNDICATE ANNUAL ACCOUNTS AND LLOYD'S ANNUAL RETURN 31 DECEMBER 2014

Syndicate No: 6110

Statement by the managing agent to the Council of Lloyd's

In accordance with Market Bulletin Y4850 dated 15 December 2014, "2014 Syndicate Report and Accounts", we confirm that the disclosures in column C of QMA001 and QMA002 of the Annual Return as submitted to Lloyd's on ..19 FEBRUARY.......... 2015 agree with those for the 2014 profit and loss account, balance sheet, and related notes of the syndicate annual accounts as at 31 December 2014. Furthermore, the restated 2013 comparative figures in column C of QMA190 and QMA290 of the Annual Return agree with those for the restated 2013 profit and loss account and balance sheet in the syndicate annual accounts as at 31 December 2014.

We also confirm the syndicate annual accounts either have positive disclosure or have no positive disclosure as follows:

	Positive disclosure	No positive disclosure
Off balance sheet arrangements – Lloyds Regulations 2008, Schedule 1, para 7		✓
Financial assets classified as available-for-sale – Reporting Regulations 2008, Schedule 3, para 73		✓
Derivatives not included at fair value – Reporting Regulations 2008, Schedule 3, para 74		✓
Fixed assets in excess of fair value – Reporting Regulations 2008, Schedule 3, para 75		✓
Related party transactions that have not been concluded under normal market conditions – Reporting Regulations 2008, Schedule 3, para 90		✓

Signed ______________________ Finance Director

Name IAN GARVEN (BLOCK CAPITALS)

Signed ______________________ Director

Name JUSTIN WASH (BLOCK CAPITALS)

On behalf of PEMBROKE MANAGING AGENCY Managing Agent

Date 17 MARCH 2015