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SYNDICATE 6119

SYNDICATE ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

SYNDICATE 6119

SYNDICATE INFORMATION

MANAGING AGENT:

Managing agent	Catlin Underwriting Agencies Limited ("CUAL")
Directors	S. Catlin P. Jardine R. Clapham N. Burkinshaw S. Long R. Callan O. Whelan R. Cowdell Non-executive C. Robinson Non-executive
Company secretary	A. Gray
Registered number	01815126
Registered office	20 Gracechurch Street London EC3V 0BG

SYNDICATE:

Active underwriter	N. Burkinshaw
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

SYNDICATE 6119

CONTENTS

SYNDICATE 6119

STRATEGIC REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of the managing agent present their strategic report for the year ended 31 December 2014.

Business review
Syndicate 6119 has been established since the 2014 year of account as a 'Special Purpose Syndicate' to underwrite a whole account quota share reinsurance of Catlin Syndicate 2003 and this is the only inwards contract that the syndicate writes.

This contract operates on a funds withheld basis.

The result for the year is a profit of £0.3m primarily attributable to the underwriting profit (net earned premiums minus net claims incurred and net operating expenses) of £0.3m. The result includes other income of £0.1m that relates to interest generated on funds withheld balances.

Key performance indicators
The syndicate's key financial performance indicators during the year were as follows:

	2014 £000's
Gross written premiums	15,846
Underwriting result	287
Profit for the financial year	344
Net loss ratio	56%
Combined ratio	96%
Solvency result	378

Note: The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned. A lower combined ratio represents better performance.

Results
During the year, the syndicate wrote £15.8m in gross premiums which represents their share of Syndicate 2003 gross premiums for the 2014 year of account, in line with the Whole Account Quota Share agreement between the two syndicates.

The syndicate incurred a net loss ratio of 55.9%.

Net operating expense ratio of 39.8% includes commission expenses and administration expense which primarily comprise of members' personal expenses.

Business environment
Overall, most classes across the portfolio saw rate decreases in 2014. The exception to this was the Casualty business, which saw a general increase in average weighted premium rates, with a more modest increase for US Casualty business written in London and the US. The most significant fall in rates was seen in the natural catastrophe exposed business, particularly in the reinsurance book.

Despite improvements in rates on Airline business during renewals in the second half of the year following significant losses in the sector, overall rates for Aerospace business continued to decrease year on year as pricing trends early in 2014 were based on the benign loss experience in recent years. The combination of increased capacity for catastrophe risks – both from traditional and non-traditional sources – and several years of relatively benign large loss experience caused rates for Property Treaty Excess of Loss reinsurance and other catastrophe classes to generally decrease.

Weighted average premium rates for Energy/Marine business decreased by 3 per cent in 2014. This was largely due to decreasing rates on Upstream Energy risks. Marine rates saw only slight reductions across all sub-sectors (Cargo, Hull and Specie).

STRATEGIC REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The Managing Agent has developed a risk and control framework in line with the wider Catlin Group which is built on an Enterprise Risk Management Model that aims to integrate existing risk programmes into a more holistic, embedded Group-wide risk and capital management framework.

The risk and control framework is applied across all of the syndicates that are managed by the Managing Agent and the policies, procedures and internal controls are implemented across all of the syndicates as relevant.

All policies are approved by management and subject to ongoing review by the risk management and internal audit teams. Compliance with regulation, legal and ethical standards is a high priority for the syndicate and the compliance team and the finance department take on an important oversight role in this regard. The Board of the agency is responsible for satisfying itself that a proper internal control framework exists to manage all risks and the controls operate effectively.

Key risks are considered both within the control framework and within the assessment of capital requirements. The syndicate conducts in-depth stochastic modelling across all insurance risk categories.

The principal risks from reinsurance business arise from the following:

Insurance risk

Insurance risk includes the risks of inappropriate underwriting, inadequate pricing and ineffective management of underwriting delegated to third parties. The insurance risks are mitigated by a robust underwriting control framework and through underwriting and reinsurance plans, which are approved by the Board and communicated clearly throughout the business.

Reserving risk

Reserves for unpaid losses represent the largest single component of the syndicate liabilities. Loss reserve estimates are inherently uncertain. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the balance sheet.

Catlin has a large, experienced team of actuaries and other actuarial staff. They work closely with the underwriting and claims staff to ensure understanding of the syndicate exposures and loss experience.

Analysis of the reserve requirements are initially developed by actuaries embedded within the business with close knowledge of local underwriting activities. Final reserves are produced by the actuarial team, supported by an independent Statement of Actuarial Opinion, and reviewed and approved by the Board.

The strategy for managing other business and operational risks includes:

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit the syndicate's business objectives; and
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

Future developments and strategy

The syndicate will continue its participation in the Whole Account Quota Share with Syndicate 2003. The Lloyd's Stamp Capacity for the 2015 year of account has decreased to £13.5m *(2014 year of account: £15m)* which results in a cession of 0.8825% (*2014 year of account: 0.8825%*) of Syndicate 2003's 2015 year of account gross written premium (net of acquisition costs).

REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

On the 9th January 2015, the board of Catlin Group Limited ("Catlin"), the ultimate parent of CUAL, announced that it had agreed a recommended cash and share acquisition of the entire issued and to be issued share capital of Catlin by XL Group plc. The deal is subject, among other things, to shareholder approval and regulatory clearances. The acquisition is expected to complete in mid-2015.

This report was approved by the Board and signed on its behalf by:

R. Callan
Director
17 March 2015

REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of the managing agent present their report together with the audited annual accounts for the year ended 31 December 2014.

The annual accounts are 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").

Underwriting year accounts are not required until the closure of the year of account typically at the 36 month stage.

Future developments and strategy are discussed within the strategic report.

Members' balance and solvency

The members' balance as at 31 December 2014 is £0.3m.

The solvency result, allowable assets less liabilities as stipulated under the directives of the PRA Prudential Standards, shows a capital surplus for 2014 of £0.3m. This is driven by the 2014 calendar year profit.

Directors

The directors of CUAL who held office during the year and up to the date of signing the annual accounts were:

S. Catlin		
P. Jardine		
R. Clapham		
N. Burkinshaw		Resigned 17 March 2015
S. Long		
R. Callan		
O. Whelan		Appointed 7 November 2014
N. Sinfield		Resigned 17 August 2014
R. Cowdell	Non-executive	
C. Robinson	Non-executive	
T. Burrows	Non-executive	Resigned 26 November 2014

Financial instruments and risk management

Interest rate risk

To the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk.

Currency risk

The syndicate is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Pounds Sterling. The most significant currencies to which the syndicate is exposed are the US Dollar, Canadian Dollar and the Euro. Where possible, the syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. There is a natural matching to currency risk as claims are normally paid in the currency of the original policy.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the syndicate is exposed to credit risk are:

- Reinsurers' share of insurance provisions;
- Amounts due from reinsurers in respect of claims already paid; and
- Amounts due from insurance intermediaries.

The syndicate monitors its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments.

Reinsurance is used to manage insurance risk. This does not, however, discharge the syndicate's liability as primary insurer. If a reinsurer fails to pay a claim, the syndicate remains liable for the payment to the policyholder. The creditworthiness of the reinsurers is considered on an ongoing basis by reviewing their financial strength prior to finalisation of any contract.

Disclosure of information to the auditors

Each of the persons who is a director at the date of this report confirms that:

- so far as each director is aware, there is no relevant audit information for which the syndicate's auditors are unaware; and
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the syndicate's auditors are aware of that information.

Statement of managing agent's responsibilities

The directors of the managing agent are responsible for preparing the managing agent's report and the annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual accounts at 31 December each year. Under that law, the directors are required to prepare the syndicate annual accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires that the directors must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the syndicate and of the profit or loss of the syndicate for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 directors of the managing agent confirm that they have complied with the above requirements in preparing the syndicate annual accounts.

The directors of the managing agent are responsible for keeping proper accounting records that are sufficient to show and explain the syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are 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.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 annual accounts may differ from legislation to other jurisdictions.

This report was approved by the Board and signed on its behalf by:

R. Callan
Director
17 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6119

Report on the syndicate annual accounts

Our Opinion

In our opinion the syndicate annual accounts, defined below:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2014 and of its profits and cash flows 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

What we have audited

The syndicate annual accounts for the year ended 31 December 2014, which are prepared by the Managing Agent, comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended;
- the cash flow statement; and
- the notes to the syndicate annual accounts, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the syndicate annual accounts is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Managing Agent has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on 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 syndicate annual accounts are prepared is consistent with the syndicate annual accounts.

Other matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate annual accounts and the audit

Our responsibilities and those of the Managing Agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 5, the Managing Agent is responsible for the preparation of syndicate annual accounts and for being satisfied that they 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 6119

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with section 10 of part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate annual accounts involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable assurance that the syndicate 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 syndicate annual accounts.

We primarily focus our work in these areas by assessing the Managing Agent's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the syndicate annual accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

MNichols

Matthew Nichols (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000's
TECHNICAL ACCOUNT - GENERAL BUSINESS		
Earned premium, net of reinsurance		
Gross premiums written	2	15,846
Outward reinsurance premiums		(2,783)
Net premiums written		13,063
Change in the gross provision for unearned premiums		(7,392)
Change in the provision for unearned premiums, reinsurers' share		978
Change in the net provision for unearned premiums		(6,414)
Earned premiums, net of reinsurance		6,649
Claims incurred, net of reinsurance		
Change in the provision for claims		
Gross amount		(4,177)
Reinsurers' share		458
Claims incurred, net of reinsurance		(3,719)
Net operating expenses	5	(2,643)
Balance on the general business technical account		287

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

NON-TECHNICAL ACCOUNT	Note	2014 £000's
Balance on the general business technical account		**287**
Other income	6	**57**
Profit for the financial year		**344**

All amounts above relate entirely to continuing activities as defined by Financial Reporting Standard (FRS) 3.

No Statement of Total Recognised Gains and Losses has been disclosed as all gains and losses have been included within the Profit and Loss Account.

There are no differences between the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 13 to 20 form part of these annual accounts.

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £000's
ASSETS		
Reinsurers' share of technical provisions		
Provision for unearned premiums		978
Claims outstanding		475
		1,453
Debtors - amounts falling due after one year		
Debtors arising out of reinsurance operations	7	11,418
Other debtors	8	2
		11,420
Prepayments and accrued income		
Deferred acquisition costs		2,301
TOTAL ASSETS		15,174

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £000's
LIABILITIES		
Members' balance	11	344
Technical provisions		
Provision for unearned premiums		7,392
Claims outstanding		4,332
		11,724
Creditors - amounts falling due after one year		
Creditors arising out of reinsurance operations	9	2,810
Other creditors	10	237
		3,047
Accruals and deferred income		59
TOTAL LIABILITIES		15,174

The annual accounts on pages 9 to 20 were approved by the Board of Directors of Catlin Underwriting Agencies Limited on 17 March 2015 and were signed on its behalf by:

P. Jardine
Director

R. Callan
Director

The notes on pages 13 to 20 form part of these financial statements.

1 ACCOUNTING POLICIES

1.1 Basis of presentation

The annual accounts have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable Accounting Standards in the United Kingdom. The syndicate has adopted all applicable recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006).

The directors of the managing agent have prepared the annual accounts on the basis that the syndicate will continue to write future business.

The ability of the syndicate to meets its obligations as they fall due is underpinned by the support provided by the Lloyd's solvency process and its chain of security for any members who are unable to meet their underwriting liabilities. Funds at Lloyd's are further explained in note 12.

Syndicate 6119 only writes one inwards contract per underwriting year, being a whole account quota share reinsurance of Catlin Syndicate 2003. Therefore, premiums written and the associated inwards claims represent a cession of premiums written and inwards claims in Catlin Syndicate 2003. And, outwards reinsurance premiums and the associated recoveries represent a cession of outwards reinsurance premiums ceded and recoveries by Catlin Syndicate 2003.

The contracts that the syndicate has written are on a funds withheld basis. The associated cash flows will occur following the closure of the year of account at 36 months. Therefore there have been no cash flows in the year and no cash flow statement is presented.

1.2 Insurance and investment contracts - classification

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The syndicate has not issued any investment contracts, as set out above and has only issued insurance contracts in the year.

The results of the syndicate are determined on an annual basis, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(i) Premiums written

Premiums written represent premiums on business incepting during the year together with adjustments to premiums written in previous accounting periods. They include estimates for pipeline premiums and are stated before deduction of commissions and other related acquisition costs but net of taxes & duties levied on premiums.

The full estimate of gross premiums written is recognised at inception for general insurance contracts that are of a duration greater than one year.

1 ACCOUNTING POLICIES (continued)

1.2 Insurance and investment contracts - classification (continued)

(ii) Outward reinsurance premiums written

Outward reinsurance premiums ceded represents premiums for contracts incepting during the financial year together with adjustments to outwards reinsurance premiums ceded in previous years. They are allocated to the appropriate accounting period on bases which fairly reflect the allocation of the underlying business being protected.

(iii) Unearned premiums written

Premiums written are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of risk. The provision for unearned premiums represents the portion of premiums written that relate to unexpired terms of policies in force at the Balance Sheet date, and is calculated on a daily pro rata basis.

(iv) Claims incurred

Claims incurred comprise claims and related expenses paid during the year and changes in the provisions for outstanding claims, whether reported or not, including related direct claims handling costs and adjustments to claims outstanding from previous years.

(v) Claims provisions and related reinsurance recoveries

Provision is made at the year end for the estimated cost of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported to the syndicate. The estimated cost of claims includes expenses to be incurred in settling claims. The syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later years.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the syndicate, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

1 ACCOUNTING POLICIES (continued)

1.2 Insurance and investment contracts - classification (continued)

(v) Claims provisions and related reinsurance recoveries (continued)

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the syndicate has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distorting effect of the development and incidence of these large claims.

Where possible the syndicate adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

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

(vi) Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

(vii) Unexpired risks provision

Provisions are made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the Balance Sheet date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

1 ACCOUNTING POLICIES (continued)

1.3 Foreign currencies

Items included in the annual accounts are measured using the currency of the primary economic environment in which the syndicate operates (the functional currency). The annual accounts are presented in Pounds Sterling, which is the syndicate's functional currency.

Transactions in foreign currencies are translated into the functional currency using average rates of exchange as a proxy for the transactional rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Technical Account.

Non monetary assets and liabilities, including deferred acquisition costs and unearned premiums, are translated at the exchange rate prevailing at the time of the original transaction and are not revalued at each year end.

1.4 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 remains the responsibility of the member to agree its corporation tax liabilities with HM Revenue & Customs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2 SEGMENTAL ANALYSIS

Gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balances by class of business are as follows:

2014 Reinsurance Acceptances	Gross Premiums Written £000's	Gross Premiums Earned £000's	Gross Claims Incurred £000's	Gross Operating Expenses £000's	Reinsurance Balance £000's	Total £000's
Fire and other damage to property	7,637	4,246	(1,780)	(1,452)	(720)	294
Accident and health	4,026	1,885	(1,123)	(710)	(72)	(20)
Marine, aviation and transport	4,017	2,249	(1,236)	(511)	(487)	15
Motor (third party liability)	166	74	(38)	(29)	(9)	(2)
Total	15,846	8,454	(4,177)	(2,702)	(1,288)	287

The reinsurance balance represents the charge to the technical account from the aggregate of all items relating to reinsurance outwards.

For the purposes of SSAP 25 'Segmental Reporting', the Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the United Kingdom.

All gross premiums written originate in the United Kingdom.

3 PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year is stated after charging:

	2014 £000's
Auditors' remuneration	
Audit services:	
Fees payable to the syndicate's auditors for the audit of the syndicate annual accounts	27
Other services	
Fees payable to the syndicate's auditors and its associates for other services:	
Other services pursuant to legislation, including the audit of the regulatory return	7

This is the auditors' remuneration attributable to the syndicate, the cost of which is borne through a company in the Catlin group.

4 EMPLOYEES & DIRECTORS

The syndicate and its managing agent has no employees *(2013: nil)*.

The syndicate did not directly incur staff costs during the year (*2013: £nil)*.

The syndicate was not recharged any expenses during the year relating to the remuneration of the directors of CUAL *(2013: £nil)*.

Under the standard managing agents' agreement, Catlin Underwriting Agencies Limited receives an annual fee for services provided.

5 NET OPERATING EXPENSES

	2014 £000's
Acquisition costs	4,932
Change in deferred acquisition costs	(2,301)
	2,631
Administration expenses	291
Realised foreign exchange gain	(220)
Reinsurance commissions and profit participation	(59)
	2,643

6 OTHER INCOME

	2014 £000's
Income on funds withheld balance	57

Other income represents interest on funds withheld balances on the Whole Account Quota Share agreement with Syndicate 2003.

7 DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2014 £000's
Due from cedants after one year	11,418

8 OTHER DEBTORS: Amounts falling due after one year

	2014 £000's
Other debtors	2

9 CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2014 £000's
Due to cedants after one year	2,810

10 OTHER CREDITORS: Amounts falling due after one year

	2014 £000's
Other creditors	237

11 RECONCILIATION OF MOVEMENTS IN MEMBERS BALANCE

	2014 £000's
Opening member's balance	-
Profit for the year	344
Total closing member's balance	344

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

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). These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, the managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses.

13 RELATED PARTY TRANSACTIONS

Catlin Underwriting Agencies Limited ("CUAL") is the managing agent for Syndicate 6119. Under the standard managing agents' agreement, CUAL receives an annual fee of 1% of stamp capacity and profit commissions at 20%. Profit commissions are not recognised until the second year of development for each year of account. In 2014 managing agency fees amounted to £0.2m and profit commissions amounted to nil. The balance due to CUAL as at 31 December 2014 was £0.2m.