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Syndicate 1400

Annual Report and Financial Statements for the year ended 31 December 2015

MARKEL®

Syndicate 1400
Annual Report and Financial Statements
for the year ended 31 December 2015

Contents

Directors and Administration

Managing Agent

Markel Syndicate Management Limited

Board of Directors

Ian Marshall	(Chairman)
Jeremy W Brazil	
Stephen M Carroll	(Resigned 2 June 2015)
Andrew J Davies	
Paul H Jenks	
Nicholas J S Line	
Hugh A J Maltby	(Appointed 20 March 2015)
Jeremy A Noble	(Appointed 9 September 2015)
Ralph C Snedden	
John W J Spencer	(Appointed 1 January 2016)
William D Stovin	
Anne Whitaker	

Company Secretary

Andrew J Bailey

Managing Agent's registered office

20 Fenchurch Street
London
EC3M 3AZ

Managing Agent's registered number

3114590

Syndicate

1400

Run-off Manager

Jeremy W Brazil

Bankers

Barclays Bank Plc, London
Citibank N.A. New York
Royal Bank of Canada, Toronto
Danske Bank, Copenhagen

Investment Managers

Markel Gayner Asset Management Corporation

Registered Auditor

KPMG LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Report of the Directors of the Managing Agent

The Directors of the Managing Agent submit the Annual Report and Financial Statements of Syndicate 1400 for the year ended 31 December 2015. These are prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008 and the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

Review of the business

Syndicate 1400 (“the Syndicate”) was the Lloyd’s platform for Alterra Capital Holdings Limited (“Alterra”), a Bermuda-headquartered global underwriter of specialty insurance and reinsurance. In May 2013, Markel Corporation (“Markel”) acquired Alterra.

Markel Syndicate 3000 is Markel’s existing Lloyd’s platform, so with effect from the end of 2013, the Syndicate ceased underwriting new business. Certain lines of business that were transacted through the Syndicate have been written by Markel Syndicate 3000 for the 2014 and subsequent underwriting year of account.

Efforts have focused on managing an orderly and economical run-off for the remaining liabilities of the Syndicate.

With effect from 1 January 2016, the 2013 year of account of Syndicate 1400 has been transferred by means of a Reinsurance to Close into Syndicate 3000.

Business profile and units

Following the acquisition by Markel, all lines of business were subject to a detailed review and certain lines, such as Aviation and Marine, were exited prior to the end of 2013.

The Casualty Treaty line of business, Zurich and Latin America operations previously written by the Syndicate now operate as underwriting units at Markel Syndicate 3000.

Results and performance

The results for the year, as set out on pages 10 - 11 show a profit of £7.5m (2014, profit of £11.2m).

The underwriting profit of £6.0m in 2015 (2014, profit of £7.0m) includes a release from prior year reserves of £12.4m (2014, £10.6m release).

The investment return was £1.5m (2014, £4.2m) generating a yield of 1.0% (2014, 2.0% on the investment portfolio).

Key Performance Indicators

Annual Accounting Data Income Statement	**2012 £'m**	**2013 £'m**	**2014 £'m**	**2015 £'m**
Gross written premiums	198.0	166.4	(10.1)	0.9
Net written premiums	117.1	108.9	(4.4)	0.5
Retention rate	59.1%	65.4%	43.6%	55.6%
Net earned premiums	**125.8**	**118.5**	**33.8**	**7.2**
Net underwriting result	**(4.3)**	**(27.4)**	**7.0**	**6.0**
Loss & LAE ratio	67.3%	82.4%	34.0%	(56.6)%
Expense ratio	36.1%	40.7%	45.2%	73.6%
Combined ratio	**103.4%**	**123.1%**	**79.2%**	**17.0%**
Investment return	6.0	1.2	4.2	1.5
Investment yield	3.2%	0.6%	2.0%	1.0%
Profit/(loss)	**1.7**	**(26.2)**	**11.2**	**7.5**

Statement of Financial Position	**2012 £'m**	**2013 £'m**	**2014 £'m**	**2015 £'m**
Financial investments and cash	184.9	198.2	218.7	187.9
Gross claims outstanding	302.5	349.1	307.2	235.6
Reinsurers' share of claims outstanding	91.6	91.1	54.2	23.2
Net claims outstanding	210.9	258.0	253.0	212.4

Three Year Accounting Data	**2012 £'m**	**2013 £'m**	**2014 £'m**	**2015 £'m**
Syndicate Capacity	**210.0**	**235.0**	**n/a**	**n/a**
Underwriting result	(0.2)	(22.5)		
Investment result	4.9	2.0		
Result on closure	**4.7**	**(20.5)**		
Forecast return at 12 months	0.8%	(8.5)%		
Forecast return at 24 months	(5.0)%	(10.0)%		
Return on capacity at closure	**2.2%**	**(8.7)%**		

Business environment and future prospects

The Syndicate ceased underwriting new business with effect from the end of 2013. Certain lines of business that were transacted through the Syndicate have been written by Markel Syndicate 3000 for the 2014 and subsequent underwriting years of account.

Efforts have focused on managing an orderly and economical run-off for the remaining liabilities of the Syndicate.

With effect from 1 January 2016, the 2013 year of account of Syndicate 1400 have been transferred by means of a Reinsurance to Close into Syndicate 3000.

Principal risks and uncertainties

Markel International Limited ("MINT") has a risk register detailing the risks to which the Syndicate is exposed. Risks are grouped under the following categories:
- Underwriting Risk
- Reserving Risk
- Market Risk
- Credit Risk
- Operational Risk
- Liquidity Risk
- Group Risk

The management of financial risk note (note 3, page 20) provides a detailed explanation of the risk categories. There are currently 24 risks in the risk register. A formal review by the Risk & Capital Committee and the Board occurs at least annually to ensure that the risk register identifies all the risks to which the Syndicate is exposed. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the owners of these controls that they are in place and are operating effectively.

Markel Syndicate Management Limited ("MSM") is in compliance with Solvency II.

Directors

The Directors of the Managing Agent who served during 2015 and up to the date of this report were as follows:

Ian Marshall	(Chairman)
Jeremy W Brazil	
Stephen M Carroll	(Resigned 2 June 2015)
Andrew J Davies	
Paul H Jenks	
Nicholas J S Line	
Hugh A J Maltby	(Appointed 20 March 2015)
Jeremy A Noble	(Appointed 9 September 2015)
Ralph C Snedden	
John W J Spencer	(Appointed 1 January 2016)
William D Stovin	
Anne Whitaker	

Markel maintains liability insurance cover on behalf of the Directors and named officers of the Managing Agent.

Corporate governance

MSM, is authorised by the Prudential Regulation Authority ("PRA"). The Board includes four non-executive Directors and meets at least quarterly. Sub-committees of the board include the Audit Committee, Risk and Capital Committee, Wholesale Board, National markets and the Conduct Oversight Group.

Financial instruments and risk management

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in note 3 of these financial statements. In particular, the Syndicate's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note. The Syndicate's exposure to cash flow risk is addressed under the headings of 'Market risk', 'Credit risk' and 'Liquidity risk'.

Carbon policy

As set out in the “Markel Style”, MSM has a commitment to its communities, which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other company principles as expressed in the Markel Style and our company profile.

Through the development of best practices in our business, we aim to use no more consumables than are necessary and recycle the maximum of those we do use. We also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous program of employee education.

Disclosure of information to the Auditor

The Directors of the Managing Agent who held office at the date of approval of this Managing Agent’s report confirm that, so far as they are each aware, there is no relevant audit information of which the Syndicate’s Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate’s Auditor is aware of that information.

Annual general meeting

As permitted under the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) both corporate members have agreed that no annual general meeting will be held for the Syndicate.

By order of the Board,

Andrew J Davies
Director
London,

1 March 2016

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate annual Financial Statements 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 Financial Statements at 31 December each year in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Syndicate Financial Statements 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 those Syndicate Financial Statements, the Managing Agent is required to:

- select suitable accounting policies which are applied consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual Financial Statements; and
- prepare the Syndicate Financial Statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume the Syndicate will do so. The Syndicate ceased underwriting new business with effect from the end of 2013.

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 Financial Statements comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

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

By order of the Board,

Andrew J Bailey
Secretary
London,

1 March 2016

Independent Auditor's Report to the Members of Syndicate 1400

We have audited the Syndicate 1400 annual accounts for the year ended 31 December 2015, as set out on pages 10 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 7, the Managing Agent is responsible for the preparation of the Syndicate Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Syndicate Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Syndicate Annual Accounts

A description of the scope of an audit of the accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Syndicate Annual Accounts

In our opinion the annual accounts:

- give a true and fair view of the the state of the Syndicate's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Report of the Directors of the Managing Agent for the financial year in which the financial statements are prepared is consistent with the 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 (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require 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.

Ben Priestley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

1 March 2016

Income Statement: Technical Account

for the year ended 31 December 2015

		2015		2014	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Earned premiums, net of reinsurance					
Gross written premiums	4	875		(10,139)	
Outward reinsurance premiums		(330)		5,771	
Net written premiums			**545**		**(4,368)**
Change in the gross provision for unearned premiums	18	9,005		55,358	
Change in the provision for unearned premiums, reinsurers' share	18	(2,363)		(17,183)	
Change in the provision for net unearned premiums			6,642		38,175
Net earned premiums			**7,187**		**33,807**
Allocated investment return transferred from the non-technical account	9		**1,501**		**4,189**
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(46,800)		(57,550)	
Reinsurers' share		10,575		39,633	
Net paid claims			(36,225)		(17,917)
Change in the provision for claims					
Gross amount	18	71,722		44,231	
Reinsurers' share	18	(31,429)		(37,819)	
Net change in provision			40,293		6,412
Net claims incurred			**4,068**		**(11,505)**
Net operating expenses	6		(5,293)		(15,278)
Balance on the technical account			**7,463**		**11,213**

All operations relate to discontinued business.

The notes on pages 16 to 32 form part of these Financial Statements.

Income Statement: Non-Technical Account

for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Balance on the technical account		7,463	11,213
Investment income	7	3,289	4,110
Unrealised gains on investments		914	1,857
Investment expenses and charges	8	(1,010)	(756)
Unrealised losses on investments		(1,692)	(1,022)
Allocated investment return transferred to technical account	9	(1,501)	(4,189)
Profit for the financial year		**7,463**	**11,213**

All operations relate to continuing business.

The notes on pages 16 to 32 form part of these Financial Statements.

Statement of Comprehensive Income and Members' Balances

for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Profit for the financial year		7,463	11,213
Net foreign exchange revaluation gains on translation of functional currency		934	2,149
Total Comprehensive Income for the year		**8,397**	**13,362**
Members' balance brought forward at 1 January		**(24,208)**	**(75,148)**
Total comprehensive income for the year		8,397	13,362
Settlement of (profit)/loss to/from the Members' personal reserve fund		(4,662)	37,578
Members' balance carried forward at 31 December		**(20,473)**	**(24,208)**

The notes on pages 16 to 32 form part of these Financial Statements.

Statement of Financial Position: Assets

as at 31 December 2015

		2015		2014	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Investments					
Financial investments	14		144,696		166,330
Reinsurers' share of technical provisions					
Provisions for unearned premiums	18	-		2,322	
Claims outstanding	18	23,156		54,159	
			23,156		**56,481**
Debtors					
Debtors arising out of direct insurance operations	15	186		2,144	
Debtors arising out of reinsurance operations	15	2,626		15,501	
Other debtors	16	146		270	
			2,958		**17,915**
Cash at bank			43,173		52,341
Prepayments and accrued income					
Accrued interest		1,359		909	
Deferred acquisition costs	18	-		1,260	
Other prepayments and accrued income		33		1,410	
			1,392		**3,579**
Total Assets			**215,375**		**296,646**

The notes on pages 16 to 32 form part of these annual Financial Statements.

Statement of Financial Position: Liabilities

as at 31 December 2015

		2015		2014	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Capital and reserves					
Members' balance			(20,473)		(24,208)
Technical provisions					
Provisions for unearned premiums	18	-		8,886	
Claims outstanding	18	235,554		307,165	
			235,554		**316,051**
Creditors					
Creditors arising out of direct insurance operations	19	330		1,143	
Creditors arising out of reinsurance operations	19	(106)		140	
Other creditors	20	70		3,520	
			294		**4,803**
Total Liabilities			**215,375**		**296,646**

The Syndicate annual accounts on pages 1 - 32 were approved by the Board of Directors on 1 March 2016 and were signed on behalf of Markel Syndicate Management Limited by, Andrew J Davies, Director.

Andrew J Davies
Director
London,

1 March 2016

The notes on pages 16 to 32 form part of these annual Financial Statements.

Statement of Cash Flows

	2015		2014	
	£'000	**£'000**	**£'000**	**£'000**
Operating result	7,463		11,213	
Decrease in gross technical provisions	(80,497)		(96,966)	
Decrease in reinsurers' share of gross technical provisions	33,325		54,008	
Decrease in debtors, prepayments and accrued income	17,144		56,361	
Decrease in creditors, accruals and deferred income	(4,509)		(43,899)	
Investment return	(1,501)		(4,189)	
Foreign exchange movement on balance due to Member	935		2,149	
Net cash flows from operating activities		**(27,640)**		**(21,323)**
Acquisitions of other financial instruments	(306,073)		(319,718)	
Proceeds from sale of other financial instruments	317,667		270,456	
Investment income received	2,280		3,459	
Decrease in overseas deposits	6,050		7,696	
Decrease in deposits with credit institutions	3,379		56,246	
Changes to Market Value and currency	26		(809)	
Net cash flows from investing activities		**23,329**		**17,330**
Transfer to the Member in respect of underwriting participation	(4,662)		37,578	
Effect of exchange rate changes on cash and cash equivalents	(194)		(243)	
Net cash flow from financing activities		**(4,856)**		**37,335**
Net increase in cash and cash equivalents		**(9,167)**		**33,342**
Cash and cash equivalents at 1 January		52,341		18,999
Cash and cash equivalents at end of year		43,173		52,341
Cash at bank and in hand		43,173		52,341
Cash and cash equivalents at 31 December		**43,173**		**52,341**

Notes to the Financial Statements

1 Basis of preparation

The Financial Statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014, and Financial Reporting Standard 103 Insurance Contracts ("FRS 103") as issued in March 2014.

The Syndicate transitioned from previously extant UK GAAP to FRS 102 and FRS 103 as at 1 January 2015. An explanation of how transition to FRS 102 and FRS 103 has affected the reported financial position and financial performance is given in Note 22.

2 Accounting policies

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

a) Use of judgements and estimates

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Further detail on the use of judgements and estimates is detailed in the underwriting result policy.

b) Underwriting result

The underwriting result is determined using an annual basis of accounting, whereby the incurred cost of claims, commission and expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

i) Written premiums relate to business incepted during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums not yet due or notified (pipeline premium). Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

ii) Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment as appropriate. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.

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

iv) Acquisition costs, which represent commission and other expenses related to the production of business, are deferred and amortised over the period in which the related premiums are earned.

v) A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs likely to arise after the end of the financial year in respect of contracts concluded before that date were expected to exceed the unearned premiums receivable under these contracts. Provision for unexpired risks is calculated separately by class and includes any allowance for investment income. Unexpired risk surpluses and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together. In such cases, a provision for unexpired risks is made only where there is an aggregate deficit.

vi) Claims incurred comprise claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported and claims handling expenses. The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, historical data is reviewed and the impact of various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments is considered. Significant delays occur in notifying certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The reserve for unpaid losses and loss adjustment expenses is determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development.

The two most critical assumptions as regards these claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Directors believe the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. Management currently believes the Syndicate’s gross and net reserves are adequate. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

vii) Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the technical account, net of the change in deferred acquisition costs.

c) Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate’s investment strategy.

Recognition

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Syndicate commits itself to purchase or sell the asset.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Investment Return

Investment income comprises interest and dividends receivable for the year before investment expenses. Dividends receivable are stated after adding back any withholding taxation deducted at source. Investment expenses are charged to the Income Statement on an incurred basis.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the current value of investments at the reporting date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

The investment return is initially recorded in the Income Statement: Non-Technical Account. A transfer is made from the Income Statement: Non-Technical Account to the Income Statement: Technical Account to reflect the investment return on funds supporting underwriting business.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Syndicate in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

d) Investments

Financial investments are stated at market value, based on bid price and deposits with credit institutions are stated at cost. Financial investments recorded at market value will fall into one of the three levels in the fair value hierarchy as follows;

i) Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

e) Foreign currency translation

The Syndicate presents its accounts in sterling (the 'reporting currency') since they are subject to regulation in the United Kingdom. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Syndicate is deemed to be US dollars.

Transactions in foreign currencies are translated at the average rates of exchange for the period.

Monetary assets and liabilities are translated at the rate of exchange at the reporting date or if appropriate at the forward contract rate. Non-monetary assets and liabilities are translated at the rate of exchange preceding on recognition.

All exchange differences arising on the translation of the results and financial position in US dollars (the functional currency) into sterling (the reporting currency) are recognised in the Statement of Comprehensive Income and Retained Earnings. Exchange differences on all other currencies are recognised within other operating expenses in the Income Statement: Technical Account.

f) 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 the Member. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States or Canadian Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year are included in the balance sheet under the heading 'other debtors'.

No provision has been made for any overseas tax payable by the Member on underwriting results.

g) Pension costs

MSM operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and are included within net operating expenses.

3 Risk and capital management

Financial risk management objectives

The Syndicate is exposed to financial risks primarily through its financial assets, reinsurance assets and policyholder liabilities. The Syndicate's risk management process is controlled using a risk register. Solvency II principles are used to manage the Syndicate's capital requirements and to ensure that it has the financial strength to support the growth of the business and meet the requirements of policyholders, regulators and rating agencies.

The key financial risks assessed are reserving risk, market risk, credit risk, liquidity risk and group risk. As the Syndicate ceased underwriting at 31 December 2013 underwriting risk is immaterial.

a) Underwriting risk

Underwriting risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the acceptance of business. This is now immaterial for the Syndicate.

b) Reserving risk

Reserving risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the quantification of those liabilities.

Claims handling guidelines set out MINT's approach to claims, including:

- Claims diaries – claims adjusters must ensure that they diarise relevant dates when necessary and/or stipulated in the relevant divisional claims handling protocols. There are protocols regarding which types of claims are subject to diary management, and targets set are monitored on a monthly basis.
- Panel of third party advisors – a panel of approved third party advisors (Attorneys and Adjusters) has been established. Third party advisors can only be appointed with sign off from a claims manager.
- Claims peer review audits – each underwriting division is subject to a periodic claims audit of selected claims files for identifying strengths and weaknesses in the handling of claims. Senior independent claims personnel are responsible for the qualitative review of the handling of files.
- Static outstanding's – reports on claims that have not been reviewed for 12 months are discussed by management.

A full Actuarial reserving exercise occurs quarterly. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at MINT. Reserving for the Syndicate is discussed at a quarterly "Special Projects Meeting", which is attended by members of the Board, claims staff and the reserving actuary.

A full reserving process document is maintained and control owners confirm quarterly that key controls are in place and are operating effectively.

c) Market risk

Market risk is the risk that the Syndicate suffers loss from volatility or over concentration in its investment portfolio or due to currency mismatch between assets and liabilities.

Risk appetites are agreed annually by the Board to limit investment concentration. Adherence to these is monitored at the Market Risk Committee and also at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Syndicate's investment manager, Markel Gayner Asset Management Corporation ("MGAM") produces a quarterly Investment Report and in conjunction with the Syndicate, produces a Board report to explain movements in the investment mix, performance against benchmark indices and any changes in investment strategy. The principal market risks and how exposure to these risks is managed are as follows:

- Interest rate risk: The Syndicate works to manage the impact of interest rate fluctuations on the fixed maturity portfolio. The effective duration of the fixed maturity profile is managed with consideration given to the estimated duration of policyholder liabilities.

The table below sets out the Syndicates sensitivity to interest rate movement.

	2015 £'000
Interest rate risk	
Impact of 50 basis point increase on result	(2,437)
Impact of 50 basis point decrease on result	2,539
Impact of 50 basis point increase on net assets	(2,437)
Impact of 50 basis point decrease on net assets	2,539

- Foreign exchange risk: Foreign exchange risk is managed primarily by matching assets and liabilities in each foreign currency as closely as possible. To assist in the matching of assets and liabilities in foreign currencies the Syndicate may purchase foreign exchange forward contracts or buy and sell foreign currencies in the open market. No foreign exchange forward contracts have been entered into during the year.

The table below details the matching of material currencies in the Statement of Financial Position.

2015	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Financial investments	37,253	68,331	7,020	13,506	14,553	-	4,033	144,696
Reinsurers' share of technical provisions	5,008	7,774	1,339	88	6,146	2,410	391	23,156
Insurance and reinsurance receivables	560	1,823	217	(36)	59	56	133	2,812
Cash and cash equivalents	19,458	2,824	7,938	-	2,629	4,710	5,614	43,173
Other assets	131	1,150	126	3	98	13	17	1,538
Total assets	**62,410**	**81,902**	**16,640**	**13,561**	**23,485**	**7,189**	**10,188**	**215,375**
Technical provisions	(107,233)	(63,352)	(20,181)	(9,313)	(19,968)	(7,632)	(7,875)	(235,554)
Insurance and reinsurance payables	(118)	(71)	(10)	(14)	(3)	(3)	(5)	(224)
Other creditors	-	(66)	-	(4)	-	-	-	(70)
Total liabilities	**(107,351)**	**(63,489)**	**(20,191)**	**(9,331)**	**(19,971)**	**(7,635)**	**(7,880)**	**(235,848)**

- Equity price risk: The Syndicate sets limits on the amount of equities that can be held overall and with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Syndicate's risk appetite.

d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when they fall due.

Key areas where the Syndicate is exposed to credit risk are:
• Amounts recoverable from reinsurers
• Amounts due from corporate bond issuers

The Syndicate's fixed maturity portfolio is monitored to ensure credit risk does not exceed the Syndicate's risk appetite. In addition, the Syndicate places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. At least 98% of the Syndicate's fixed maturity portfolio is rated 'A' or better.

The board sets risk appetites for the amount of exposure it is prepared to accept in respect of reinsurers and brokers. These are monitored through reports to Risk & Capital Committee and any exceptions are reported to the board. The risk of broker default is immaterial for the syndicate as now new business has been underwritten since 31 December 2013.

The Syndicate takes a proactive approach to the collection of reinsurance recoveries, including the pursuit of commutations.

The table below provides detail of the credit rating by asset class.

2015	AAA £'000	AA £'000	A £'000	BBB £'000	BBB or less £'000	Not rated £'000	Total £'000
Shares and other variable yield securities and unit trusts	30,381	-	-	-	-	-	30,381
Debt securities	54,023	28,447	16,674	960	-	-	100,104
Overseas deposits as investments	8,909	3,236	1,502	330	211	23	14,211
Reinsurers' share of claim outstanding	-	5,336	15,722	-	-	2,098	23,156
Reinsurance debtors	-	11	2,151	-	-	12	2,174
Cash at bank and in hand	-	-	40,631	2,542	-	-	43,173
Total credit risk	**93,313**	**37,030**	**76,680**	**3,832**	**211**	**2,133**	**213,199**

e) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost, primarily claims to policyholders. The Syndicate monitors the projected settlement of liabilities and, in conjunction with MGAM, sets guidelines on the composition of the portfolio in order to manage this risk.

The duration of the Syndicate's investment portfolio is managed to match the expected cash outflows on liabilities.

Each year liquidity stress tests are undertaken to consider possible liquidity pressures which could arise following significant natural catastrophe, including trust fund requirements. These tests are considered by the Risk and Capital Committee in order to determine that liquidity risk has been mitigated to a satisfactory level.

f) Group risk

Group Risk is the risk that actions or events within one part of Markel adversely affect an entity, or all entities, within MINT.

It is considered that being part of a larger, experienced insurance group, with considerable financial resources and sound reputation to be a strength. MINT has a number of controls, such as our internal committees that consider the interests of MINT's legal entities and we endeavour to communicate the MINT perspective to Markel, with whom an excellent relationship is enjoyed.

The risk of the Syndicate being part of MINT is also considered. The policy is always to consider the interests of each legal entity, and this single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably.

Capital management

The Society of Lloyd's ("Lloyd's") is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000, and in accordance with Solvency II Framework.

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's 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 reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these Financial Statements by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

4 Segmental analysis

a) Analysis of business by class before investment return based on EU solvency classes:

2015 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	558	931	918	(393)	(547)	909
Marine, aviation and transport	(1,803)	(1,820)	2,164	(480)	(340)	(476)
Fire and other damage to property	(1,179)	(1,353)	1,101	(359)	(81)	(692)
Third party liability	(1,644)	(1,672)	8,672	(1,220)	(3,669)	2,111
Miscellaneous	2,859	10,259	(959)	(47)	(3,784)	5,469
Total direct	**(1,209)**	**6,345**	**11,896**	**(2,499)**	**(8,421)**	**7,321**
Reinsurance	2,084	3,535	13,026	(2,794)	(15,126)	(1,359)
Total	**875**	**9,880**	**24,922**	**(5,293)**	**(23,547)**	**5,962**

2014 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	60	3,680	(761)	(1,091)	(691)	1,137
Marine, aviation and transport	73	4,473	(1,681)	(1,326)	(787)	679
Fire and other damage to property	54	3,363	3,253	(996)	(916)	4,704
Third party liability	184	11,413	1,033	(3,382)	(2,389)	6,675
Miscellaneous	7	455	(56)	(135)	(88)	176
Total direct	**378**	**23,384**	**1,788**	**(6,930)**	**(4,871)**	**13,371**
Reinsurance	(10,517)	21,835	(15,107)	(8,348)	(4,727)	(6,347)
Total	**(10,139)**	**45,219**	**(13,319)**	**(15,278)**	**(9,598)**	**7,024**

All premiums are derived from business within the Lloyd's Market.

b) Analysis of premium by destination:

	Gross Written Premiums	
	2015 £'000	**2014 £'000**
UK	508	(13,227)
Europe (excluding UK)	126	843
USA	(437)	23
Canada	(147)	(207)
Rest of the world	825	2,429
Total	**875**	**(10,139)**

5 Claims outstanding

Net reserves for claims outstanding at 31 December 2014 improved by £12.4m in calendar year 2015. Net reserves for claims outstanding at 31 December 2013 improved by £10.6m in calendar year 2014.

6 Net operating expenses

	2015 £'000	2014 £'000
Commission costs	1,439	(1,129)
Change in deferred acquisition costs	1,276	6,501
Administrative expenses	(447)	6,710
Loss on exchange	3,025	3,196
Gross operating expenses	**5,293**	**15,278**
Reinsurance commissions	-	-
Net operating expenses	**5,293**	**15,278**

Commission paid during the year in respect of direct insurance business amounted to £918k (2014, £42k). Member's standard personal expenses are included within administrative expenses.

7 Investment income

	2015 £'000	2014 £'000
Income from investments	3,235	4,006
Gains on the realisation of investments	54	104
Total	**3,289**	**4,110**

8 Investment expenses and charges

	2015 £'000	2014 £'000
Investment management expenses, including interest	289	105
Losses on the realisation of investments	721	651
Total	**1,010**	**756**

9 Investment return

	2015 £'000	2014 £'000
Investment income	3,289	4,110
Net unrealised (losses) /gains on investments	(778)	835
Investment expenses and charges	(1,010)	(756)
Return on investments	**1,501**	**4,189**

10 Rates of exchange

The rates of exchange used for the principal foreign currency translations are as follows:

	Year-End Rate 2015	Average Rate 2015	Year-End Rate 2014	Average Rate 2014
US Dollar	1.48	1.53	1.56	1.65
Canadian Dollar	2.06	1.96	1.81	1.82
Euro	1.36	1.38	1.28	1.24
Australian Dollar	2.03	2.04	1.90	1.83

11 Staff numbers and costs

Staff are employed by Markel International Services Limited ("MISL"). For a full breakdown of employment costs, please refer to the MISL Annual Reports and Financial Statements.

The Directors' emoluments in the year were paid by MISL. A full disclosure of the existing Directors' emoluments in the year are disclosed in the accounts of Markel International Insurance Company Ltd.

12 Auditor's remuneration

	2015 £'000	2014 £'000
Audit of these Financial Statements	56	52
Other services pursuant to legislation	22	25
Total Auditor's remuneration	**78**	**77**

13 Emoluments of the run off manager

The run off manager received the following remuneration charged as a Syndicate expense:

	2015 £'000	2014 £'000
Emoluments	**83**	**79**

14 Investments

	Market Value		Cost	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Holdings in collective investment schemes	30,381	54,154	30,381	54,154
Debt securities and other fixed income securities	100,104	87,565	100,342	87,038
Overseas deposits	14,211	21,406	14,211	21,406
Deposits with credit institutions	-	3,205	-	3,205
Total	**144,696**	**166,330**	**144,934**	**165,803**

The following table shows financial investments recorded at Market value analysed between the three levels in the Market value hierarchy as detailed in note 2(c).

2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Holdings in collective investment schemes	30,381	-	-	30,381
Debt securities and other fixed income securities	-	100,104	-	100,104
Overseas deposits	-	14,211	-	14,211
Total	**30,381**	**114,315**	**-**	**144,696**

2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Holdings in collective investment schemes	54,154	-	-	54,154
Debt securities and other fixed income securities	16,025	71,540	-	87,565
Overseas deposits	-	21,406	-	21,406
Deposits with credit institutions	3,205	-	-	3,205
Total	**73,384**	**92,946**	**-**	**166,330**

15 Debtors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		Reinsurance operations	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts owed by intermediaries within one year	186	2,144	2,626	15,501

16 Other debtors

	2015 £'000	2014 £'000
Amounts due from group undertakings	77	-
Accrued commission	-	197
Other debtors	69	73
Amounts due within one year	**146**	**270**

17 Year of account development

Year of account	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	Profit to Member at 36 months £'000
2010 & prior	7,231	19,633				
2011	(31,456)	8,314	(14,436)			(37,578)
2012		(26,174)	10,874	19,961		4,661
2013			(22,270)	(6,599)	8,397	(20,472)
Calendar year result	**(24,225)**	**1,773**	**(25,832)**	**13,362**	**8,397**	

A collection of £20.5m from members will be proposed in relation to the 2013 year of account (2014: £4.7m distribution in relation to the 2012 year of account).

18 Technical provisions

		2015			2014	
Provision for claims outstanding	**Gross £'000**	**Reinsurance £'000**	**Net £'000**	**Gross £'000**	**Reinsurance £'000**	**Net £'000**
At 1 January	307,165	54,159	253,006	349,134	91,097	258,037
Movement in provision	(71,722)	(31,429)	(40,293)	(44,231)	(37,819)	(6,412)
Movement due to foreign exchange	111	426	(315)	2,262	881	1,381
Total movement in reserves	(71,611)	(31,003)	(40,608)	(41,969)	(36,938)	(5,031)
At 31 December	**235,554**	**23,156**	**212,398**	**307,165**	**54,159**	**253,006**

		2015			2014	
Provision for unearned premiums	**Gross £'000**	**Reinsurance £'000**	**Net £'000**	**Gross £'000**	**Reinsurance £'000**	**Net £'000**
At 1 January	8,886	2,322	6,564	63,884	19,392	44,492
Movement in provision	(9,005)	(2,363)	(6,642)	(55,358)	(17,183)	(38,175)
Movement due to foreign exchange	119	41	78	360	113	247
Total movement in reserves	(8,886)	(2,322)	(6,564)	(54,998)	(17,070)	(37,928)
At 31 December	**-**	**-**	**-**	**8,886**	**2,322**	**6,564**

Deferred acquisition costs	**2015 £'000**	**2014 £'000**
At 1 January	1,260	7,711
Change in deferred acquisition costs	(1,276)	(6,501)
Movement due to foreign exchange	16	50
At 31 December	**-**	**1,260**

Gross outstanding claims provision as at 31 December 2015

Before the effect of reinsurance, the loss development table is:

Underwriting year	All prior years £'000	2011 £'000	2012 £'000	2013 £'000	Total £'000
Estimate of cumulative claims incurred					
At end of underwriting year		98,647	85,559	66,573	
One year later		131,019	114,815	101,729	
Two years later		138,188	119,878	104,076	
Three years later		121,167	110,323		
Four years later		109,204			
Cumulative paid claims					
At end of underwriting year		(3,292)	(9,050)	(3,047)	
One year later		(42,092)	(31,850)	(26,529)	
Two years later		(62,384)	(44,455)	(42,143)	
Three years later		(75,029)	(55,183)		
Four years later		(79,290)			
Gross outstanding claims provision at 31 December 2015 at original exchange rates	85,422	29,915	55,141	61,933	232,411
Foreign exchange adjustment		2,739	1,006	(602)	3,143
Total outstanding claims provision per the Statement of Financial Position	**85,422**	**32,653**	**56,147**	**61,331**	**235,554**

Net outstanding claims provision as at 31 December 2015

After the effect of reinsurance, the loss development table is:

Underwriting year	All prior years £'000	2011 £'000	2012 £'000	2013 £'000	Total £'000
Estimate of cumulative claims incurred					
At end of underwriting year		62,794	61,730	52,694	
One year later		88,032	84,982	82,258	
Two years later		94,334	92,673	88,775	
Three years later		77,634	89,499		
Four years later		69,222			
Cumulative paid claims					
At end of underwriting year		(2,799)	(7,755)	(2,170)	
One year later		(27,273)	(24,009)	(7,903)	
Two years later		(41,715)	(28,456)	(28,627)	
Three years later		(39,138)	(35,644)		
Four years later		(39,892)			
Net outstanding claims provision at 31 December 2015 at original exchange rates	66,642	29,330	53,855	60,148	209,976
Foreign exchange adjustment		2,263	759	(600)	2,422
Total outstanding claims provision per the Statement of Financial Position	**66,642**	**31,593**	**54,614**	**59,548**	**212,398**

19 Creditors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		Reinsurance operations	
	2015 £'000	**2014 £'000**	**2015 £'000**	**2014 £'000**
Amounts owed to intermediaries within one year	330	1,143	(106)	140

20 Other creditors

	2015 £'000	**2014 £'000**
Amounts due to other group undertakings	-	3,126
Accrued Investment Manager Fees	65	-
Sundry creditor	5	394
Total	**70**	**3,520**

21 Related parties

MISL provides services to the Syndicate. The amounts charged to and balances due from the Syndicate during the year are:

	2015 £'000	**2014 £'000**
Expenses recharged	4,628	6,639
Expenses settled in the year	(7,874)	(2,684)
Year end balance due from the Syndicate	(709)	(3,955)

MGAM is the Syndicate investment manager. The following amounts have been charged to the Syndicate:

	2015 £'000	**2014 £'000**
Fees paid	254	-
Year end balance due from the Syndicate	(65)	-

Markel Bermuda Limited ("MBL") had a 15% whole account quota share agreement with the Syndicate, which covered 2010-2013 years of account. The agreement was commuted at 31 March 2014.

	2015 £'000	**2014 £'000**
Movement on the contract during the year	-	(607)
Year end balance due from the Syndicate	-	-

Markel Resseguradora do Brasil SA had a quota share agreement ceding 52.5% of the Surety Treaty business for the 2012 and 2013 year of account. The following amounts have been incurred in the year together with the balance due from the Syndicate:

	2015 £'000	**2014 £'000**
Premiums assumed	(466)	2,114
Incurred claims movement	(326)	(506)
Year end balance due from the Syndicate	(120)	(415)

There are a number of branches of Markel Underwriting Services Limited which have entered into binding authority agreements to write business under delegated authority in the name of Syndicate 1400 for various years of account.

	Premiums assumed 2015 £'000	**Incurred claims movement 2015 £'000**	**Year end balance due (to)/ from the Syndicate 2015 £'000**	**Premiums assumed 2014 £'000**	**Incurred claims movement 2014 £'000**	**Year end balance due (to)/ from the Syndicate 2014 £'000**
Markel UK Underwriting Services Limited- Zurich branch	661	2,709	-	1,449	616	-
Markel Resseguradora do Brasil SA	1,588	1,257	-	4,769	(8,201)	-
Markel UK Underwriting Services Limited- Dublin branch	(397)	1,111	-	(10)	(1,186)	-

The Syndicate also had the following internal reinsurance contracts:

	Premiums assumed 2015 £'000	**Incurred claims movement 2015 £'000**	**Year end balance due from the Syndicate 2015 £'000**	**Premiums assumed 2014 £'000**	**Incurred claims movement 2014 £'000**	**Year end balance due from the Syndicate 2014 £'000**
MBL	-	(2,220)	(481)	-	(5,797)	(1,381)
MIICL	-	25	-	171	(102)	-

Alterra Corporate Capital 2 Limited and Alterra Corporate Capital 3 Limited participated on Syndicate 1400 years of account as follows:

	2013 £'000	**2012 £'000**
Alterra Corporate Capital 2 Limited	209,000	184,000
Alterra Corporate Capital 3 Limited	26,000	26,000

22 Transition to FRS 102 and FRS 103

The Syndicate transitioned to FRS 102 and FRS 103 from previously extant UK GAAP as at 1 January 2015. Accounting for foreign currency translation is the only change to the Syndicate's accounting policy arising on transition.

The Syndicate has amended its foreign exchange accounting policy to reflect the change in treatment of foreign exchange gains/losses recognised in the Income Statement and Statement of Comprehensive Income and Retained Earnings. The effect of this change on 31 December 2014 profit for the year is noted in the table below:

Reconciliation of profit and loss for the year ended 31 December 2014	**2014 £'000**
Profit for the year ended 31 December 2014 under previous UK GAAP	16,227
Foreign exchange losses	(5,014)
Profit for the year ended 31 December 2014 under FRS 102 and FRS 103	11,213

FRS 103 requires insurance assets and liabilities (unearned premium and deferred acquisition costs) to be treated as monetary items, and as such revalued at the underlying exchange rates prevailing at the reporting date. The Syndicate historically accounted for foreign currency translation of non-monetary items under 'branch accounting' rules permitted by SSAP 20. This treatment is consistent with FRS 103 and therefore there are no adjustments to the member's balances in the transition to FRS 102 and FRS 103.

Any other changes arising on adoption of FRS 102 are presentational.

We have not adopted any of the FRS 102 exemptions.