Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

Sirius International Managing Agency Ltd – Syndicate 1945 Report and Accounts

31 December 2015

Sirius International

SIMA Syndicate 1945 Report and Accounts 31 December 2015

Contents

Sirius International

Directors and Administration

MANAGING AGENT:

Sirius International Managing Agency Limited (SIMA).

The parent company of SIMA is Sirius International Insurance Corporation, an international (re)insurer based in Sweden focused on property and other short-tail lines of business.

The directors of SIMA:

M Channell (Chief Operating Officer)
C Cooper (Finance Director)
M Cramér Manhem (Group Non-Executive)* (appointed 29 June 2015)
M Dashfield (Chief Executive Officer)
L Ek (Group Non-Executive)*
H Franks (Independent Non-Executive)*
R Harman (Chief Underwriting Officer and Active Underwriter)
J Mantz (Independent Non-Executive and chair of the Audit Committee and Remuneration and Nomination Committee)*
A Smith (Chief Risk Officer)
G Thorstensson (Chairman and Group Non-Executive)*
A Waters (Group Non-Executive)* (resigned with effect from 31 March 2015)
H Westcott (Senior Independent Non- Executive and chair of the Risk and Capital Committee)*

*Non- Executive Directors

None of the Directors has any participation on the Syndicate.

Company Secretary

Clyde Secretaries Ltd.
The St Botolph Building, 138 Houndsditch, London EC3A 7AR

Managing Agent's registered office

The St Botolph Building, 138 Houndsditch, London EC3A 7AR

Managing Agent's registered number 08536887

SYNDICATE:

Active Underwriter

R Harman

Bankers

Citibank NA
RBC Dexia

SIMA Syndicate 1945 Report and Accounts 31 December 2015

Investment Manager

Amundi (UK) Ltd

Independent Auditors

PricewaterhouseCooper LLP
7 More London
Riverside London
SE1 2RT

Chief Executive Officer's Report

2015 has been a mixed year for Syndicate 1945. It has been our first full year of independence from Asta Managing Agency, our turnkey managing agent, and we are pleased to be able to report that SIMA has managed the transition very smoothly.

Unfortunately, after reporting our first full calendar year profit (of £4.7 million) in 2014, the Syndicate has recorded a loss of £4.0 million in 2015. In common with much of the London Market, the Syndicate has been experiencing downward pressure on rates and limited opportunities for growth in the year.

Net premium earned was £67.2 million compared to £58.4 million in calendar year 2014, claims incurred were £43.6 million (2014 £29.7 million) and operating expenses including acquisition costs were £27.1 million (2014 £23.7 million).

The claims experience in 2015 does not reflect a significant increase in the level of catastrophe losses, but rather a number of risk losses that have impacted the account in several classes during the year.

During 2015 the Syndicate has continued writing Accident & Health, Contingency, Yachts, Energy, Property Direct and Facultative, and Marine Excess of Loss business. Additionally, it has commenced writing Marine Cargo business, and has also increased its underwriting strength in the Property class. These developments occurred during the second half of the year, so we expect to see the full benefit in 2016, and as a result we expect to see a reduction of the proportion of Accident and Health business within the portfolio and a move towards a wider spread of business written.

Once again I must thank Robert Harman, the Active Underwriter of the Syndicate, together with our teams of underwriters and support staff for their loyalty and professionalism, as well as thanking our brokers and customers for their continuing support.

M Dashfield
Chief Executive Officer
14 March 2016

Report of the Directors of the Managing Agent

The directors of the managing agent present their managing agent's report for the year ended 31 December 2015.

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

Results

The result for year ended 31 December 2015 is a loss of £4.0 million (2014: profit of £4.7 million); and the total recognised profit on open years is a loss of £9.8million (2014: £4.1million).

Principal Activities

The principal activity of Syndicate 1945 is the transaction of general insurance and reinsurance business in the United Kingdom at Lloyd's. The Syndicate underwrites a range of direct and reinsurance business including Accident & Health, Contingency, Property, Marine, and Energy business starting in 2015.

Business Review

The Syndicate underwrote five classes of business in 2015: Accident and Health, Contingency, Property, Marine and Energy, and participated in consortia underwriting Bloodstock and Terrorism business. Additionally it underwrote Terrorism business by providing capacity to a Managing General Agency.

Key performance indicators

The directors consider the information in the following tables to be the key performance indicators for the Syndicate.

Gross written premium by class of business	2015 £'000	2014 £'000
Accident and health	39,551	37,767
Contingency	9,434	5,665
Property	16,678	13,185
Marine	12,169	10,363
Energy	5,566	-
Total	**83,398**	**66,980**

Key performance indicators	2015 £'000	2014 £'000
Gross written premium	83,398	66,980
Claims ratio	64.9%	50.9%
Expense ratio	41.3%	41.4%
Combined ratio	106.2%	92.3%

In common with much of the London market the Syndicate has been experiencing downward pressure on rates and limited opportunities for growth during the year. The Syndicate continues to investigate additional opportunities for growth.

Investment Policy

The investment objective is to continue to invest the Premium Trust Funds within the risk appetite whilst ensuring the liquidity needs of the Syndicate can be met. The current risk appetite of the Syndicate is one of preserving capital and reducing counterparty exposure. To avoid undue concentration with Citibank, the Syndicate purchases US Treasury notes. These holdings at year end had a market value of £10.8m (2014: £11.8m). The rest of the investment portfolio comprises Money Market Mutual Fund holdings with short term maturities.

Principal Risks and Uncertainties

SIMA sets the risk appetite for the Syndicate annually, which is approved by the Board as part of the Syndicate's business planning and Solvency Capital Requirement (`SCR') process. The SIMA Risk and Capital Committee meets quarterly to oversee the risk management framework. This committee reviews the risk profile and monitors performance against risk appetite using a series of key risk indicators. The principal risks and uncertainties facing the syndicate are as follows:

Insurance Risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Underwriting Committee then monitors performance against the business plan regularly through the year. Reserve adequacy is monitored through quarterly review by the Reserving Committee. It is also reviewed by an independent firm of actuaries.

Credit Risk

The key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers. The Board's policy is that the Syndicate will normally only reinsure with businesses rated in the A range or higher or otherwise requires collateral. SIMA participates in the Sirius Group Security Committee which assesses and is required to approve all new reinsurers before business is placed with them. No reinsurance was purchased by the Syndicate for the closed 2011 and 2012 years of account.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Syndicates' 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 reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

Market Risk

Market risk is the risk arising from uncertainty of asset prices, interest rates, foreign exchange rates, and other factors related to all financial markets and investment asset management.

The key aspect of market risk for the Syndicate is that it may incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. SIMA's policy is to maintain received income or incurred expenditure in the core currencies in which they were received or paid. Any surplus or deficit in a core currency would be subject to review by the Board.

Liquidity and Cash Flow Risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk the Board reviews cash flow projections regularly and the investment portfolio is held in cash and readily realisable securities. In addition the Syndicate has a credit facility with SINT as disclosed in note 20.

Operational Risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. SIMA seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

SIMA relies on the processes of Xchanging, and therefore considers the controls in place at Xchanging as part of its control environment.

Regulatory Risk

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. SIMA is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. SIMA monitors regulatory developments and assesses the impact on agency policy.

Solvency II (SII)

SII has been implemented with effect from 1 January 2016, following the passing of the Omnibus II Directive by the European Parliament in 2014. During 2015 SIMA made significant progress in developing processes and systems to meet the full SII tests and standards and are well positioned for full compliance in accordance with the regulatory timetable.

During 2015, SIMA has continued to benefit from participation in the Lloyd's SII programme and the use of the internal model for Lloyd's capital setting has been a strong driver for the embedding of the model into business as usual. SIMA's programme to prepare for SII will continue to completion in 2016.

Transition to FRS 102

This is the first year that the Syndicate has presented its results under FRS 102 "The Financial Reporting Standard, applicable in the UK and Republic of Ireland". The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. In accordance with FRS 102, the Syndicate has identified its insurance contracts and accounted for them in accordance with FRS 103"Insurance Contracts". The impact of the transition to FRS 102 is set out in note 23. The impact of transition on the result for the year was £nil for the comparative period and the impact on opening members balances at 1 January 2014 was £nil.

Future Developments

The Syndicate will continue to transact the current classes of general insurance and reinsurance business. If opportunities arise to write new classes of business, these will be investigated at the appropriate time.

Whilst the Syndicate has not written to planned levels, the results to date have been in line with revised expectations. The current rating environment still provides opportunities for growth, either organically or by adding new strategies. The capacity for the 2016 year of account is £92 million.

Directors Serving in the Year

The directors of the Managing Agency who held office during the year were as follows:

M Channell (Chief Operating Officer)
C Cooper (Finance Director)
M Cramér Manhem (Group Non-Executive)*(appointed 29 June 2015)
M Dashfield (Chief Executive Officer)
L Ek (Group Non-Executive)*
H Franks (Independent Non-Executive)*
R Harman (Chief Underwriting Officer and Active Underwriter)
J Mantz (Independent Non-Executive and chair of the Audit Committee and Remuneration and Nomination Committee)*
A Smith (Chief Risk Officer)
G Thorstensson (Chairman and Group Non-Executive)*
A Waters (Group Non-Executive)*(resigned 31 March 2015)
H Westcott (Senior Independent Non- Executive and chair of the Risk and Capital Committee)*

*Non- Executive Directors

The directors of the managing agent are covered by the Sirius Group indemnity provision policy, which was in force during the financial year and at the date of signing the annual accounts.

Statement of disclosure of information to auditors

Each of the persons who are a director of the Managing Agent at the date of this report confirms that:

- So far as each of them is aware, there is no information relevant to the audit of the Syndicate's annual accounts for the year ended 31 December 2015 of which the auditors are unaware; and
- The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Auditors

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (IAD) require that the auditor of the Syndicate annual accounts be appointed by the member of the Syndicate.

The Syndicate independent auditors are PricewaterhouseCoopers LLP, they have indicated their willingness to continue in office. A resolution for their reappointment as the recognised auditor for the Syndicate for the 2016 year end will be proposed.

On behalf of the Board,

M Dashfield

Chief Executive Officer

14 March 2016

Statement of Managing Agent's Responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual accounts as at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and Financial Reporting Standard 103 Insurance Contracts ("FRS 103"). The annual accounts are required by law to give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRSs 102 and 103 have been followed, subject to any material departures disclosed and explained in the annual accounts;
- notify the members in writing about the use of disclosure exemptions, if any, of FRS 102 and FRS 103 used in preparation of the annual accounts; and
- prepare the annual accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to presume that the syndicate will do so.

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

On behalf of the Board,

M Dashfield

Chief Executive Officer

14 March 2016

Independent Auditors Report to the Members of Syndicate 1945

Report on the syndicate annual accounts

Our Opinion

In our opinion, Syndicate 1945's syndicate annual accounts (the "syndicate annual accounts"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2015 and of its loss 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 2015, included within Annual Report and Accounts (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015
- the Profit and Loss Account and the Statement of Comprehensive Income for the year then ended
- the Statement of Changes in Members' Balances
- the Statement of Cash Flows, and
- the notes to the syndicate annual accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the syndicate annual accounts is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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 9, the Managing Agent is responsible for the preparation of the 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.

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with 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 assurance that the syndicate annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable:

- 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 Annual Report 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.

Kirstie Hanley (Senior statutory auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15th March 2016

Profit and Loss Account: Technical Account – General Business

For the year ended 31 December 2015

	Note	2015 £000	£000	2014 £000	£000
Earned premiums, net of reinsurance					
Gross premiums written	6	**83,398**		66,980	
Outwards reinsurance premiums		**(7,173)**		(3,315)	
			76,225		63,665
Change in the provision for unearned premiums	17				
Gross amount		**(10,529)**		(5,334)	
Reinsurers share		**1,527**		32	
			(9,002)		(5,302)
			67,223		58,363
Allocated investment return transferred from the non-technical account	10				
			129		142
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	6	**(32,514)**		(23,346)	
Reinsurers' share		**1,635**		462	
			(30,879)		(22,884)
Change in the provision for claims	17				
Gross amount	6	**(13,995)**		(7,266)	
Reinsurers' share		**1,255**		460	
			(12,740)		(6,806)
Claims incurred, net of reinsurance			**(43,619)**		(29,690)
Net operating expenses	8		**(27,125)**		(23,690)
Balance on the technical account – general business			**(3,392)**		5,125

All operations relate to continuing activities

Profit and Loss Account: Non-Technical Account

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Balance on the technical account – general business	**(3,392)**	5,125
Investment income	**136**	154
Unrealised gains on investments	**3**	-
Investment expenses and charges	**(5)**	(3)
Unrealised losses on investments	**(5)**	(9)
Allocated investment return transferred to technical account	**(129)**	(142)
Loss on foreign exchange	**(646)**	(460)
(Loss) / Profit for the financial year	**(4,038)**	4,665

All operations relate to continuing activities.

Statement of Comprehensive Income

	2015 £'000	2014 £'000
(Loss) / (Profit) for the financial year	**(4,038)**	4,665
Currency translation differences	**97**	557
Total comprehensive income	**(3,941)**	5,222

Balance Sheet – Assets

	Note	2015 £000	£000	2014 £000	£000
Investments					
Other financial investments	*11*		**32,945**		32,004
Reinsurers' share of technical provisions	*17*				
Provision for unearned premiums		**2,820**		1,201	
Claims outstanding		**2,168**		853	
			4,988		2,054
Debtors					
Debtors arising out of direct insurance operations	*12*	**12,859**		8,710	
Debtors arising out of reinsurance operations	*13*	**13,688**		9,999	
Other debtors		**3,779**		2,090	
			30,326		20,799
Other assets					
Cash at bank and in hand		**9,284**		2,395	
Overseas deposits		**8,685**		3,291	
			17,969		5,686
Prepayments and accrued income					
Accrued interest and rent					
Deferred acquisition costs	*14*	**10,514**		7,612	
Other prepayments and accrued income		**14**		6	
			10,528		7,618
Total assets			**96,756**		68,161

Balance Sheet – Liabilities

	Note	2015 £000	£000	2014 £000	£000
Capital and reserves					
Members' balances			**(9,805)**		(4,058)
Technical provisions	*17*				
Provision for unearned premiums		**36,682**		25,696	
Claims outstanding		**48,510**		33,525	
			85,192		59,221
Creditors	*18*				
Creditors arising out of direct insurance operations		**1,264**		468	
Creditors arising out reinsurance operations		**4,365**		3,376	
Other creditors		**5,986**		3,504	
			11,615		7,348
Accruals and deferred income			**9,754**		5,650
Total liabilities and equity			**96,756**		68,161

The notes on pages 17 to 39 form an integral part of these annual accounts.

The Syndicate financial statements on pages 12 to 39 were approved by the Board of SIMA on 11 March 2016 and were signed on its behalf by

M Dashfield

Director

14 March 2016

Statement of Changes in Members' Balances

	2015 £'000	2014 £'000
Balance at 1 January	**(4,058)**	(11,624)
Profit / Loss for the year	**(4,038)**	4,655
Other comprehensive income	**97**	557
Payment of 2012 closed year of account profit	**(1,797)**	-
Collection of 2011 closed year of account loss	**-**	2,344
Amount owed to Syndicate in respect of expenses	**(9)**	
Balance at 31 December	**(9,805)**	(4,058)

Members participate on Syndicates by reference to years of account (YOA) 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.

Statement of Cash Flows

	Note	2015 £000	£000	2014 £000	£000
Cash flows from operating activities					
Profit for the year		**(4,038)**		4,665	
Adjustments					
Net (gains)/losses on other financial instruments		**(551)**		949	
Net unrealised foreign exchange (gains)/losses		**97**		557	
Net interest and dividends receivable		**(129)**		(142)	
Interest received		**132**		151	
Movements in operating assets and liabilities:					
Acquisitions of other financial instruments		**(18,682)**		(18,166)	
Proceeds from sale of other financial instruments		**12,607**		9,582	
Increase in reinsurers' share of technical provisions		**(2,934)**		(565)	
Increase in deferred acquisition costs		**(2,902)**		(1,148)	
Increase in debtors		**(9,544)**		(11,075)	
Increase in technical provisions		**25,971**		14,039	
Increase in creditors		**4,267**		2,772	
Increase in accruals and deferred income		**4,104**		2,284	
Net cash flow from operating activities			**8,398**		3,903
Net cash flow from financing activities:					
Transfer from / (to) to members in respect of underwriting participations		**(1,797)**		2,344	
Net cash outflow from financing activities			**(1,797)**		2,344
Net increase in cash and cash equivalents			**6,601**		6,247
Cash and cash equivalents at 1 January			**20,528**		14,021
Effect of exchange rate changes on cash and cash equivalents			**81**		260
Cash and cash equivalents at 31 December	*19*		**27,210**		20,528

Notes to the Accounts at 31 December 2015

1. Basis of preparation

Syndicate 1945 ('The Syndicate') comprises a member of the Society of Lloyds that underwrites insurance business in the London Market. The address of the Syndicate's managing agent is The St Botolph Building, 138 Houndsditch, London, EC3A 7AR.

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 financial statements are presented in Pound Sterling (GBP), consistent with the presentational currency for reporting to Lloyd's following the introduction of FRS 102, with effect from 1 January 2015. The functional currency of the Syndicate is US Dollars (USD) which is the major currency in which business is written and cost incurred. Amounts are presented rounded to the nearest thousands, except where stated.

2. Change to accounting policies

These are the first set of financial statements prepared by the Syndicate in accordance with FRS 102.

In its transition to FRS 102 from previous UK GAAP, the Syndicate has made measurement adjustments. An explanation of how the transition to FRS 102 has affected the financial position and performance of the Syndicate is provided in note 23.

3. Use of judgments 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.

Claims provisions

The measurement of the provision for claims outstanding involves judgments and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgment is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate Managing Agent's in house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate so no adverse run-off deviation is envisaged.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 5 and further information about the amounts of claims outstanding and IBNR is included in note 17.

Pipeline premium

The Syndicate makes an estimate of premiums written during the year that have not yet been notified by the end of the financial year ("pipeline premiums") based on business written but not yet signed and previous experience. The pipeline premium included in gross written premium is £21.8 million (2014:£14.6 million).

4. Significant 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 financial statements.

Premiums written

Gross premiums written reflect direct and inwards reinsurance business written during the period, gross of commission payable to intermediaries, and exclude any taxes or duties based on premiums. Premiums written include estimates for 'pipeline' premiums representing amounts due to the Syndicate not yet notified and adjustments to estimates of premiums written in previous periods. The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period based on the pattern of the risks underwritten. Outwards reinsurance premiums on quota share policies are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. Excess of loss reinsurance policies are accounted for over their term.

Insurance contracts are those contracts that transfer significant risk.

Unearned premiums

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial periods, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Acquisition costs

Costs incurred in acquiring general insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

Claims provisions

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). Anticipated salvage and subrogation and other recoveries are recognised as other assets.

IBNR amounts are based on statistical techniques of estimation, generally involving projecting from past experience of the development of claims over time.

Claims recoveries

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

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised.

Unexpired risks provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and unexpired claims provisions.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Transactions in functional currency are translated to the presentational currency using average exchange rates for the period. Assets and liabilities are translated from functional currency to presentational currency at the rates of exchange at the balance sheet date.

Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of FRS 102 chapters 11 and 12.

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 statement of profit or loss and other comprehensive Income. 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 units in unit trusts, 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.

The Syndicate does not hold financial assets or financial liabilities for trading purposes.

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.

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest and dividend income.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Identification and measurement of impairment

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Off-setting

Financial assets and financial liabilities are set off and the net amount presented in the balance sheet when, and only when, the Syndicate currently has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Investment return

Investment income comprises interest income and realised investment gains. Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest payable, realised losses and impairment losses.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business 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.

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 (currently at 20%) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

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

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

Pension costs

SIMA does not employ any staff directly and does not operate a pension scheme. No pension contributions are charged directly to the Syndicate.

Profit commission

Until 30 June 2014 Asta Managing Agency Ltd (AMA) was the managing agent of the syndicate. The AMA agreement included provision for a profit commission at a rate of 7.5% of the profit on a year of account basis and this was not subject to a deficit clause. This is charged to the Syndicate as incurred but does not become payable until after the appropriate year of account closes, normally at 36 months. The SIMA Managing Agency agreement does not include provision for any profit commission.

Related party transactions

The syndicate discloses transactions with related parties including parties not wholly owned within the Group.

5. Risk and capital management

Introduction and overview

This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing Agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Board has established a Risk and Capital Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. Additionally, the Board of SIMA has delegated oversight aspects of insurance risks to the Underwriting and Reserving Committees, which are responsible for monitoring insurance and reserving risk management policies, and the management of aspects of financial risks to the Investment Committee, which is responsible for developing and monitoring financial risk management policies.

The Risk and Capital Committee reports regularly to the Board of Directors on its activities. Similarly the Underwriting, Reserving and Investment Committees report regularly to the Board on their areas of responsibility.

The risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Insurance Risk

Management of insurance risk

A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Syndicate's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well-diversified book is maintained with no over exposure in any one geographical region.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements.)

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss, stop loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the Syndicate's appetite additional facultative reinsurance is also purchased.

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserving risk.

The Syndicate Managing Agent's in house actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters and claims staff. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the Reserving Committee makes recommendations to the Managing Agent's Board of Directors of the claims provisions to be established.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate so no adverse run-off deviation is envisaged.

Concentration of insurance risk

The Syndicate's exposure to insurance risk is well diversified. The following table provides an analysis of the geographical breakdown of its written premiums by class of business, which the directors consider to be the major types of insurance exposures.

Year 2015	Accident & Health	Marine, aviation and transport	Fire and other damage to property	Pecuniary loss	Reinsurance	Total £000
UK	**8,584**	**3,660**	**5,804**	**3,098**	**20,202**	**41,348**
EU	**583**	**249**	**394**	**211**	**1,372**	**2,809**
US	**5,684**	**2,424**	**3,843**	**2,051**	**13,377**	**27,379**
Canada	**835**	**356**	**565**	**301**	**1,966**	**4,023**
Other	**1,628**	**694**	**1,100**	**587**	**3,830**	**7,839**
Total	**17,314**	**7,383**	**11,706**	**6,248**	**40,747**	**83,398**

Year 2014	Accident & Health	Marine, aviation and transport	Fire and other damage to property	Pecuniary loss	Reinsurance	Total £000
UK	5,947	655	5,078	2,850	19,700	34,230
EU	214	24	183	102	708	1,231
US	3,753	413	3,204	1,798	12,431	21,599
Canada	557	61	476	267	1,846	3,207
Other	1,166	128	996	559	3,864	6,713
Total	11,637	1,281	9,937	5,576	38,549	66,980

Key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends can be applied in the future. The assumptions used to determine the sensitivity have not changed from the prior year.

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR).

The provision for claims outstanding is the key insurance risk faced by the Syndicate. The directors consider that a 5% variation in the value of claims outstanding is a realistic spread of the uncertainty, and the effect this would have on profit and members balances is illustrated in the tables below:

	2015 Gross		2015 Net	
	5% increase	5% decrease	5% increase	5% decrease
Accident & Health	(657)	657	(640)	640
Marine, aviation and transport	(137)	137	(126)	126
Fire and other damage to property	(225)	225	(223)	223
Pecuniary loss	(395)	395	(281)	281
Reinsurance	(911)	911	(911)	911
Total	**(2,325)**	**2,325**	**(2,181)**	**2,181**

	2014 Gross		2014 Net	
	5% increase	5% decrease	5% increase	5% decrease
Accident & Health	(524)	524	(523)	523
Marine, aviation and transport	(61)	61	(53)	53
Fire and other damage to property	(223)	223	(223)	223
Pecuniary loss	(94)	94	(59)	59
Reinsurance	(629)	629	(626)	626
Total	(1,531)	1,531	(1,484)	1,484

The assumptions used to determine the sensitivity have not changed from the prior year.

Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation.

The Syndicate is exposed to credit risk in respect of the following:

- Debt securities
- Reinsurers' share of insurance liabilities
- Amounts due from intermediaries
- Amounts due from reinsurers in respect of settled claims
- Cash and cash equivalents
- Other debtors and accrued interest

The nature of the Syndicate's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Management of credit risk

The key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers. The Board's policy is that the Syndicate will normally only reinsure with businesses rated in the A range or higher. SIMA participates in the Sirius

Group Security Committee which assesses and is required to approve all new reinsurers before business is placed with them. No reinsurance was purchased by the Syndicate for the closed 2011 and 2012 years of account.

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 reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

Credit risk in respect of debt securities and financial assets is managed by monitoring exposure to individual counterparties and participation in money market funds and collective investment schemes.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance and reinsurance operations, cash at bank and in hand, and other debtors and accrued interest that are neither past due, nor impaired.

Year 2015	AAA £000	AAA £000	A £000	BBB £000	Not rated £000	Total £000
Financial investments						
Debt securities and other fixed income securities	**26,701**	**-**	**-**	**-**	**4,868**	**31,569**
Deposits with credit institutions	**-**	**-**	**-**	**-**	**1,376**	**1,376**
Other assets						
Overseas deposits	**5,470**	**2.071**	**938**	**189**	**17**	**8,685**
Reinsurers' share of claims outstanding	**-**	**-**	**2,161**		**7**	**2,168**
Debtors arising out of reinsurance operations	**-**	**-**	**849**	**-**	**143**	**992**
Cash at bank and in hand	**-**	**-**	**9,284**	**-**	**-**	**9,284**
Total	**32,171**	**2,071**	**13,232**	**189**	**6,411**	**54,074**

Year 2014	AAA £000	AAA £000	A £000	BBB £000	Not rated £000	Total £000
Financial investments						
Debt securities and other fixed income securities	27,757	-	-	-	4,247	32,004
Deposits with credit institutions	-	-	-	-	-	-
Other assets						
Overseas deposits	1,638	1,094	434	38	87	3,291
Reinsurers' share of claims outstanding	-	-	853	-	-	853
Debtors arising out of reinsurance operations	-	-	565	-	-	565
Cash at bank and in hand	-	-	2,395	-	-	2,395
Total	29,395	1,094	4,247	38	4,334	39,108

At 31 December 2015 and 2014, the largest concentration of credit risk in the Syndicate's debt security portfolio was in governments and government agencies. At 31 December 2015, the Syndicate's credit risk exposure to the United States government, £ 10.8 million (2014: 11.8 million),

The following table shows a disaggregation of the assets and liabilities reported on the balance sheet.

	2015 £000	£000	2014 £000	£000
Assets				
Financial investments				
Debt securities	**31,569**		32,004	
Deposits with credit institutions	**1,376**		-	
Overseas deposits	**8,685**		3,291	
Reinsurers' share of claims outstanding	**2,168**		853	
Reinsurers' share of unearned premium	**2,820**		1,201	
Debtors arising from direct insurance operations	**12,859**		8,710	
Debtors arising from ceding insurers	**12,,696**		9,434	
Debtors arising from contracts ceded	**992**		565	
Cash at bank	**9,284**		2,395	
Other debtors	**3,779**		2,090	
Deferred acquisition costs	**10,514**		7,612	
Accrued income	**14**		6	
Total Assets		**96,756**		68,161
Liabilities				
Claims outstanding	**48,510**		33,525	
Unearned premiums	**36,682**		25,696	
Creditors arising from direct insurance operations	**1,264**		468	
Creditors arising from reinsurance business accepted	**1,424**		1,485	
Creditors arising from reinsurance business ceded	**2,941**		1,891	
Other creditors	**5,986**		3,504	
Accruals and deferred income	**9,754**		5,650	
Total Liabilities		**106,561**		72,219
Members balances at 31 December		**(9,805)**		(4,058)

Financial assets that are past due or impaired.

The Syndicate has no debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. The Syndicate does not consider these debtors to be impaired on the basis of stage of collection of amounts owed to the Syndicate.

The syndicate also has no debtors arising from direct insurance operations that are impaired at the reporting date.

In preparation of this analysis debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

Year 2015	Neither past due nor impaired £000	Past due £000	Impaired £000	Total £000
Debt securities	31,569	-	-	31,569
Deposits with credit institutions	1,376	-	-	1,376
Overseas deposits	8,685	-	-	8,685
Reinsurers' share of claims outstanding	2,168	-	-	2,168
Debtors arising out of reinsurance operations	992	-	-	992
Cash at bank and in hand	9,284	-	-	9,284
Insurance debtors	23,566	-	-	23,566
Other debtors	3,779	-	-	3,779
Total credit risk	81,419	-	-	81,419

Year 2014	Neither past due nor impaired £000	Past due £000	Impaired £000	Total £000
Debt securities	32,004	-	-	32,004
Deposits with credit institutions	-	-	-	-
Overseas deposits	3,291	-	-	3,291
Reinsurers' share of claims outstanding	853	-	-	853
Debtors arising out of reinsurance operations	565	-	-	565
Cash at bank and in hand	2,395	-	-	2,395
Insurance debtors	15,007	-	-	15,007
Other debtors	2,090	-	-	2,090
Total	56,205	-	-	56,205

Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts.

The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation.

The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term
- The Syndicate purchases assets with durations not greater than its estimated insurance contract outflows
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts
- The Syndicate holds a working capital borrowing facility from Sirius International Insurance Corporation (publ) to enable cash to be raised in a relatively short time-span
- The Syndicate regularly reviews its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts. For insurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. Financial assets have a maturity profile of less than one year.

		Undiscounted net cash flows					
Year 2015	**Carrying amount £000**	**Less than 1 Year £000**	**1-2 years £000**	**2-5 years £000**	**5-10 years £000**	**More than 10 years £000**	**Total £000**
Outstanding claim liabilities	**48,510**	**31,877**	**9,669**	**6,576**	**388**	**0**	**48,510**
Other creditors	**11,615**	**11,413**	**202**	**0**	**0**	**0**	**11,615**
Total	**60,125**	**43,290**	**9,871**	**6,576**	**388**	**0**	**60,125**

		Undiscounted net cash flows					
Year 2014	Carrying amount £000	Less than 1 year £000	1-2 years £000	2-5 years £000	5-10 years £000	More than 10 years £000	Total £'000
Outstanding claim liabilities	33,525	16,936	10,289	5,033	1,267	0	33,525
Other creditors	7,348	7,334	14	0	0	0	7,348
Total	40,873	24,270	10,303	5,033	1,267	0	40,873

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risks

For each of the major components of market risk the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Syndicate at the reporting date to each major risk are addressed below.

Interest rate risk

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis.

Currency risk

The Syndicate writes business primarily in Sterling, US dollar, Australian dollar and Euro, and is therefore exposed to currency risk arising from fluctuations in the exchange rates of Sterling against these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts.

The table below summarises the carrying value of the syndicate's assets and liabilities, at the reporting date:

Year 2015	UK £ £000	US $ £000	CAD $ £000	Euro £000	AUD $ £000	Other £000	Total £000
Total assets	**(1,782)**	**75,814**	**4,622**	**6,024**	**10,157**	**1,921**	**96,756**
Total liabilities	**(26,546)**	**(61,115)**	**(3,596)**	**(3,781)**	**(10,770)**	**(753)**	**(106,561)**
Net assets	**(28,328)**	**14,699**	**1,026**	**2,243**	**(613)**	**1,168**	**(9,805)**

Year 2014	UK £ £000	US $ £000	CAD $ £000	Euro £000	AUD $ £000	Other £000	Total £000
Total assets	(5,144)	54,942	5,306	4,824	7,724	509	68,161
Total liabilities	(17,832)	(41,429)	(2,660)	(2,362)	(7,482)	(454)	(72,219)
Net assets	(22,976)	13,513	2,646	2,462	242	55	(4,058)

The Sterling net assets are negative partly as a result of an outstanding parent loan. The Syndicate has surplus US dollars which it uses to fund Sterling expenses and there are further parent loan funds which, as mentioned in note 20, may be called upon if necessary.

Sensitivity analysis to market risks for financial instruments

An analysis of the Syndicate's sensitivity to interest rate, currency and other price risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, if that change had occurred at the end of the reporting period and had been applied to the risk exposures at that date.

	2015 Impact on net assets £000	2014 Impact on net assets £000
Interest rate risk		
+ 50 basis points shift in interest rates	**(50)**	(18)
- 50 basis points shift in interest rates	**50**	18
Currency risk		
10 percent increase in USD/GBP exchange rate	**(1,671)**	(1,712)
10 percent decrease in USD/GBP exchange rate	**1,671**	1,712
10 percent increase in USD/Euro exchange rate	**224**	246
10 percent decrease in USD/Euro exchange rate	**(224)**	(246)

The impact of the reasonably possible changes in the risk variables on Members' balances would be the same, since the Syndicate recognises all changes in recognised assets and liabilities in profit or loss.

A 10% increase (or decrease) in exchange rates, a 50 basis point increase in yield curves and an 50 basis point decrease in yield curves have be selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs.

Capital management

Capital framework at Lloyd's

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

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's would comply with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level, Accordingly, the capital requirement in respect of Syndicate 1945 is not disclosed in these financial statements.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its Solvency Capital Requirement (SCR) for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates) on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2016 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), assets held and managed within a syndicate (funds in syndicate), or as the member's share of the members' balances on each syndicate on which it participates.

Accordingly any surplus of assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet on pages14 and 15, represent resources available to meet members' and Lloyd's capital requirements.

6. Analysis of underwriting result

Year 2015	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance						
Accident and health	**17,314**	**15,023**	**(13,133)**	**(5,932)**	**(469)**	**(4,511)**
Marine, aviation and transport	**7,383**	**4,387**	**(2,743)**	**(1,749)**	**(1,703)**	**(1,808)**
Fire and other damage to property	**11,706**	**9,775**	**(4,499)**	**(4,027)**	**(964)**	**285**
Pecuniary loss	**6,248**	**5,783**	**(7,890)**	**(1,206)**	**(18)**	**(3,331)**
Reinsurance	**40,747**	**37,902**	**(18,245)**	**(13,319)**	**(494)**	**5,844**
Total	**83,398**	**72,870**	**(46,510)**	**(26,233)**	**(3,648)**	**(3,521)**

Year 2014	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance						
Accident and health	11,637	11,489	(10,469)	(5,146)	-	(4,126)
Marine, aviation and transport	1,282	1,074	(1,218)	(399)	(8)	(551)
Fire and other damage to property	9,936	7,321	(4,463)	(3,013)	(904)	(1,059)
Pecuniary loss	5,576	6,042	(1,878)	(2,266)	(422)	1,476
Reinsurance	38,549	35,720	(12,584)	(13,541)	(352)	9,243
Total	66,980	61,646	(30,612)	(24,365)	(1,686)	4,983

The Syndicate recognised a loss of £1,863k in the year on buying reinsurance (2014: loss of £1,670k).

The gross premiums written for direct insurance by business origin is presented in the table below:

	2015 £000	2014 £000
United Kingdom	**41,348**	34,230
Other European Union Member States	**2,809**	1,231
US	**27,379**	21,599
Other countries	**11,862**	9,920
Total gross premiums written	**83,398**	66,980

7. Claims outstanding

The tables below show the movements on claims reserves brought forward.

2015	Gross £'000	Reinsurers' share £000	Net £000
At 1 January 2015	**33,525**	**(853)**	**32,672**
Claims incurred in current underwriting year	**51,753**	**(2,163)**	**49,590**
Claims incurred in prior underwriting years	**(5,243)**	**(728)**	**(5,971)**
Claims paid during the year	**(32,514)**	**1,635**	**(30,879)**
Foreign exchange	**989**	**(59)**	**930**
At 31 December 2015	**48,510**	**(2,168)**	**46,342**

2014	Gross £'000	Reinsurers' share £000	Net £000
At 1 January 2014	25,444	(370)	25,074
Claims incurred in current Underwriting year	40,718	(1,047)	39,671
Claims incurred in prior underwriting years	(10,106)	125	(9,981)
Claims paid during the year	(23,346)	462	(22,884)
Foreign exchange	815	(23)	792
At 31 December 2014	33,525	(853)	32,672

The Syndicate has experienced a positive run off deviation of £3,679k in the year, predominantly in respect of Accident & Health business (2014: £8,872k, predominantly in respect of Accident & Health business.)

8. Net operating expenses

The syndicate is charged a managing agency fee at a rate of 0.5% of stamp capacity with all necessary expenses incurred in the administration of the Syndicate being charged to the Syndicate.

	2015 £000	2014 £000
Acquisition costs:		
Brokerage and commissions	**19,528**	14,966
Other acquisitions costs	**2,968**	2,991
	22,496	17,957
Change in deferred acquisition costs	**(2,764)**	(947)
Administrative expenses	**6,954**	5,096
Members' standard personal expenses	**1,332**	2,289
Reinsurance commissions and profit participation	**(893)**	(705)
Net operating expenses	**27,125**	23,690

Total commissions for direct insurance business for the year amounted to £9.0 million (2014: £6.5 million).

Administrative expenses include:

	2015 £000	2014 £000
Auditors' remuneration:		
– Fees payable to the Syndicate's auditor for the audit of these financial statements	**158**	158
– Fees payable to the Syndicate's auditor and its associates in respect of other services	**69**	61
Total	**227**	219

9. Directors and management personnel compensation

The emoluments of the active underwriter and the other directors of Sirius International Managing Agency Limited are borne by Sirius International Insurance Corporation (PUBL) or other members of the group and are not separately identifiable from the fee charged by Sirius to the Syndicate. Fees of the independent non-executive directors are borne by SIMA, and no emoluments were directly charged to the Syndicate in 2015.

No other compensation was payable to key management personnel.

10. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2015 £000	2014 £000
Investment income		
Interest	**292**	171
Realised gains	**4**	3
Unrealised gains	**3**	-
Investment expenses and charges:		
Investment management expenses, including interest	**(48)**	(3)
Losses on the realisation of investments	**(117)**	(20)
Unrealised losses on investments	**(5)**	(9)
Total investment return	**129**	142

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2015 £000	2014 £000
Financial assets at fair value through profit or loss	**135**	103
Interest income	**42**	42
Interest expense	**(43)**	-
Investment management expenses, excluding interest	**(5)**	(3)
Total investment return	**129**	142

The table below presents the average amounts of funds in the year per currency and analyses by major currency the average investment yields in the year.

	2015 £000	2014 £000
Average amount of Syndicate funds available for investment during the year		
Sterling	**3,700**	1,520
Euro	**3,091**	1,953
US dollar	**27,725**	19,257
Canadian dollar	**4,030**	3,671
Other	**7,132**	3,889
Total funds available for investment, in sterling	**45,678**	30,290
Total investment return		
Annual investment yield		
Sterling	**0.18 %**	0.58 %
Euro	**(0.04) %**	0.01 %
US dollar	**0.09 %**	0.05 %
Canadian dollar	**0.66 %**	0.93 %
Other	**1.59%**	2.35%
Total annual investment yield, in sterling	**0.37 %**	0.48 %

11. Financial investments

	Carrying value		Cost	
	2015 £000	2014 £000	2015 £000	2014 £000
Shares and other variable yield securities and units in unit trusts	**20,762**	20,242	**20,762**	20,242
Debt securities and other fixed income securities				
Government and supranational securities	**10,807**	11,762	**10,819**	11,771
Deposits with credit institutions	**1,376**	-	**1,376**	-
Total financial investments	**32,945**	32,004	**32,957**	32,013

	2015 £000	2014 £000
Financial assets measured at fair value through profit or loss	**32,945**	32,004
Total financial investments	**32,945**	32,004

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy, as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets
- Level 2 – Prices based on recent transactions in identical assets (either unadjusted or adjusted)
- Level 3 – Prices determined using a valuation

The table below analyses financial instruments held at fair value in the Syndicate's balance sheet at the reporting date by its level in the fair value hierarchy.

2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	**4,868**	**15,875**	**19**	**20,762**
Debt securities and other fixed income securities	**10,807**	**-**	**-**	**10,807**
Loans and deposits with credit institutions	**1,376**	**-**	**-**	**1,376**
Total	**17,051**	**15,875**	**19**	**32,945**

2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	8,079	12,163	-	20,242
Debt securities and other fixed income securities	11,762	-	-	11,762
Loans and deposits with credit institutions	-	-	-	-
Total	19,841	12,163	-	32,004

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Units in unit trusts and OEICs are valued using the latest unit price or share price provided by the unit trust or OEIC managers. Shares and other variable securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured on prices of recent transactions in the same instrument. The Syndicate has no exposure to hedge funds.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy...
Corporate bonds, including asset backed securities that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events.

At the reporting date all debt instruments assets were valued using valuation techniques based on observable market data.

12. Debtors arising out of direct insurance operations

	2015 £000	2014 £000
Amounts due from intermediaries:		
Due within one year	**12,859**	8,710
Due after one year	-	-

13. Debtors arising out of reinsurance operations

	2015 £000	2014 £000
Amounts due within one year	**13,668**	9,999
Amounts due after one year	-	-

14. Deferred acquisition costs

The table below shows changes in deferred acquisition costs assets from the beginning of the period to the end of the period.

	2015 £000	2014 £000
Balance at 1 January	**7,612**	6,464
Incurred costs deferred	**22,496**	17,957
Amortisation	**(19,732)**	(17,010)
Effect of movements in exchange rates	**138**	201
Balance at 31 December	**10,514**	7,612

15. Year of account development

Year of account	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	Total £000
2011	(2,278)	(230)	164	-	-	(2,344)
2012	-	(5,037)	270	6,564	-	1,797
2013	-	-	(4,514)	4,545	4,402	4,433
2014	-	-	-	(5,886)	419	(5,467)
2015	-	-	-	-	(8,762)	(8,762)
Calendar year result	(2,278)	(5,267)	(4,080)	5,223	(3,941)	(10,343)

A distribution of £4.4 million to members will be paid in respect of 2013 year of account (2014: £1.8 million in relation to the 2012 year of account).

16. Claims development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. Balances have been translated at exchange rates prevailing at 31 December 2015 in all cases.

Pure underwriting year - gross	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	Total £000
Estimate of incurred gross claims						
At end of underwriting year	**865**	**17,792**	**24,747**	**24,748**	**28,992**	**97,144**
One year later	**4,413**	**29,831**	**38,062**	**47,088**		**119,394**
Two years later	**3,759**	**24,230**	**34,700**			**62,689**
Three years later	**3,177**	**23,953**				**27,130**
Four years later	**2,953**					**2,953**
Less gross claims paid	**2,977**	**23,589**	**28,083**	**25,200**	**9,327**	
Gross ultimate claims reserve for 2010 and prior years						
Gross claims reserves	**(24)**	**364**	**6,617**	**21,888**	**19,665**	**48,510**

Pure underwriting year - net	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	Total £000
Estimate of incurred net claims						
At end of underwriting year	865	17,792	24,291	23,746	27,757	94,451
One year later	4,413	29,831	37,598	44,184		116,026
Two years later	3,759	24,230	34,404			62,393
Three years later	3,177	23,953				27,130
Four years later	2,953					2,953
Less net claims paid	2,977	23,589	27,843	23,865	8,635	
Net ultimate claims reserve for 2010 and prior years						
Net claims reserves	(24)	364	6,561	20,319	19,122	46,342

17. Technical Provisions

The table below shows changes in the insurance contract liabilities and assets from the beginning of the period to the end of the period.

	2015 Gross provisions £000	2015 Reinsurance assets £000	2015 Net £000	2014 Gross provisions £000	2014 Reinsurance assets £000	2014 Net £000
Incurred claims outstanding:						
Claims notified	**12,887**	**(475)**	**12,412**	6,985	(25)	6,960
Claims incurred but not reported	**20,638**	**(378)**	**20,260**	18,459	(345)	18,114
Balance at 1 January	**33,525**	**(853)**	**32,672**	25,444	(370)	25,074
Change in prior year provisions	**(5,243)**	**(728)**	**(5,971)**	(10,106)	125	(9,981)
Expected cost of current year claims	**51,753**	**(2,163)**	**49,590**	40,718	(1,047)	39,671
Claims paid during the year	**(32,514)**	**1,635**	**(30,879)**	(23,346)	462	(22,884)
Effect of movements in exchange rates	**989**	**(59)**	**930**	815	(23)	792
Balance at 31 December	**48,510**	**(2,168)**	**46,342**	33,525	(853)	32,672
Claims notified	**22,959**	**(1,010)**	**21,949**	12,887	(475)	12,412
Claims incurred but not reported	**25,551**	**(1,158)**	**24,393**	20,638	(378)	20,260
Balance at 31 December	**48,510**	**(2,168)**	**46,342**	33,525	(853)	32,672
Unearned premiums						
Balance at 1 January	**25,696**	**(1,201)**	**24,495**	19,738	(1,120)	18,618
Premiums written during the year	**83,398**	**(7,173)**	**76,225**	66,980	(3,316)	63,664
Premiums earned during the year	**(72,869)**	**5,646**	**(67,223)**	(61,646)	3,283	(58,363)
Effect of movements in exchange rate	**457**	**(92)**	**365**	624	(48)	576
Balance at 31 December	**36,682**	**(2,820)**	**33,862**	25,696	(1,201)	24,495

18. Financial liabilities

	2015 £000	2014 £000
Creditors arising out of direct insurance	**1,264**	468
Creditors arising out of reinsurance operations	**4,365**	3,376
Amounts owed to credit institutions	**-**	-
Other creditors	**5,986**	3,504
Total financial liabilities at amortised cost	**11,615**	7,348

Other creditors include £5.4 million (2014 £ 3.3million) due to related undertakings.

19. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	**9,284**	2,395
Deposits with credit institutions	**17,926**	18,133
Bank overdrafts	**-**	-
Total cash and cash equivalents	**27,210**	20,528

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents.

20. Related parties

For the year to 31 December 2015 managing agent fees of £525k were paid to SIMA (2014: £987k.) No service charges were paid to SIMA in the period.

Until 30 June 2014 Asta Managing Agency Ltd (AMA) was the managing agent for the Syndicate. During 2014 managing agent fees of £494k and service charge fees £790k were paid to AMA. AMA continues to provide certain services to the Syndicate but following SIMA becoming the managing agent to the Syndicate they are no longer a related party.

Sirius International Insurance Corporation (SINT), the parent company of both SIMA and Sirius International Corporate Member Limited, provided management services to the Syndicate in 2015, the amount recharged was £9,055k (2014 £6,620k) of which £3,856k was outstanding at the end of the year. (2014 £4,820k.) In addition, expenses of £585k were paid by SINT on behalf of the Syndicate and recovered (2014 £379k.) Syndicate 1945 is also accounted for through the Sirius VAT group, and VAT of £32k was recovered on behalf of the Syndicate during the year (2014 £9k.)

The £10m drawdown facility provided to the Syndicatee by SINT remains in place. The Syndicate made no further drawdowns or repayments of this facility in 2015, and the amount owed remains at £3,000k, with a further £7,000k available to the Syndicate if required. Interest on the drawn balance in 2015 amounted to £115k (2014 £108k).

The sole capital provider for the Syndicate is Sirius International Corporate Member Limited, a wholly owned subsidiary of SINT.

Sirius America, a wholly-owned subsidiary of SINT, cedes business to Syndicate 1945. During 2015, premium ceded amounted to £5,836k with related brokerage and commissions of £1,709k and claims incurred of £4,004k (2014 premium £5,428k, brokerage and commissions £1,571k and claims £3,833k.)

Sirius International Insurance Corporation reinsures syndicate 1945. During 2015, premiums under these reinsurance contracts amounted to £1,157k and claims recoverable were £353k. (2014 premiums £1,296k and recoveries £166k.

During 2015 the Liege branch of SINT ceded business to Syndicate 1945. During 2015 premiums ceded amounted to £62k and claims incurred to £40k.

The Syndicate ceded business to Alstead Reinsurance Limited, a fellow subsidiary of Sirius International Insurance Group Ltd. Ceded premiums amounted to £16k (2014: nil) with related brokerage and commissions of £7k (2014: nil) and claims of £7k (2014: nil).

21. Off-balance sheet items

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

22. Post balance sheet events

Subsequent to the balance sheet date the Sirius group has been subject to sale negotiations which are ongoing. There are no other material post balance sheet events.

23. Explanation of transition to FRS 102 from previous UK GAAP

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS102.

The accounting policies set out in note 4 have been applied consistently in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Syndicate has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (old UK GAAP). There has been no material change in how the transition has affected the syndicate's financial position.

This is mainly due to the fact that the Syndicate has always treated both Deferred Acquisition Costs (DAC) and Unearned Premium Reserve (UPR) as non-monetary items. FRS 102 requires these items to be treated as monetary items and hence there has been no change to the treatment of the balances at 1 January 2014 or 31 December 2014.