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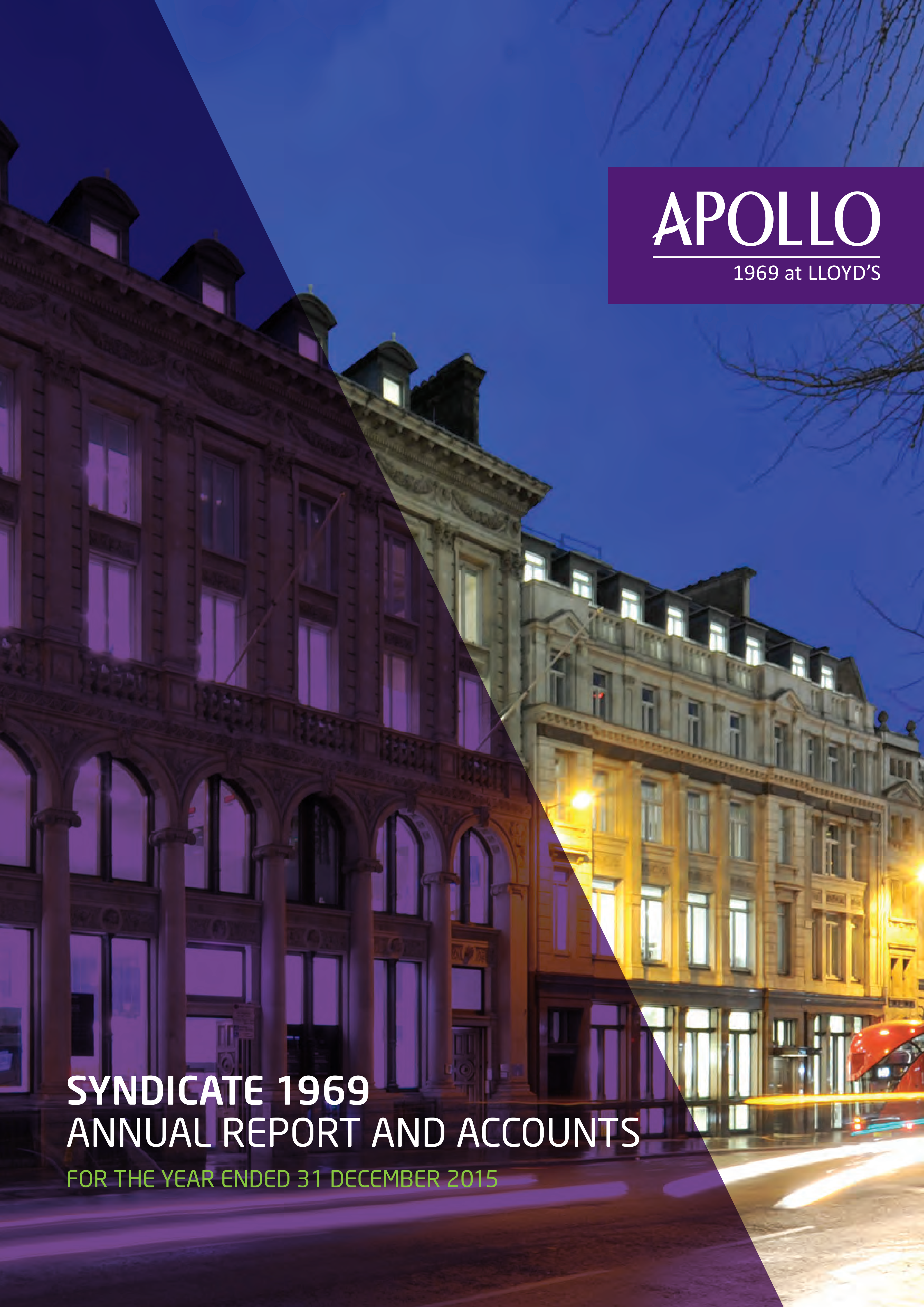

APOLLO
1969 at LLOYD'S

SYNDICATE 1969
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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SYNDICATE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015


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DIRECTORS AND ADMINISTRATION

MANAGING AGENT
Apollo Syndicate Management Limited

REGISTERED OFFICE
One Bishopsgate
London, EC2N 3AQ

COMPANY REGISTRATION NUMBER
09181578

COMPANY SECRETARY
IF Macdowall

DIRECTORS

JM Cusack	(Non-Executive Chairman)
S Althoff	(Non-Executive Director)
AP Hulse	(Non-Executive Director)
JN Owen	(Non-Executive Director)
DC B Ibeson	
PA Ellis	
NG Jones	
JD MacDiarmid	
SAC White	

ACTIVE UNDERWRITER
NG Jones

BANKERS
Lloyds Bank plc
Citibank
Royal Bank of Canada

AUDITOR
Deloitte LLP, London

BACKGROUND AND CURRENT PORTFOLIO

SYNDICATE 1969 BEGAN TRADING ON 1 JANUARY 2010, UNDERWRITING A SHORT-TAIL DIRECT PROPERTY FOCUSED ACCOUNT.

The 2015 year of account was the Syndicate's sixth year of underwriting and is showing steady progress towards building a balanced specialist insurance business at Lloyd's.

We are fully established in the areas of Direct & Facultative Property (D&F), North American Binding Authorities and International Property Treaty. During 2012 we commenced underwriting Specie & Cargo and in 2013 expanded the Non-marine Liability account and added Offshore Energy. More recently we have added Aviation, Terrorism, Personal Accident and Marine and Energy Liability to the portfolio.

We aim to build a high quality, profitable and flexible business for the long term. We aim to have a spread portfolio to reduce volatility and dependence on any one class but also to be able to react effectively to changing market conditions for the benefit of capital providers and clients. The Syndicate will maintain its focus on specialist, profitable, predominantly short-tail lines of business.

We will only recruit the highest calibre underwriters who have a profitable track record and experience in their class. We believe adding experienced and well respected underwriting teams will deepen the internal challenge and peer review aspect of the business and bring further intellectual capacity into the development of the business and controls for the future. These underwriters are capable of growing or shrinking their books depending on market conditions and can deliver top quartile performance based on their track record.

ACTIVE UNDERWRITER'S REPORT

In arriving at our forecast premium income figures and building out the newer classes of business, we are anticipating that market conditions will remain competitive over at least the next two years. Our objective is to build a business that delivers profit in a competitive market place rather than waiting for shifts in the market as a result of external events. We will, however, ensure that the infrastructure is capable of reacting to enable us to take advantage of an improved market, should such an event occur.

As a result of the traditional structure of our capital support and the fact that many senior underwriters and management are capital providers to the Syndicate, our business is not unduly influenced by capital or investor requirements to achieve growth targets. The third-party capital structure provides added discipline.

The Syndicate continually reviews the performance of each class and aims to reallocate premium where necessary (with Lloyd's approval), either to rebalance the portfolio in light of emerging experience or to take advantage of market opportunities. Underwriters aim to produce profit on both a gross and net of reinsurance basis.

£160m

Following the 14.3% pre-emption approved by Lloyd's, the Syndicate stamp was increased to £160.0m for the 2015 year of account. The approved gross net written premium is £152.9m.

2015 PORTFOLIO

Following the 14.3% pre-emption approved by Lloyd's, the Syndicate stamp was increased to £160.0m for the 2015 year of account. The approved gross net written premium is £152.9m. The strategy and focus of the D&F, Binding Authority and International Treaty classes continued unchanged for 2015. The D&F team is a market leader and has a successful track record since the Syndicate's inception.

The territorial focus continued to be the US, Caribbean and Mexico, where we believe more attractive rating conditions prevail. The Property Binding Authority book gives the Syndicate exposure to a spread of risks that cannot be accessed in the open market and is focused on Managing General Agent based in the US.

Our approach to assuming risk in the International Treaty account is highly disciplined and extremely selective. No risk excess, quota share or aggregate stop loss covers are underwritten. The territorial scope remained unchanged, targeting regionally specific accounts in Canada, UK, Western Europe, South Africa, Japan, Australia and New Zealand. This provides a natural balance to the D & F account as the exposures do not accumulate.

The Specie and Cargo team writes a diversified account and added an additional underwriter to bolster the team and help deliver further growth for 2015. The Cargo book specialises in smaller cargo accounts, most of which include an element of storage.

The largest sub classes of cargo are oil, which is written on a worldwide basis with a bias towards Chinese risks (which do not cover storage), project cargo with consequential loss, primary and excess US motor truck cargo, and carnets.

ACTIVE UNDERWRITER'S REPORT

The Specie book consists predominantly of high value risks with very good security. The fine art and general specie (precious metals, securities and excess Securities Investor Protection Corporation) books are the largest part of the Specie account and jewellers block is the smallest. A consortium has been in place since 2013, supported by Novae. The consortium has been renewed for 2016 with the support of two more syndicates. The Non-Marine Liability team, which joined the Syndicate in 2013, writes a diverse book of business on both an open market and facilities basis. The majority of the account is written on a direct excess basis focussing on Fortune 1000, transportation, civil construction and mining companies.

Underwriters seek to position their attachment points above attritional levels so that the portfolio loss profile is generally low frequency, high severity, with the exposures being well protected by reinsurance. The Non-Marine Liability class continued to grow steadily, building on the platform established in 2013 and 2014 and enhancing the team with further recruitment of additional underwriters. Since 2013 the team has led a consortium supported by Hiscox and Argenta. We are mindful of the current competitive environment and will continue our careful underwriting approach.

Our planned increase in premium income for the Offshore Energy account in 2015 was put into reverse as we reacted to very competitive market conditions and a global slowdown in the energy sector. The account is primarily focused on the upstream sector and includes oil and gas lease operators, drilling and construction contractors, and gas utilities.

The cover offered is for property damage, operators extra expense and construction. Incidental to these major heads of cover are loss of production income, business interruption, loss of hire, war and terrorism. Having had a great start in 2013 and 2014, receiving considerable broker, reinsurer and client support, we planned to increase premium income for 2015 to allow us to fully establish the account.

The Energy plan did not anticipate the extent of the oil price crash that occurred in the second half of 2014 and as a result premium income has fallen below the original planned amount. The team have significant experience and a profitable track record in this class within the Lloyd's and company market and have navigated their way through difficult market conditions before.

2014

The Non-Marine Liability class continued to grow steadily, building on the platform established in 2013 and 2014 and enhancing the team with further recruitment of additional underwriters.

The Syndicate also recruited a very well regarded Aviation team with a long track record in the class. Although the aviation market is currently very challenging we consider this class offers attractive long-term opportunities.

We have recruited a market leading class underwriter and will initially look to write only a small amount of income, whilst positioning ourselves on selected areas of the class in order to take full advantage of hardening in market conditions when this occurs. As aviation business requires significant line size capability, the consortium established with ANV Syndicate 1861 in 2015 has been renewed for 2016.

ACTIVE UNDERWRITER'S REPORT

2016 PORTFOLIO

The 2016 Lloyd's approved plan is to underwrite £162m of premium income (net of commission) with a stamp capacity of £180m.

We have added a new class underwriter for Marine & Energy Liability for 2016. When developing our original plan for Energy in 2013, it had always been our intention to establish a presence in the Energy Liability market.

Our plan was to provide the Syndicate with greater technical strength in an area that is often written on a packaged basis with Energy Property and also to facilitate a broader product offering, making us more relevant to Energy brokers and clients.

We now have one of the leading underwriters in this sector with a historically profitable track record in the Lloyd's market. We believe this to be a significant step forward for Apollo and this book. In addition to Energy Liability, this class will also cover Marine Liability business which sits well with our existing Cargo & Specie account. It is a natural step for us to build out this area with a dedicated resource.

ACTIVE UNDERWRITER'S REPORT

The plan for Syndicate 1969 for 2016 can be summarised as follows:

- continue with the disciplined approach in the existing Property classes
- build on the 2015 base for Specie & Cargo and Non Marine Liability
- renew the Offshore Energy portfolio cautiously given challenging market conditions
- further develop the Aviation account positioning ourselves on selected areas of the class
- renew the Personal Accident account by supporting a consortium led by ANV Syndicate 1861
- develop the new Marine & Energy Liability class.

The Syndicate will seek to add new lines of business as opportunities arise but will maintain its focus on specialist, profitable lines with a short tail bias. We will consider adding new classes which offer profitable diversity to improve the overall portfolio in line with our strategy to expand our capability and expertise for the long term.

Once again we would like to thank you for your on-going support for Syndicate 1969. I would also like to take the opportunity to thank our staff for their hard work and dedication to further develop the business during the past year.

NG Jones
Active Underwriter
15 March 2016

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the Managing Agent present their report, which incorporates the strategic review, for Syndicate 1969 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 ("Lloyd's Regulations 2008").

Separate underwriting year accounts for the closed 2013 account of Syndicate 1969 are included following these annual accounts.

PRINCIPAL ACTIVITY

There have not been any significant changes to the Syndicate's principal activity during the year, which continues to be the transaction of general insurance and reinsurance business.

Syndicate 1969 trades through Lloyd's worldwide licenses and rating and has the benefit of the Lloyd's brand. Lloyd's has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor's and AA- (Very Strong) from Fitch.

The Syndicate's capacity for the 2015 year of account was £160m (2014 year of account: £140m). Capacity for the 2016 year of account has increased to £180m.

RESULTS

The result for the financial year 2015 is a profit of £7.8m (2014: profit of £5.9m). Apollo Syndicate Management Limited ("ASML") uses a range of key performance indicators to measure the performance of the Syndicate against its objectives and overall strategy. These indicators are regularly reviewed and are measured against plan and prior year outcomes. A selection of the Syndicate's financial key performance indicators during the year were as follows:

	2015 £'m	Restated 2014 £'m	% change
Gross premium written	**188.4**	152.2	24%
Net premium written	**149.4**	121.2	23%
Net premium earned	**130.5**	105.5	24%
Profit for the financial year	**7.8**	5.9	33%
Claims ratio	**52.6%**	54.7%	(2.1%)
Expense ratio	**40.3%**	38.9%	1.4%
Combined ratio	**92.9%**	93.6%	(0.7%)

Profits and losses will be distributed and called respectively by reference to the results of individual underwriting years.

Notes:

The claims ratio is the ratio of net claims incurred to net premiums earned.

The expense ratio is the ratio of net operating expenses to net premiums earned.

The combined ratio is the sum of the claims and expense ratios.

The expense and combined ratios exclude investment income, realised and unrealised gains and losses and foreign exchanges gains and losses.

Lower ratios represent better underwriting and operational performance.

£180m

The Syndicate's capacity for the 2015 year of account was £160m (2014 year of account: £140m). Capacity for the 2016 year of account has increased to £180m.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

REVIEW OF THE BUSINESS

We are pleased to report that 2015 has been another successful year for the Syndicate. Despite challenging market conditions the Syndicate has delivered to its plan for the years.

The 2015 calendar year result is made up of contributions from earnings on all open years of account (2013, 2014 and 2015).

Turning to the traditional three year accounting basis, we are closing the 2013 year of account at a return on stamp capacity of 0.4%, which is just below the midpoint of the previously published forecast range of -2% to a profit of 3% of stamp capacity. The 2013 Year of Account suffered from Hurricanes Manuel and Ingrid, Central European flooding and the Julius Klein Diamond heist.

The 2014 year of account has a forecast return in the range of 4% to 9% on stamp capacity at the 24 month stage. Whilst the year has benefited from a relatively low level of catastrophe events, the result has absorbed losses from Hurricane Odile and two notable risk losses on the Energy account.

Whilst it is too early in the development of the 2015 year of account to publish a forecast result for the year, loss experience in the first 12 months has been within expectations and the Syndicate has written 92% of its planned income, having decided to restrict writing on the Energy account due to weak market conditions. ASML will publish its first forecast range for the 2015 account in the second quarter of 2016.

There has been no early release of profit on the 2014 and 2015 open years of account at this stage of development.

The Syndicate is now well established in the Lloyd's market and is receiving excellent support from a wide range of brokers. We believe we are well positioned to deliver consistent profits in future years.

Further information regarding the Syndicate underwriting portfolio is contained in the Active Underwriter's Report.

92%

The Syndicate has written 92% of its planned income, having decided to restrict writing on the Energy account.

INVESTMENT PERFORMANCE

The Syndicate produced an investment return of £0.3m in the year (2014: £0.3m).

The investment objective is to invest the Premium Trust Funds in a manner designed primarily to preserve capital values and provide liquidity. Within those constraints the Syndicate's assets have been invested in money market funds in order to limit exposure to adverse price conditions and capital market volatility.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

SIGNIFICANT EVENTS

During 2015, ASML was granted approval to establish Managing Agency at Lloyd's and has been authorised by the Prudential Regulation Authority. ASML also regulated by the Financial Conduct Authority and Prudential Regulation Authority.

With effect from 1 August 2015 responsibility for the management of the affairs of Syndicate 1969 was transferred from ANV Syndicates Ltd ("ANV") to ASML.

ASML's vision is to be a specialist, mid-sized, efficient, Lloyd's oriented business with a balanced portfolio and broker-led distribution.

ASML business model is Lloyd's centric with a purely London-based operation and distribution model. For the foreseeable future Lloyd's will be the only platform. ASML aims to establish long-standing and valued relationships with all of its clients and brokers by working in partnership with them and is continually looking to provide client solutions and an excellent service.

ASML fully embraces and supports Lloyd's vision of being a broker market, as well as accessing local markets through third party coverholders.

ASML's skills and market-leading capability means that it does not only compete on price: it attracts business through differentiated service and a better understanding of risk and clients' needs.

With ASML's focus on risk selection, long term relationships and experience it believes that it can out-perform the market when rates are soft and is well positioned for when markets turn.

As a mid-sized business in a single location, ASML's will be capable of expanding and contracting as market conditions dictate. Through the use of specific outsourcing it will be able to maintain an appropriate support function commensurate with its underwriting capacity.

CAPITAL

One of the advantages of operating in the Lloyd's market is the lower capital ratios that are available due to the diversification of business written in Syndicate 1969 and in Lloyd's as a whole.

ASML assesses the Syndicate's capital requirements through a rigorous process of risk identification and quantification, using an internal capital model at a 1:200 confidence level. The model is based on regulatory requirements and has been approved by Lloyd's. The Syndicate ultimate Solvency Capital Requirement ("SCR") is subject to an uplift determined by the Lloyd's Franchise Board based on their assessment of the economic capital requirements for the Lloyd's market in total.

The SCR together with the Lloyds' uplift is referred to as the Economic Capital Assessment ("ECA"). The Syndicate ECA for the 2016 underwriting year is set at 64.2% of planned premium income.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

Lloyd's unique capital structure provides excellent financial security to policy holders and capital efficiency for members. The Lloyd's chain of security provides the financial strength that ultimately backs insurance policies written at Lloyd's and has three links:

1. All premiums received by Syndicates are held in trust as the first resource for settling policy-holders' claims;

2. Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ("FAL"). FAL is intended primarily to cover circumstances where Syndicate assets are insufficient to meet participating members' underwriting liabilities. They are set with reference to the Syndicate ECA. Since FAL is not under the control of the Managing Agent, it has not been shown in the Syndicate financial statements. The Managing Agent is, however, able to make a call on members' FAL to meet liquidity requirements or to settle underwriting losses;

3. Lloyd's central assets are available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met through the resources of any member further up the chain. Lloyd's also retains the right to request a callable contribution equal to 3% of capacity from the Syndicate.

PRINCIPAL RISKS AND UNCERTAINTIES

The Managing Agent has established a risk management function for the Syndicate with clear terms of reference from the Board of Directors and its committees. The ASML Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of these policies.

The risk appetite is set annually as part of the Syndicate business planning and capital setting process. The risk management function is also responsible for maintaining the Syndicate's Own Risk and Solvency Assessment ("ORSA") process and provides regular updates to the Board. ASML also provides a formal ORSA report to the Board at least annually for approval.

The Managing Agent recognises that the Syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely.A description of the principal risks and uncertainties facing the Syndicate is set out in the notes to the financial statements.

CORPORATE GOVERNANCE

The management of Syndicate 1969 transferred from ANV to ASML on 1 August 2015. The Boards of ASML and ANV ran in parallel between 1 January and 31 July 2015.

The ASML Board is chaired by Julian Cusack, who is supported by three further non-executive directors, two of whom are independent. David Ibeson is the Chief Executive Officer and there are four further executive directors.

Defined operational and management structures are in place and terms of reference exist for all Board committees.

The ASML Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and is supported by an Audit and Risk Committee, a Remuneration and a Nominations Committee.

ASML also receives regular reports from five executive committees; the Underwriting Committee, Reserving Committee, Risk and Capital Committee, Finance Committee, and Operations and Outsourcing Committee.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

STAFF MATTERS

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

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

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office during the year are shown on page 2. Directors' interests are shown in note 26 as part of the related parties note to the accounts.

ANNUAL GENERAL MEETING

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a Director of the Managing Agent at the date of approving this report confirms that:

- so far as the Director is 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 in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office as the Syndicate's auditor.

FUTURE DEVELOPMENTS

AS A SYNDICATE WE HAVE RECEIVED STRONG SUPPORT FROM BOTH EXISTING AND NEW CAPITAL PROVIDERS.

The initial capital base of Hays Group, Hannover Re and traditional Names has been joined by a small number of highly respected global insurance and reinsurance entities. We are delighted to have such a strong, diversified and knowledgeable spread capital base supporting the business.

ASML aims to further diversify the Syndicate's portfolio to reduce volatility and dependence on any one class whilst being able to react effectively to changing market conditions for the benefit of capital providers and clients.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
15 March 2016

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

THE MANAGING AGENT IS RESPONSIBLE FOR PREPARING THE SYNDICATE ANNUAL ACCOUNTS IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare Syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate annual accounts, the Managing Agent is required to:

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

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

Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the Syndicate annual accounts comply with the 2008 Regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969

We have audited the Syndicate annual financial statements for the year ended 31 December 2015 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Members' Balances, the Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND THE AUDITOR

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

SCOPE OF THE AUDIT OF THE SYNDICATE ANNUAL FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969 (continued)

OPINION ON SYNDICATE ANNUAL FINANCIAL STATEMENTS

In our opinion the annual financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

OPINION ON OTHER MATTER PRESCRIBED BY THE INSURANCE ACCOUNTS DIRECTIVE (LLOYD'S SYNDICATE AND AGGREGATE ACCOUNTS) REGULATIONS 2008

In our opinion the information given in the Managing Agent's Report for the financial year in which the annual financial statements are prepared is consistent with the annual financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

M. McQueen

Mark McQueen (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 March 2016

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2015

SYNDICATE 1969

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	Restated 2014 £000
Gross premiums written	5,6	188,362	152,193
Outward reinsurance premiums		(38,989)	(30,989)
Net premiums written		149,373	121,204
Change in the provision for unearned premiums:			
Gross amount	7	(21,462)	(24,230)
Reinsurers' share	7	2,620	8,479
Change in the net provision for unearned premiums		(18,842)	(15,751)
Earned premiums, net of reinsurance		**130,531**	**105,453**
Allocated investment return transferred from the non-technical account	12,13	**299**	**254**
Claims paid			
Gross amount		(60,630)	(47,481)
Reinsurers' share		5,428	2,933
Net claims paid		(55,202)	(44,548)
Change in the provision for claims			
Gross amount	7	(19,669)	(16,254)
Reinsurers' share	7	6,244	3,074
Change in the net provision for claims		(13,425)	(13,180)
Claims incurred, net of reinsurance		**(68,627)**	**(57,728)**
Net operating expenses	8	(52,605)	(41,049)
Balance on the technical account - general business		**9,598**	**6,930**

All operations relate to continuing activities.
The notes on pages 23 to 62 form an integral part of these financial statements.

	Notes	2015 £000	Restated 2014 £000
Balance on the technical account - general business		9,598	6,930
Investment income	12,13	299	254
Allocated investment return transferred to technical account - general business		(299)	(254)
Loss on foreign exchange	25	(1,786)	(1,051)
Profit for the financial year		**7,812**	**5,879**

Statement of Comprehensive Income
for the year ended 31 December 2015

	Notes	2015 £000	Restated 2014 £000
Profit for the financial year		7,812	5,879
Other comprehensive income			
Currency translation differences		134	900
Total comprehensive income for the financial year		**7,946**	**6,779**

	Notes	2015 £000	Restated 2014 £000
Investments			
Financial investments	5,15	115,502	59,144
Reinsurers' share of technical provisions			
Provision for unearned premiums	7	18,060	14,694
Claims outstanding	7	20,075	13,063
		38,135	27,757
Debtors			
Debtors arising out of direct insurance operations	16	46,057	29,289
Debtors arising out of reinsurance operations	17	2,114	1,960
Other debtors	18	4,245	1,389
		52,416	32,638
Other assets			
Cash and cash equivalents	19	20,496	72,339
Overseas deposits	20	7,069	6,161
		27,565	78,500
Prepayments and accrued income			
Deferred acquisition costs		25,849	19,454
Other prepayments and accrued income		854	748
		26,703	20,202
Total assets		**260,321**	**218,241**

	Notes	2015 £000	Restated 2014 £000
Capital and reserves			
Members' balances		10,945	11,007
Technical provisions			
Provision for unearned premiums	7	101,401	76,221
Claims outstanding	7	112,535	88,819
		213,936	165,040
Deposits received from reinsurers	24	17,159	28,666
Creditors			
Creditors arising out of direct insurance operations	21	646	1,283
Creditors arising out of reinsurance operations	22	13,584	9,475
Other creditors	23	4,004	2,770
		18,234	13,528
Accruals and deferred income		47	-
Total liabilities		249,376	207,234
Total liabilities and members' balances		**260,321**	**218,241**

The annual accounts on pages 23 to 62 were approved by the Board of Apollo Syndicate Management Limited on 15 March 2016 and were signed on its behalf by:

J MacDiarmid
Finance Director
15 March 2016

SYNDICATE 1969

STATEMENT OF CHANGES IN MEMBERS' BALANCES

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000	Restated 2014 £000
Members' balances brought forward at 1 January	11,007	3,852
Profit for the financial year	7,812	5,879
Other comprehensive income	134	900
(Transfer to)/receipt from members' personal reserve fund	(7,429)	526
Members' agents' fees	(579)	(150)
Members' balances carried forward at 31 December	10,945	11,007

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

	Notes	2015 £000	Restated 2014 £000
Cash flows from operating activities			
Profit for the financial year		7,812	5,879
Increase in gross technical provisions		48,896	47,172
Increase in reinsurers' share of technical provisions		(10,378)	(12,835)
Increase in debtors		(19,778)	(11,590)
Increase in creditors		4,706	8,182
Increase in other assets/liabilities		(6,454)	(7,629)
Investment return		(299)	(254)
(Decrease)/ increase in deposits received from reinsurers		(11,507)	1,100
Net cash inflow from operating activities		**12,998**	**30,025**
Cash flows from investing activities			
Net (sales)/purchase of other financial instruments		(56,358)	(6,736)
Investment income received		299	254
Movements in overseas deposits		(908)	2,155
Net cash outflow from investing activities		**(56,967)**	**(4,327)**
Net cash flow from financing activities:			
Transfer to members in respect of underwriting participations		(7,429)	526
Members' agents' fees paid on behalf of members		(579)	(150)
Net cash (outflow)/inflow from financing activities		**(8,008)**	**376**
Net (decrease)/increase in cash and cash equivalents		(51,977)	26,074
Cash and cash equivalents at 1 January		72,339	45,365
Currency translation difference		134	900
Cash and cash equivalents at 31 December	19	**20,496**	**72,339**

NOTES TO THE ANNUAL ACCOUNTS
AT 31 DECEMBER 2015

1.BASIS OF PREPARATION

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's Managing Agent is 1 Bishopsgate, London EC2N 3AQ.

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"), and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

The financial statements are presented in Pounds Sterling "GBP" for consistency with the Syndicate's other regulatory reporting requirements. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Syndicate's functional currency is US Dollars ("USD"). Gains and losses on the translation from functional currency to the GBP presentational currency have been recorded through the Statement of Comprehensive Income.

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

2. DISCLOSURE OF THE 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 old UK GAAP, the Syndicate has restated certain balances following changes to the treatment of foreign exchange gains and losses. An explanation of how the transition to FRS 102 has affected the comparative information in these financial statements is included in note 25.

The Syndicate has also changed the basis for the recognition of deposits received as collateral from certain reinsurers. Further information on how this has affected the comparative information in these financial statements is included in note 25.

3. 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 in the period in which they are identified.

3. USE OF JUDGEMENT AND ESTIMATES (continued)

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

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 Managing Agent's in-house 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.

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 7.

4. SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in accounting for items which are considered material in relation to the Syndicate's financial statements.

Gross premiums written

Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums incepted in prior accounting periods.

Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet received.

Additional or return premiums are treated as a re-measurement of the initial premium.

Outwards reinsurance premiums

Written outwards reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to an increase retrospectively, any potential increase is recognised as soon as there is an obligation to the reinsurer.

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

Technical provisions

Technical provisions comprise claims outstanding, whether reported or not, provisions for unearned premiums and provisions for unexpired risk.

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Provisions for unearned premiums

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

Unexpired risks provision

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

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

Acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both 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. Acquisition costs are earned in line with the earning of the gross premiums to which they relate.

The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consortium income

The Syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the Syndicate, as leader, in return for the business written on their behalf. The Syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements. In addition the consortium arrangements include provisions for the receipt of profit commissions based on the performance of the business written by the consortium leader.

The Syndicate accrues commissions in respect of these arrangements in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commissions are included as a credit to administrative expenses.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs and amounts charged to members through the Syndicate. Acquisition cost includes fees paid to consortium leaders in return for business written on behalf of the Syndicate as a consortium member.

Foreign currencies

Transactions in foreign currencies are translated into USD, which is the functional currency of the Syndicate 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.

Any gains or losses arising on the retranslation from the functional currency to GBP, which is the presentational currency, are recorded through the Statement of Comprehensive Income.

Financial assets and liabilities

The Syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The Syndicate's investments comprise holdings in collective investment schemes and cash and cash equivalents. The Syndicate does not invest in derivative financial instruments.

Recognition:

Financial assets and liabilities are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instru ment is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The Syndicate does not hold any equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial measurement:

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The Syndicate was not party to financing transactions during the period.

Subsequent measurement:

The Syndicate does not hold any non-current debt instruments and does not classify debt instruments as payable or receivable within one financial year.

All holdings in collective investment schemes are measured at fair value through the profit and loss account.

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical profit and loss account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities:

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement:

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The use of different valuation techniques could lead to different estimates of fair value. FRS 102 section 11.27 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Syndicate uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1 – Quoted prices for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- Level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Impairment of financial instruments measured at amortised cost or cost:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

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.

Bank overdrafts that are repayable on demand and form an integral part of the Syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment return
Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges and interest. Realised gains and losses represent the difference between the net proceeds on disposal and 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 and subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

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

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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension costs

Apollo operates a defined contribution pension scheme. Pension contributions relating to Managing Agency staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

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 primary objective of the Syndicate's risk and financial management framework is to protect the Syndicate's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. All staff providing services to the Syndicate are trained to recognise the critical importance of having efficient and effective risk management systems in place.

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 an Audit and Risk Committee which oversees the operation of the Syndicate's risk management framework and reviews and monitors the management of the risks to which the Syndicate is exposed. Under the risk management framework, ASML's Risk and Capital Committee oversees the risk management function.

The management of specific risk grouping is delegated to several executive committees; Underwriting Committee and Reserving Committee which are responsible for developing and monitoring insurance risk management policies; the management of aspects of financial risks is the responsibility of the Finance Committee. In addition, the Syndicate is exposed to conduct and operational risks and the management of aspects of these risks is the responsibility of the Underwriting Committee and the Operations and Outsourcing Committee respectively. The risk management function and the Risk and Capital Committee are then the second line of defence above these committees.

5. RISK AND CAPITAL MANAGEMENT (continued)

The Risk and Capital Committee reports regularly to the Audit and Risk Committee on its activities. The Reserving Committee, Underwriting Committee, Finance Committee, and Operations and Outsourcing Committee report regularly to the Executive Committee and provide regular reports on their activities to the risk management function, Audit and Risk Committee and Board of Directors.

ASML has established a risk management function, together with terms of reference for the Board of Directors, its committees and the associated executive management committees which identify the risk management obligations of each. The function is supported by a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The framework sets out the risk profiles for the Syndicate, including controls and business conduct standards.

Insurance Risk

Management of insurance risk

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims.

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 that a well-diversified book is maintained with no over exposure in any one geographical region or to any one event.

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 and catastrophe reinsurance. Where an individual exposure is deemed surplus to the Syndicate's appetite, additional facultative reinsurance is purchased.

The Syndicate limits its exposure to catastrophic events based on the Syndicate's risk appetite. The Syndicate uses commercially available proprietary risk management software to assess catastrophe exposure. There is, however, always a risk that the assumptions and techniques used in these models do not exactly model the actual losses that occur or that claims arising from an unmodelled event are greater than those anticipated.

The board sets limits to the Syndicate's exposure to catastrophe events both on a gross and net of reinsurance basis and adherence to these limits is regularly monitored by the exposure management team which reports monthly to the Underwriting Committee. The maximum limits set for the Syndicate's highest realistic disaster scenario (RDS) for 2015 are the following percentages of the 2015 stamp: 60.6 % gross and 22.1% net.

5. RISK AND CAPITAL MANAGEMENT (continued)

The Syndicate's exposure to insurance risk is well diversified by class of business and geography.

Gross premium analysed by territory	2015 £'000	2014 £'000
UK	32,820	15,402
Other EU countries	22,977	23,924
US	98,621	73,441
Other	33,944	39,426
Total	**188,362**	**152,193**

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

The Managing Agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance personnel. 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 and claims on unearned premium.

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 in order for them to provide the Statement of Actuarial Opinion ("SAO") on the year-end reserves.

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 Audit and Risk Committee and Board of Directors as to the claims provisions to be established.

In arriving at the level of claims provisions a margin may be applied over and above the actuarial best estimate.

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 attritional losses, large losses and catastrophes, or from changes in estimates of IBNR claims. A five per cent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date.

A five percent increase or decrease in total earned claims liabilities would have the following effect on profit or loss and members' balances. It is noted that on a net of reinsurance basis the effects would be more complex depending on the nature of the loss and its interaction with other losses already incurred. The incidence of profit commission payable to intermediaries may also affect the gross and net wwwimpact on results and members' balance.

5. RISK AND CAPITAL MANAGEMENT (continued)

	2015 £'000		2014 £'000	
	Gross	Net	Gross	Net
5% increase	(5,626)	(4,623)	(4,441)	(3,788)

A 5% decrease in total claims liabilities would have an equal but opposite effect on the profit for the year and members' balance.

Financial risk

The focus of financial risk management for the Syndicate is ensuring that its financial assets are sufficient to fund the obligations arising from its insurance contracts as they fall due. The primary objective of the investment management process is to maintain capital value, which is of particular importance in volatile financial market conditions. A secondary objective is to optimise the risk-adjusted total return whilst being constrained by capital preservation and liquidity requirements. In the period since commencing to underwrite, the Syndicate assets have been invested in money market funds.

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:

- Holdings in collective investment schemes;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- failure of sub-contractors/outsource providers to honour their contractual obligations
- cash and cash equivalents; and
- other debtors and accrued interest.

Management of credit risk

The Syndicate's credit risk in respect of reinsurers is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty.

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty, and maintains an authorised list of counterparties.

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored by the reinsurance team as part of their credit control processes. On a quarterly basis the Finance Committee reviews the credit exposures from the reinsurance counterparties.

5. RISK AND CAPITAL MANAGEMENT (continued)

The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly. Where reinsurance is transacted with unrated reinsurers the reinsurer is required to fully collateralise their exposure through depositing funds in trust for the Syndicate.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance operations, debtors arising out of reinsurance operations, cash and cash equivalents, and overseas deposits that are neither past due, nor impaired.

Debtors arising out of direct and reinsurance operations are comprised of pipeline premiums, balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA') and amounts for business settled outside of Xchanging ('settled direct'). By their nature, it is not possible to classify these balances by credit rating.

31 December 2015	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments						
Holdings in collective investment schemes	115,502	-	-	-	-	115,502
Reinsurers' share of claims outstanding	-	1,053	19,022	-	-	20,075
Debtors arising out of direct insurance operations	-	-	-	-	46,057	46,057
Debtors arising out of reinsurance operations	144	18	1,094	-	858	2,114
Cash and cash equivalent	-	-	20,496	-	-	20,496
Overseas deposits	7,069	-	-	-	-	7,069
Total	**122,715**	**1,071**	**40,612**	**-**	**46,915**	**211,313**

31 December 2014	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments						
Holdings in collective investment schemes	59,144	-	-	-	-	59,144
Reinsurers' share of claims outstanding	-	1,781	11,282	-	-	13,063
Debtors arising out of direct insurance operations	-	-	-	-	29.289	29,289
Debtors arising out of reinsurance operations	260	352	267	-	1,081	1,960
Cash and cash equivalent	-	-	72,339	-	-	72,339
Overseas deposits	6,161	-	-	-	-	6,161
Total	**65,565**	**2,133**	**83,888**	**-**	**30,370**	**181,956**

5. RISK AND CAPITAL MANAGEMENT (continued)

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These 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. The Syndicate does not consider these debtors to be impaired on the basis of the stage of collection of amounts owed to the Syndicate.

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

Year 2015	Debtors arising from direct insurance operations £'000	Debtors arising from reinsurance operations £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	5,963	1,181
91 to 180 days	1,169	48
More than 180 days	2,314	27
Past due but not impaired financial assets	9,446	1,256
Impaired financial assets		
Gross value of past due and impaired financial assets	-	-
Less: individually assessed impairment allowances	-	-
Net carrying value of past due and impaired financial assets	-	-
Neither past due nor impaired financial assets	36,611	858
Net carrying value	**46,057**	**2,114**

Year 2014	Debtors arising from direct insurance operations £'000	Debtors arising from reinsurance operations £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	2,248	873
91 to 180 days	456	5
More than 180 days	500	-
Past due but not impaired financial assets	3,204	878
Impaired financial assets		
Gross value of past due and impaired financial assets	-	-
Less: individually assessed impairment allowances	-	-
Net carrying value of past due and impaired financial assets	-	-
Neither past due nor impaired financial assets	26,085	1,082
Net carrying value	**29,289**	**1,960**

There are no impaired or past due debtors arising from reinsurance operations.

5. RISK AND CAPITAL MANAGEMENT (continued)

Liquidity risk

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

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 and overheads over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls; and
- The Syndicate regularly updates 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 Syndicate invests its Premium Trust funds in money market funds which offer daily liquidity. Holdings in money market funds are well diversified, very liquid and generally low risk. There is, however, a remote risk that the fund does not have sufficient liquidity to meet all redemptions in extremes conditions.

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial assets and liabilities. For insurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For financial assets and liabilities it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date. The table below takes no credit for any income from investments or any potential profit or loss on unearned premium.

5. RISK AND CAPITAL MANAGEMENT (continued)

Year 2015	Carrying amount £'000	Total cash flows £000	Undiscounted net cash flows Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Holdings in collective investment schemes	115,502	115,502	115,502	-	-	-
Reinsurers' share of claims outstanding	38,135	38,135	12,124	10,568	10,844	4,599
Debtors and accrued interest	79,119	79,119	74,101	4,244	670	104
Cash and cash equivalents	20,496	20,496	20,496	-	-	-
Overseas deposits	7,069	7,069	7,069	-	-	-
Total assets	**260,321**	**260,321**	**229,292**	**14,812**	**11,514**	**4,703**
Technical provisions	(213,936)	(213,936)	(68,018)	(59,287)	(60,832)	(25,799)
Deposits received from reinsurers	(17,159)	(17,159)	(15,517)	(1,389)	(219)	(34)
Creditors	(18,234)	(18,234)	(16,489)	(1,476)	(233)	(36)
Accruals and deferred income	(47)	(47)	(47)	-	-	-
Total liabilities	**(249,376)**	**(249,376)**	**(100,071)**	**(62,152)**	**(61,284)**	**(25,869)**

Year 2014	Carrying amount £'000	Total cash flows £'000	Undiscounted net cash flows Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Holdings in collective investment schemes	59,144	59,144	59,144	-	-	-
Reinsurers' share of claims outstanding	27,757	27,757	11,921	6,622	6,214	3,000
Debtors and accrued interest	52,840	52,840	47,695	4,803	177	165
Cash and cash equivalents	72,339	72,339	72,339	-	-	-
Overseas deposits	6,161	6,161	6,161	-	-	-
Total assets	**218,241**	**218,241**	**197,260**	**11,425**	**6,391**	**3,165**
Technical provisions	(165,040)	(165,040)	(70,882)	(39,373)	(36,950)	(17,835)
Deposits received from reinsurers	(28,666)	(28,666)	(24,147)	(4,219)	(155)	(145)
Creditors	(13,528)	(13,528)	((11,396)	(1,991)	(73)	(68)
Accruals and deferred income	-	-	-	-	-	-
Total liabilities	**(207,234)**	**(207,234)**	**(106,425)**	**(45,583)**	**(37,178)**	**(18,048)**

The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

5. RISK AND CAPITAL MANAGEMENT (continued)

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, excluding those that are caused by credit downgrades which are included under credit risk. 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 within the parameters set by the Managing Agent's investment policy. The nature of the Syndicate's 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 risk

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 market risk and the exposure of the Syndicate at the reporting date to each major component are addressed below.

Interest rate risk

Interest rate risk arises primarily from the Syndicate's financial investments, cash and cash equivalents and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in money market funds and cash and cash equivalents.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Syndicate writes business primarily in Sterling, Euros, US dollars and Canadian dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of its functional currency (USD) 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 so far is allowed by regulatory requirements and for any profit or loss to be reflected in the net assets of the functional currency.

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

Year 2015	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	34,308	12,209	198,264	15,540	260,321
Total liabilities	(24,727)	(8,936)	(208,041)	(7,672)	(249,376)
Net assets	**9,581**	**3,273**	**(9,777)**	**7,868**	**10,945**

5. RISK AND CAPITAL MANAGEMENT (continued)

Year 2014	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	28,825	8,240	167,768	13,408	218,241
Total liabilities	(21,740)	(5,994)	(172,268)	(7,232)	(207,234)
Net assets	**7,085**	**2,246**	**(4,500)**	**6,176**	**11,007**

Other price risk

The Syndicate investments comprise of holdings in collective investment schemes. These money market funds are generally low risk investments with lower levels of volatility to market movements. There is a risk that future investments returns will be lower as a result of adverse changes to market conditions.

An analysis of the Syndicate's sensitivity to interest rate and currency 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, and that change had occurred at the end of the reporting period and had been applied to the risk exposures as at that date. The occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

	2015 Profit or loss for the year £'000	2014 Profit or loss for the year £'000
Interest rate risk		
+ 50 basis points shift in yield curves	-	-
- 50 basis points shift in yield curves	-	-
Currency risk		
10 percent increase in GBP/euro exchange rate	298	204
10 percent decrease in GBP/euro exchange rate	(364)	(249)
10 percent increase in GBP/US dollar exchange rate	(889)	(409)
10 percent decrease in GBP/US dollar exchange rate	1,086	500

The impact of the above 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 or decrease in yield curves have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, 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.

5. RISK AND CAPITAL MANAGEMENT (continued)

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 Regulatory 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 the Syndicate 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 is based on the member's share of the syndicate's SCR 'to ultimate'. Where a member participates on more than one syndicate, each syndicate's SCR is summed together but a credit for diversification is allowed to reflect the spread of risk 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 rather than a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2015 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.

5. RISK AND CAPITAL MANAGEMENT (continued)

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

Claims development

The following tables shows the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. Balances have been translated at exchange rates prevailing at 31 December 2015 in all cases.

All balance presented are in respect of premiums earned to the balance sheet date and therefore reflect the pattern of earnings and risk exposed over a number of calendar years

Gross insurance contracts outstanding claims provision as at 31 December 2015:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	Total £m
Incurred gross claims						
At end of underwriting year	29.4	25.8	34.7	36.8	40.5	167.2
one year later	54.2	53.7	66.1	79.9	-	253.9
two years later	54.1	54.8	67.8	-	-	176.7
three years later	53.1	52.2	-	-	-	105.3
four years later	52.2	-	-	-	-	52.2
Less gross claims paid	48.5	43.8	53.2	33.9	4.0	183.4
Gross ultimate claims reserve	52.2	52.2	67.8	79.9	40.5	292.6
Gross ultimate claims reserve for 2010 and prior years	3.3	-	-	-	-	3.3
Gross claims reserves	7.0	8.4	14.6	46.0	36.5	112.5

Net insurance contract outstanding claims provision as at 31 December 2015:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	Total £m
Incurred net claims						
At end of underwriting year	23.9	24.5	33.6	31.1	35.5	148.6
one year later	47.7	47.0	64.0	64.9	-	223.6
two years later	46.6	48.0	66.3	-	-	160.9
three years later	45.6	47.2	-	-	-	92.8
four years later	44.9	-	-	-	-	44.9
Less net claims paid	41.7	39.3	52.6	31.4	4.0	169.0
Net ultimate claims reserve	44.9	47.2	66.3	64.9	35.5	258.8
Net ultimate claims reserve for 2010 and prior years	2.7	-	-	-	-	2.7
Net claims reserves	5.9	7.9	13.7	33.5	31.5	92.5

5. RISK AND CAPITAL MANAGEMENT (continued)

Year of account development

The table below presents the annual results for each year of account until the earlier of the current year end and closure of the year of account by reinsurance to close ("RITC"). Movements in results for closed years of account are reflected within the results for the year into which they closed.

Year of Account	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	Profit before members' agents fees £'000
2010	(663)	(10,981)	2,033				(9,611)
2011		(3,908)	4,302	(920)			(526)
2012		`	1,504	6,517	(324)		7,697
2013				(2,763)	3,397	(205)	429
2014					3,706	6,247	9,953
2015						1,904	1,904
Calendar year result	(663)	(14,889)	7,839	2,834	6,779	7,946	

In relation to the 2013 year of account a distribution of £0.1m (after members' agents' fees of £0.3m) will be distributed to members in 2016 (2014: £7.4m in relation to the 2012 year of account after members' agents' fees £0.3m).

6. SEGMENTAL ANALYSIS

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

2015	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross[1] operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance:						
Marine, aviation and transport	16,541	15,961	(10,399)	(4,047)	(424)	**1,091**
Fire and other damage to property	74,600	69,117	(30,388)	(23,929)	(10,769)	**4,031**
Third-party liability	34,682	24,467	(11,135)	(7,803)	(5,137)	**392**
Motor	3,416	1,726	(879)	(803)	(259)	**(215)**
Pecuniary loss	101	40	(18)	(23)	(9)	**(10)**
Total - Direct	129,340	111,311	(52,819)	(36,605)	(16,598)	**5,289**
Reinsurance	59,022	55,589	(27,480)	(16,000)	(8,099)	**4,010**
	188,362	**166,900**	**(80,299)**	**(52,605)**	**(24,697)**	**9,299**

Restated 2014	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross[1] operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance:						
Marine, aviation and transport	15,775	10,385	(3,866)	(3,824)	(1,467)	**1,228**
Fire and other damage to property	60,434	56,007	(29,650)	(19,376)	(6,135)	**846**
Third-party liability	19,331	11,695	(8,679)	(4,269)	(1,480)	**(2,733)**
Motor	29	29	3	(11)	(1)	**20**
Total - Direct	95,569	78,116	(42,192)	(27,480)	(9,083)	**(639)**
Reinsurance	56,624	49,847	(21,543)	(13,569)	(7,420)	**7,315**
	152,193	**127,963**	**(63,735)**	**(41,049)**	**(16,503)**	**6,676**

[1] Gross operating expenses are the same as net operating expenses shown in the profit and loss account as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2015 and 2014.

Commissions on direct insurance gross premiums earned during 2015 were £31.4m (2014: £22.0m).

All premiums were concluded in the UK.

7. TECHNICAL PROVISIONS

The Syndicate has applied a similar approach this year end to establishing the technical provisions for claims outstanding reserves and reinsurer's share thereof held as at the end of the previous year. Included within net claims incurred of £68.6m (2014: £57.7m) is a release of £1.2m from claims reserves established at the prior year. An analysis of the movement in technical provisions is set out below:

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2015	76,221	88,819	165,040
Exchange adjustments	3,718	4,047	7,765
Movement in provision	21,462	19,669	41,131
At 31 December 2015	**101,401**	**112,535**	**213,936**
Reinsurance			
At 1 January 2015	14,694	13,063	27,757
Exchange adjustments	746	768	1,514
Movement in provision	2,620	6,244	8,864
At 31 December 2015	**18,060**	**20,075**	**38,135**
Net technical provisions			
At 31 December 2015	**83,341**	**92,460**	**175,801**
At 31 December 2014	61,527	75,756	137,283

8. NET OPERATING EXPENSES

	2015 £'000	2014 £'000
Brokerage and commissions	40,189	32,497
Other acquisition costs	7,476	5,550
Acquisition costs	47,665	38,047
Change in deferred acquisition costs	(5,625)	(6,162)
Administrative expenses	6,877	6,029
Members' standard personal expenses	3,688	3,135
Total	52,605	41,049

9. AUDITOR'S REMUNERATION

	2015 £'000	2014 £'000
Audit of Syndicate annual accounts	76	45
Other services pursuant to Regulations and Lloyd's Byelaws	65	67
Non audit fees - Statement of actuarial opinion	50	45
Total	191	157

10. STAFF NUMBERS AND COSTS

All staff are employed by the Managing Agency or related companies. The following amounts were recharged to the Syndicate in respect of salary costs:

	2015 £'000	2014 £'000
Wages and salaries	8,237	5,231
Social security costs	781	608
Pension costs	513	469
Total	9,531	6,308

10. STAFF NUMBERS AND COSTS (continued)

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

	2015 Number	2014 Number
Underwriting	18	15
Claims and reinsurance	4	3
Management, administration and finance	23	17
Total	45	35

11. EMOLUMENTS OF THE DIRECTORS OF ASML

For the period ending 31 December 2015, the Directors of ASML received the following aggregate remuneration charged to the Syndicate and included within net operating expenses of £1.8m (2014: £nil). For 2014, there is a fixed fee arrangement between ASL and Syndicate 1969 in respect of administrative services and therefore no Directors costs were charged to Syndicate 1969 for 2014.

Included in the aggregated remuneration charged to the Syndicate are emoluments paid to the highest paid Director amounting to £0.6m (2014: £nil).

The active underwriter received the following remuneration charged as a syndicate expense:

	2015 £'000	2014 £'000
Emoluments	344	309

12. INVESTMENT INCOME

	2015 £'000	2014 £'000
Investment income	339	254
Gains on realisation of investments	2	-
Total	341	254

13. INVESTMENT EXPENSES AND CHARGES

	2015 £'000	2014 £'000
Losses on realisation of investments	42	-

14. INVESTMENT RETURN

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

	2015 Millions	2014 Millions
Average amount of Syndicate funds available for investment during the year		
Sterling	5.9	9.2
Euro	10.0	4.0
US Dollar	140.0	72.8
Canadian Dollar	22.2	10.0
Total funds available for investment, in sterling	119.4	95.9
Total investment return	0.3	0.3
Annual Investment yield		
Sterling	2.66%	1.65%
Euro	0.00%	0.00%
US dollar	0.06%	0.01%
Canadian Dollar	0.69%	0.94%
Total annual investment yields, in sterling	0.23%	0.27%

15. FINANCIAL INVESTMENTS

The carrying values of the Syndicate's financial assets and liabilities are summarised by category below:

	2015 £'000	2014 £'000
Financial assets		
Measured at fair value through profit and loss		
• Holdings in collective investment schemes	115,502	59,144
Measured at cost		
• Cash at bank and in hand (see note 19)	3,337	43,673
• Deposits with credit institutions (see note 19)	17,159	28,666
• Overseas deposits (see note 20)	7,069	6,161
	27,565	78,500
Measured at undiscounted amount receivable		
• Other debtors (see note 18)	4,245	1,389
Total financial assets	**147,312**	**139,033**
Financial liabilities		
Measured at cost		
• Reinsurance collateral (see note 24)	(17,159)	(28,666)
Measured at undiscounted amount payable		
• Other creditors (see note 23)	(4,004)	(2,770)
Total financial liabilities	**(21,163)**	**(31,436)**

All investments are measured at fair value through profit or loss. 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 or liabilities
- Level 2 – Prices based on recent transactions in identical assets (either unadjusted or adjusted)
- Level 3 – Prices determined using a valuation technique

15. FINANCIAL INVESTMENTS (continued)

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.

31 December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Holdings in collective investment schemes	3,272	112,230	-	115,502

31 December 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Holdings in collective investment schemes	-	59,144	-	59,144

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.

Holdings in collective investment schemes are generally valued using prices provided by external pricing vendors. The categorisation of the fair value by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. 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.

16. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2015 £'000	2014 £'000
Due within one year	46,023	29,289
Due after one year	34	-
Total	46,057	29,289

17. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2015 £'000	2014 £'000
Due within one year	2,114	1,939
Due after one year	-	21
Total	2,114	1,960

18. OTHER DEBTORS

	2015 £'000	2014 £'000
Amounts due from group companies	-	417
Consortium fee receivable	4,199	917
Taxes receivable	46	55
Total	4,245	1,389

19. CASH AND CASH EQUIVALENTS

	2015 £'000	2014 £'000
Cash at bank and in hand	3,337	43,673
Deposits with credit institutions	17,159	28,666
Total	20,496	72,339

Included within cash and cash equivalents is £17.2m (2014: £28.7m) which represents deposits received from reinsurers. These deposits are held in trust for the benefit of the Syndicate and can be drawn upon in accordance with the terms of the corresponding reinsurance contracts. The funds, therefore, are not available to meet other liquidity requirements of the Syndicate.

20. OVERSEAS DEPOSITS

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

21. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2015 £'000	2014 £'000
Due within one year	646	1,283

22. CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2015 £'000	2014 £'000
Due within one year	13,584	9,475

23. OTHER CREDITORS

	2015 £'000	2014 £'000
Amounts due to group companies	1,815	1,597
Profit commission payable	2,189	796
Taxes payable	-	13
Expense payable	-	364
Total	4,004	2,770

24. DEPOSITS RECEIVED FROM REINSURERS

	2015 £'000	2014 £'000
Deposits received from reinsurers	17,159	28,666

Deposits received from reinsurers are held in trust for the benefit of the Syndicate and can be called upon to meet potential reinsurance recoveries arising on future events. To the extent that that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

In previous periods neither the asset nor the liability was recognised on the Syndicate's balance sheet. The applicable comparative figures in the primary statements and notes have been restated to reflect the uniform application of the new policy outlined above. There is no impact to the profit for the year ended 31 December 2014 or members' balances as at 1 January 2014 or 31 December 2014.

25. TRANSITION TO FRS 102

This is the first financial year that the Syndicate has presented its financial statements under Financial Reporting Standard 102 and 103 (FRS 102 & 103) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the financial year ended 31 December 2014 and the date of transition to FRS 102 & 103 was therefore 1 January 2015.

As a consequence of adopting FRS 102 & 103, the Syndicate has made an amendment to its foreign exchange accounting policy to ensure compliance with FRS 102 Section 30 'Foreign Currency Translation' with respect to the previously reported allocation of foreign exchange gains / losses between the profit & loss account and the Statement of total recognised gains and losses (STRGL) as previously reported.

As a result, some foreign currency assets and liabilities no longer meet the definition of a foreign operation and exchange differences arising from the retranslation of these balances into functional currency have to be recognised in the profit and loss rather than recognised in the Statement of Comprehensive Income. The impact of this is to reduce profit and loss by £1.0m in 2014. There is no impact on total members balance.

In accordance with FRS 102 section 3.12, the applicable comparative figures in the primary statements and notes have been restated to reflect the uniform application of the new policy outlined above. The financial effect of restating the prior year amounts for the changes in accounting policy is as follows:

	2014 Restated FRS 102/ FRS103 £'000	2014 As previously stated £'000
Balance on technical account before operating expense	47,979	47,979
Operating expense	(41,049)	(41,086)
Balance on technical accounts	6,930	6,893
Non-technical account		
Loss on foreign exchange	(1,051)	-
Profit for the financial year	5,879	6,893
Currency translation difference	900	(114)
Total comprehensive income for the financial year	**6,779**	**6,779**

25. TRANSITION TO FRS 102 (CONTINUED)

Reconciliation of members' balances:

	2014 Restated FRS 102/ FRS103 £'000	2014 As previously stated £'000
Members' balances at 1 January 2014	3,852	3,852
Profit for the financial year	5,879	6,893
Other comprehensive income	900	(114)
Receipt from members' personal reserve fund	526	526
Members' agents' fee	(150)	(150)
Members' balances at 31 December 2014	**11,007**	**11,007**

26. RELATED PARTIES

All business with related parties is transacted on an arm's length basis.

ASML is a wholly owned subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson, NG Jones, and SAC White are partners of APL, along with other members of the senior management and the underwriting team.

For the period ending 31 December 2015 ASML charged managing agent's fees and profit commission to Syndicate 1969 of £0.6m and £2.2m respectively.

Prior to 1 August 2015 the Managing Agent for Syndicate 1969 was ANV Syndicates Limited.

Profit commission of £1.7m has been accrued at 31 December 2015 in respect to the 2014 year of account. Profit commission has not been accrued in respect of the 2013 year of account in accordance with the contractual terms in the Managing Agent's Agreement at the end of 2015.

APL employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff and its partners to ASML to enable it to provide the services as Managing Agent for the Syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate and recharges these to ASML, which in turn recharges these to the Syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. The total amount recharged at cost by the Managing Agent to the syndicate during 2015 was £6.7m. This includes remuneration paid to the Partners of APL of £1.2m.

26. RELATED PARTIES (continued)

The syndicate had the following amounts outstanding at the year-end, which are included in “Other creditors” on the balance sheet:

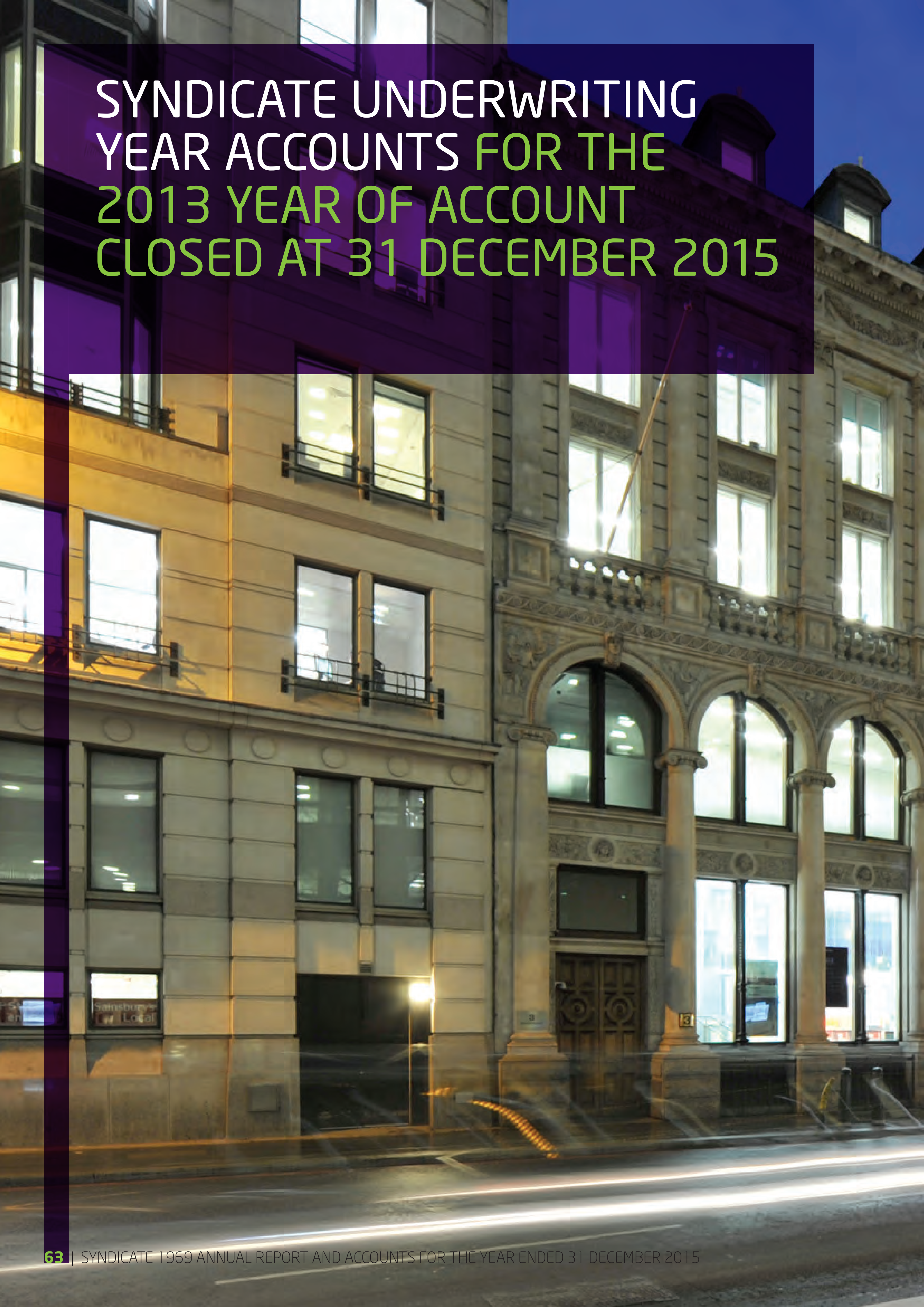
	2015 £000	2014 £000
Other creditors		
ASML	2,515	21
ASL	(700)	1,576
Total	1,815	1,597

APL is the parent company of certain management capital providers for Syndicate 1969.
Nick Jones and other members of the syndicate’s underwriting team participate on the syndicate through a Limited Liability Partnership.

AP Hulse is a director of both ANV Syndicates Limited and ASML.

During the year, a number of outwards reinsurance transactions have been conducted with Syndicate 1969, namely Hannover Ruckversicherung AG, Partner Re and Transatlantic Re, who all participate on the syndicate with a share of 29.4%, 10% and 2.5% on 2015 YOA syndicate capacity respectively. All such transactions were undertaken on an arm’s length basis and amounted to less than 7% of outwards premium for the calendar year.

SYNDICATE UNDERWRITING YEAR ACCOUNTS FOR THE 2013 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2015



REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the Managing Agent present their report for the 2013 year of account of Syndicate 1969 for the cumulative result to 31 December 2015.

This Syndicate underwriting year account is prepared under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 in accordance with the Lloyd's Syndicate Accounting Bylaw (No. 8 of 2005) and applicable accounting standards in the United Kingdom.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

2013 ACCOUNT

We have closed the 2013 year with a profit of 0.4% after all personal expenses (except members' agents' fees).

Following approval of a 29.4% pre-emption, the Syndicate stamp capacity for 2013 was £109.9m with an approved plan for gross net premium of £107.5m. In addition to the existing property classes, the plan also included Cargo and Specie, an expanded specialist Non-marine Liability account and Offshore Energy, which was added mid-way through the year. The gross net ultimate premium written for the year was £96.9m, and so fell short of original expectations.

The growth planned in the D&F class was as a result of writing increased lines on quality business. The team underwrote approximately £60m gross net premium in line with the approved plan recording a risk adjusted rate increase of 0.6% over the 2012 portfolio. Although the North Atlantic wind season proved to be relatively benign, the account was impacted by two Mexican wind events, Manuel and Ingrid.

The account performed better than plan gross of reinsurance but due to the catastrophe losses falling below the attachment of the reinsurance programme the account performed broadly in line with the original business plan net of reinsurance. We have managed to reduce the attachment point of the reinsurance programme for Mexico events for the later years of account. The Property Binder book has also performed well for the 2013 year.

The International Treaty book was renewed in line with the disciplined stance taken in previous years. We ceased writing property risk excess of loss treaties, concentrating purely on a regional specific catastrophe excess of loss portfolio, as we believe this book will provide a better risk adjusted return for capital providers. The territorial scope was unchanged.

2013 was the first full year for the Specie and Cargo account, which started towards the end of 2012. Novae agreed to support the syndicate with a consortium share, which increased the gross line size and spread the expense base. Unfortunately, premium income generated for the 2013 year of account fell short of original expectations. The class also suffered two notable large loss events; a diamond theft and a cash in transit loss. This volatility has affected the account's performance relative to plan resulting in an underwriting loss after reinsurance.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Syndicate started to underwrite a new specialist Liability class in 2013, which was supported by a consortium arrangement with capacity provided by Argenta and Hiscox. The account was protected by a quota share and has so far developed well receiving positive support from the broking community. Results for the new Non-marine Liability account have been very positive to date. This is in contrast to the disappointing results from the legacy account. Although premium income on the legacy business underwritten prior to the arrival of the new team of Underwriters was relatively small, it has suffered adverse loss experience. This business was discontinued early in 2013 and has been prudently reserved.

The Syndicate also added an Offshore Energy class. The portfolio written in the latter part of 2013 did not include Gulf of Mexico wind exposures and yet achieved the premium income targets set in the approved plan. As with the Non-Marine Liability account, we enjoyed positive support from the broking community and saw a good showing of business in line with our expectations.

2014 ACCOUNT

Following approval of our 27.3% pre-emption, the stamp capacity for 2014 was £140.0m. The Syndicate underwrote gross net premium of £131.9m, compared to the approved plan of £135.0m. The rating environment for the year was competitive, with the actual risk adjusted rate change of -3.7%, which was slightly worse than the planning expectation of -1.6%.

In addition to the existing property classes, the plan also included building on the 2013 base for Specie and Cargo, Non-Marine Liability and Offshore Energy accounts, in addition to underwriting a Terrorism account by supporting a consortium led by a leading Lloyd's Syndicate.

Whilst the account has benefited from the general low level of catastrophe events in the period the Syndicate has been affected by several large losses. The most significant of these were Hurricane Odile and two notable losses in the Energy account.

The 24 month forecast range is 4% to 9%.

2015 ACCOUNT

Following the 14.3% pre-emption approved by Lloyd's, the Syndicate stamp has increased to £160.0m for the 2015 year of account. The approved gross net written premium is £152.9m. The rating environment has continued to be very competitive, with an actual risk adjusted rate change of -6.2%, which was marginally better than plan of -8.7%.

The first public forecast will be at the 15 month stage.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the managing agent and their interests are disclosed in syndicate 1969's annual accounts.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a Director of the Managing Agent at the date of approving this report confirms that:

- so far as the Director is 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 in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office as the Syndicate's auditor.

Approved on behalf of the Board.

DCB Ibeson
Chief Executive Officer
15 March 2016

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

Apollo Syndicate Management Limited, as Managing Agent, is responsible for preparing Syndicate underwriting year of accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulation 2008 (the "Lloyd's Regulations") require the Managing Agent to prepare Syndicate underwriting year accounts for each Syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December 2015. These Syndicate underwriting year accounts must give a true and fair view of the result of the closed year of account.

In preparing the Syndicate underwriting year of accounts, the Managing Agent is required to:

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

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

(iii) make judgements and estimates that are reasonable and prudent; and

(iv) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

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 underwriting year of accounts comply with the Lloyd's Regulations and Syndicate Accounting Byelaw. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969 2013 CLOSED YEAR OF ACCOUNT

We have audited the syndicate underwriting year accounts for the 2013 year of account of syndicate 1969 for the three years ended 31 December 2015 which comprise the Profit and Loss Account, Statement of Changes in Members' Balance, Balance Sheet, Statement of Cash Flows, the related notes 27 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the syndicate's members, as a body, for the 2013 year of account in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to those members those matters we are required to state to them 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND THE AUDITOR

As explained more fully in the Statement of Managing Agent's Responsibilities, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view.

Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements 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 UNDERWRITING YEAR ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate under-writing year accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1969 2013 CLOSED YEAR OF ACCOUNT (Continued)

OPINION ON THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the profit for the 2013 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

M. McQueen

Mark McQueen (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 March 2016

THE SYNDICATE UNDERWRITING YEAR ACCOUNTS

	Notes	£'000
Syndicate allocated capacity		109,941
Gross premiums	29	123,269
Outward reinsurance premiums		(22,189)
Net premiums written and earned		101,080
Reinsurance to close premium receivable, net of reinsurance	30	20,365
		121,445
Allocated investment return transferred from the non-technical account		263
Claims paid		
Gross amount		(58,245)
Reinsurers' share		3,218
Net claims paid		(55,027)
Reinsurance to close premium, net of reinsurance	31	(27,885)
Claims incurred, net of reinsurance		(82,912)
Net operating expenses	32	(35,755)
Balance on the technical account for general business		**3,041**

	Notes	£'000
Balance on the general business technical account		3,041
Investment income	36	263
Allocated investment return transferred to general business technical account		(263)
Loss on foreign exchange		(2,612)
Profit for the 2013 closed year of account		**429**

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

Statement of Changes in Members' Balances
For the 36 months ended 31 December 2015

	£'000
Profit for the 2013 closed year of account	429
Members' agents' fees	(352)
Amounts due to members at 31 December 2015	**77**

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

	Notes	£'000
Investments		
Financial investments	38	33,033
Reinsurance recoveries anticipated on gross reinsurance to close premium	**31**	2,605
Debtors		
Debtor arising out of direct insurance operations	40	7
Debtors arising out of reinsurance operations	41	201
Other debtors	42	10,395
		10,603
Other assets		
Cash and cash equivalents		960
Overseas deposits	43	2,563
		3,523
Prepayments and accrued income		
Other prepayments and accrued income		361
Total assets		**50,125**

	Notes	£'000
Amounts due to members		77
Reinsurance to close premium payable to close the account - gross amount	31	30,490
Deposits received from reinsurers		90
Creditors		
Creditors arising out of direct insurance operations	44	340
Creditors arising out of reinsurance operations	45	568
Other creditors	46	18,560
		19,468
Total liabilities		**50,125**

The Syndicate underwriting year accounts on pages 74 to 86 were approved by the Board of Apollo Syndicate Management Limited on 15 March 2016 and were signed on its behalf by:

J MacDiarmid

Finance Director

15 March 2016

SYNDICATE 1969

STATEMENT OF CASH FLOWS

2013 YEAR OF ACCOUNT FOR THE 36 MONTHS ENDED 31 DECEMBER 2015

	Notes	£'000
Cash flows from Operating Activities		
Profit for the 2013 closed year of account		429
Increase in gross reinsurance to close payable		30,490
Increase in reinsurers' share of reinsurance to close		(2,605)
Increase in debtors		(10,603)
Increase in creditors		19,468
Increase in other assets/liabilities		(361)
Investment return		(263)
Increase in deposits received from reinsurers		90
Net cash inflow from operating activities		**36,645**
Cash flows from Investing Activities		
Purchase of other financial instruments		(33,033)
Investment income received		263
Movements in overseas deposits		(2,563)
Net cashflow from investing activities		**(35,333)**
Net cash flow from Financing Activities:		
Members' agents' fees paid on behalf of members		(352)
Net cash outflow from financing activities		**(352)**
Net increase in cash and cash equivalents		960
Cash and cash equivalents at 1 January 2013		-
Cash and cash equivalents at 31 December 2015		**960**

NOTES TO THE UNDERWRITING YEAR ACCOUNTS 2013 YEAR OF ACCOUNT FOR THE 36 MONTHS ENDED 31 DECEMBER 2015

27. BASIS OF PREPARATION

These underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and 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").

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2013 year of account which has been closed by reinsurance to close at 31 December 2015.

Consequently the balance sheet represents the assets and liabilities of the 2013 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three-year period until closure. The accounts are compiled using the signing messages relating to the year of account; this means that the resulting cash balance shown in the balance sheet belongs to that specific year of account.

These underwriting year accounts cover the three years from the date of inception of the 2013 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

As a consequence of the 2013 year of account reinsuring to close into the 2014 year of account, the residual risks to the members on the closed year have been minimised. The risk disclosure requirements of FRS 103 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

28. ACCOUNTING POLICIES

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

Gross Premiums Written

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

Premiums written are treated as fully earned.

Outward reinsurance premiums

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

Claims paid and related recoveries

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

Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS 2013 YEAR OF ACCOUNT FOR THE 36 MONTHS ENDED 31 DECEMBER 2015 (continued)

Reinsurance to close premium payable

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

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing the reinsurance to close.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the "Claims provisions and related recoveries" section per the syndicate annual accounts.

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

Investment return

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

Syndicate operating expenses

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

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

Foreign currencies

Monetary and non-monetary assets and liabilities denominated in foreign currencies are translated into the presentational currency at exchange rates prevailing at the balance sheet date or, if appropriate, at the forward foreign currency contract rate.

Income and expense transactions in currencies, other than reinsurance to close, are translated to presentational currency at the date the transaction is processed or at the appropriate average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate for the period.

29. SEGMENTAL ANALYSIS - 2013 YEAR OF ACCOUNT AFTER THREE YEARS

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

2013 year of account after three years	Gross premiums written[1] £'000	RITC received[2] £'000	Gross claims incurred £'000	Gross operating expenses[3] £'000	Reinsurance balance £'000	Total £'000
Direct insurance:						
Marine, aviation and transport	5,088	480	(3,476)	(1,476)	(687)	(71)
Fire and other damage to property	60,111	12,024	(43,412)	(17,435)	(6,514)	4,774
Third-party liability	7,790	1,207	(6,737)	(2,260)	(1,616)	(1,616)
Motor	-	10	-	-	-	10
	72,989	13,721	(53,625)	(21,171)	(8,817)	3,097
Reinsurance	50,280	6,644	(35,110)	(14,584)	(7,549)	(319)
	123,269	20,365	(88,735)	(35,755)	(16,366)	2,778

1 All premiums written are earned as at 36 months.
2 RITC received of £20,365 was received from the 2012 year of account.
3 Gross operating expenses are the same as net operating expenses shown in the profit and loss account as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2013 year of account.

All premiums were concluded in the UK.

The geographical analysis of premiums by situs of the risk is as follows:

	£'000
UK	4,149
Other EU countries	4,467
US	71,290
Other	43,363
Total	123,269

30. REINSURANCE TO CLOSE PREMIUM RECEIVABLE

	Reported £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium receivable	18,202	7,992	26,194
Reinsurance recoveries anticipated	(3,939)	(1,890)	(5,829)
Reinsurance to close premium receivable, net of reinsurance	14,263	6,102	20,365

31. REINSURANCE TO CLOSE PREMIUM PAYABLE

	Reported £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	(21,395)	(9,095)	(30,490)
Reinsurance recoveries anticipated	1,775	830	2,605
Reinsurance to close premium payable, net of reinsurance	(19,620)	(8,265)	(27,885)

32. NET OPERATING EXPENSES

	£'000
Brokerage and commissions	24,515
Other acquisition costs	6,589
Acquisition costs	31,104
Administrative expenses	2,698
Members' standard personal expenses	1,953
Total	35,755

33. AUDITOR'S REMUNERATION

	£'000
Audit of Syndicate Underwriting year accounts	52
Other services pursuant to Regulations and Lloyd's Byelaws	20
Non-audit fees – Statement of Actuarial Opinion	46
Total	118

34. STAFF NUMBERS AND COSTS

All staff are employed by the Managing Agency or related companies. The following amounts were recharged to the Syndicate in respect of salary costs:

	£'000
Wages and salaries	5,189
Social security costs	606
Other pension costs	448
Total	6,243

The average monthly number of employees employed by the Managing Agency or related companies but working for the Syndicate each year and aggregated for the three years was as follows:

	Number
Underwriting	14
Claims and Reinsurance	3
Management, administration and finance	13
Total	30

35. EMOLUMENTS OF THE DIRECTORS OF APOLLO

The Directors of Apollo received the following aggregate remuneration charged to the Syndicate's 2013 year of account and included within net operating expenses:

	£'000
Emoluments	214

Included in the total above are emoluments paid to the highest paid director amounting to £154k.

The active underwriter received the following remuneration charged as a syndicate expense:

	£'000
Emoluments	17

36. INVESTMENT INCOME

	£'000
Income from investments	290
Gains on the realisation of investments	1
Income from investments	291

37. INVESTMENT EXPENSES AND CHARGES

	£'000
Losses on the realisation of investments	28

38. FINANCIAL INVESTMENTS

	Market value £'000	Cost £'000
Units in unit trusts	33,033	33,033

All of the above financial investments are held in short-term money market funds.

39. BALANCE ON TECHNICAL ACCOUNT

	2012 & prior year of account £'000	2013 pure year of account £'000	Total 2013 £'000
Technical account balance before allocated investment return & net operating expenses	2,106	36,427	38,533
Acquisition costs	(309)	(30,795)	(31,104)
	1,797	5,632	7,429
Allocated investment return transferred from the non-technical account			263
Net operating expenses other than acquisition costs			(4,651)
Loss on foreign exchange			(2,612)
Profit for the 2013 closed year of account			429

40. DEBTORS ARISING OUT OF DIRECT OPERATIONS

	£'000
Due within one year - intermediaries	5
Due after one year - intermediaries	2
Total	7

41. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	£'000
Due within one year	201

42. OTHER DEBTORS

	£'000
Inter-year loans	9,601
Consortium fee receivable	768
Amount due from members	26
Total	10,395

43. OVERSEAS DEPOSITS

Other assets comprise of overseas deposits which are advanced as a condition of conducting underwriting business in certain countries.

44. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	£'000
Due within one year - intermediaries	340

45. CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	£'000
Due within one year	568

46. OTHER CREDITORS

	£'000
Amounts due to group companies	716
Inter-year loans	17,844
	18,560

47. RELATED PARTIES

All business with related parties is transacted on an arm's length basis.

ASML is a wholly owned subsidiary of Apollo Partners LLP ("APL"). DCB Ibeson, NG Jones and SAC White are partners of APL, along with other members of the senior management and the underwriting team.

ASML became Managing Agent for Syndicate 1969 with effect from 1 August 2015. Prior to that date the Managing Agent was ANV Syndicates Limited. No Managing Agent's fees or profit commission has been received by ASML with respect to the 2013 year of account.

The Managing Agent incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. The total amount recharged at cost by the Managing Agent to the syndicate during 2015 was £0.2m.

APL is the parent company of certain management capital providers for Syndicate 1969.
The syndicate had the following amounts outstanding at the year-end, which are included in "Other creditors" on the balance sheet:

	£000
ASML	716

Nick Jones, the active underwriter, and other members of the syndicate's underwriting team participate on the syndicate through a Limited Liability Partnership.

AP Hulse is a director of both ANV Syndicates Limited and ASML.

For the 2013 underwriting year of account, a number of outwards reinsurance transactions have been conducted between Syndicate 1969 and Hannover Ruckversicherung AG, who participates on the 2013 YOA with a share of 23% syndicate capacity.

SYNDICATE 1969

FOUR YEAR SUMMARY OF UNDERWRITING RESULTS

AS AT 31 DECEMBER 2015

	2010	2011	2012	2013
Syndicate allocated capacity (£000)	63,748	74,450	84,771	109,941
Number of underwriting members	324	354	303	310
Aggregate net premiums (£000)	62,304	75,372	84,660	101,080
Result for a name with an illustrative share of £10,000				
Gross premiums	11,769	12,191	11,863	11,212
Net premiums	9,774	10,124	9,987	9,194
Premium for reinsurance to close an earlier Year of Account	-	1,645	1,659	1,852
Net claims	(5,371)	(6,104)	(4,711)	(5,005)
Reinsurance to close the Year of Account	(1,992)	(1,886)	(2,402)	(2,536)
Syndicate operating expenses	(3, 736)	(3,593)	(3,423)	(3,075)
Loss on exchange	(46)	(166)	(83)	(236)
Balance on technical account	**(1,371)**	**20**	**1,027**	**194**
Investment return	40	93	40	24
Profit/(loss) before personal expenses	**(1,331)**	**113**	**1,067**	**218**
Illustrative personal expenses (note 2)	(176)	(183)	(158)	(179)
Profit /(loss) after illustrative profit commission and personal expenses	**(1,507)**	**(70)**	**909**	**39**
Capacity utilised (note 3)	87.9%	93.8%	93.0%	89.8%
Net capacity utilised (note 4)	68.0%	73.1%	74.2%	69.6%
Underwriting profit/claims ratio (note 5)	(11.7)%	0.2%	8.6%	3.8%
Result as a percentage of stamp capacity	(15.1)%	(0.7)%	9.1%	0.4%

Notes to the summary:

1. The summary has been prepared from the audited accounts of the Syndicate.
2. Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years, Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee, and profit commission payable to the Managing Agent. This amount excludes Members' Agents fees.
3. Capacity utilised represents gross premium written net of acquisition costs expressed as a percentage of allocated capacity.
4. Net capacity utilised represents written premium net of acquisition costs net of reinsurance expressed as a percentage of allocated capacity.
5. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.

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