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Syndicate 4000
Annual Report
Year ended
31 December 2015

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Directors and Advisers

Managing agent

Registered office

Pembroke Managing Agency Ltd
Level 3
8 Fenchurch Place
London
EC3M 4AJ

Registered number

5832065

Directors

G.E. Barnes, BA (Hons), FCII	Executive
C.D. Brown, ACII	Executive
I.R. Garven, BA (Hons), FCA	Executive
T.A.B.H. Glover, ACII	Executive
A.M. Kaufman, FCAS, MAAA, FIA (HON), ARM, CPCU	Non-Executive, Chairman
S. Keshani, MEng (Hons), FIA	Executive
T. Seymour, MA(Oxon), ACA	Non-Executive
J.A.S. Wash, BSc (Hons), ACA	Executive, Managing Director
M.H. Wheeler, ACII	Executive

Company secretary

P.P. Hicks, FCII, FIRM, FCIS

Syndicate

Active Underwriter

T.A.B.H. Glover, ACII

Bankers

Citibank N.A.
HSBC
Lloyd's
Royal Trust

Investment Managers

Conning Asset Management Ltd

Auditors

Ernst & Young LLP

Strategic Report

The directors of Pembroke Managing Agency Limited (PMA) present their Strategic Report for Syndicate 4000 (the 'Syndicate') for the year ended 31 December 2015.

Principal activities

The Syndicate commenced trading during the final quarter of 2004. PMA was established in 2007 to take over the management of the Syndicate from Chaucer Syndicates Ltd and to enable the capital base to be diversified. During 2008, the agency group was acquired by Ironshore Inc. In the transaction Chaucer Holdings PLC elected to retain the management and capital provision for the 2008 and prior underwriting years of account. PMA manages the 2009 and subsequent years of account. Capital is provided by Ironshore Insurance Limited, which is part of the "Ironshore" group.

Ironshore is a Bermudian based insurer with \$2.0bn (2014: \$1.8bn) of capital. It provides broker-sourced specialty commercial property and casualty coverage for varying risks on a global basis through its platforms in Bermuda, Canada, Ireland, the U.S., Australia, Singapore and this Syndicate. The Ironshore group of companies is rated A by A.M. Best with a Financial Size Category of Class XIV.

Since Ironshore acquired PMA, the Syndicate has diversified the business through the addition of new product lines and new underwriting teams, as well as hosting Special Purpose Syndicate 6110's 2012 and 2013 years of account.

Business of the Syndicate

The Syndicate continues to be a leading provider of specialist lines of business, through its operating divisions: Liability, Marine, Property and Personal Accident. The portfolio is built around business which has a high technical barrier to entry and the underwriting selection process is supported by robust rating models to determine rate adequacy and movement.

During the 2015 financial year gross written premium by line of business was as follows:

	2015 £000	2014 £000
Professional Lines	72,050	77,671
Personal Accident	30,785	33,625
War and Terrorism	26,039	27,710
Financial Institutions	23,175	25,471
Political Risks	16,961	13,212
High Value Cargo	16,961	15,820
Cargo	15,291	13,319
Property	13,783	9,316
Marine Re	9,353	21,266
Offshore Energy	4,633	-
Marine Liability	2,711	-
Select Specialist Lines	2,681	2,873
Trade Credit	2,294	-
Onshore Energy	2,268	4,271
Millennium Consortium	1,635	4,891
Property Reinsurance	1,144	407
	241,764	249,852

Strategic Report (continued)

Business of the Syndicate (continued)

Professional Lines

The portfolio is extremely diverse and is intentionally designed to minimise economic correlation with the Financial Institutions business. To that end, professions that are involved in the valuation or sale of 'asset class' products are avoided. The business is built upon Professional Indemnity, Directors' & Officers' liability, Medical Malpractice and Mergers and Acquisition products.

Personal Accident

This class comprises a mixture of Personal Accident binding authorities, direct and facultative placements, medical expense cover and an excess of loss reinsurance account.

War & Terrorism

Typical policies provide protection against damage to commercial and residential property due to war, terrorism, strikes and riots. There is also cover relating to business interruption arising from the stated perils. Additionally some aviation and marine war contracts have been written. Business is written on a worldwide basis.

Financial Institutions

Business is written across a broad range of financial institutions. In response to the economic environment we continue to reduce the Syndicate's exposure to US and Eurozone domiciled accounts. We also actively seek institutional facing business rather than retail exposure. The three main product lines transacted are Crime, Professional Indemnity and Directors' & Officers' liability insurance.

Political Risks

The book is composed of confiscation, contract frustration and trade credit risks. Business is written on a worldwide basis. The term of contracts varies widely, from 60 days up to 5 years.

High Value Cargo

This portfolio contains a wide variety of business which includes items such as classic cars, fine art collections and private jewellery, along with general specie including diamond mine theft risk and jewellers block. There are also some more unusual risks covered such as motorsport on-track damage and off-track storage transit paddock risk. A small amount of cash in transit business is also written. Typically this book is written with lead positions.

Cargo

This is a more traditional cargo book and covers more standard risks including retail and wholesale stock in stores, warehouses and at distribution centres. Additionally there is a small amount of retail exposure. A significant proportion of premium written in this class is written through binders.

Property

The Property book has international exposures, with both primary and excess layer business being written. The underwriting strategy of the book is to minimise catastrophe exposure. Risks written include construction sites, factories (particularly electronic and food manufacturers) and public buildings.

Strategic Report (continued)

Business of the Syndicate (continued)

Marine Re

The entire class is comprised of a single binding authority issued to Ironshore Underwriting Services Inc. (an Ironshore group company). It underwrites a selection of North American and Caribbean quota share treaty reinsurances. Marine Hull, Liability & Cargo policies are all contained within this class pertaining to a wide range of vessels engaged in both business and leisure activities.

Onshore and Offshore Energy

The types of risk written include oil and gas exploration and production including fixed platforms, onshore processing and transmission, cost of well control, hull and machinery insurance for drilling contractors with mobile drilling rigs. This is an international book with a natural bias towards mature oil and gas provinces.

Marine Liability

The book is composed of both traditional Marine Liability and Energy Liability. Marine Liability includes risks for P&I, charterers liability, marine employers liability, ship repairers, port authorities and terminal operators. Energy liability business is predominantly offshore and covers excess liability for oil and gas exploration and production operators, drilling contractors and service contractors.

Select Specialist Lines

The book represents a small part of the overall Syndicate's income. All business demonstrates strict profit criteria over a period of time. The main areas of business are kidnap and ransom, environmental and casualty, but additional income is sourced from nuclear physical damages and liability exposure and protection and indemnity reinsurance.

Trade Credit

The Syndicate's Trade Credit products are organized around the international and domestic trade flows of our clients. Internationally and domestically domiciled, manufacturing and trading companies and financial institutions benefit from our flexible underwriting guidelines and availability of country and buyer limit capacities.

Millennium Consortium

This participation is in support of the Millennium Syndicate, a specialist team which covers engineering and construction risks.

Property Reinsurance

The Property Reinsurance account was new to the Syndicate for the 2012 year of account and 90% of the income was ceded to Special Purpose syndicate 6110. For the 2014 year of account, new and renewed business was underwritten by the standalone Syndicate 2014. Risks were assumed via quota share, catastrophe excess of loss and per risk excess of loss treaties. All of the exposures are in North America.

Strategic Report (continued)

Key performance indicators

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

	2015	2014
	£000	Restated £000
Syndicate capacity	270,000	252,000
Gross written premium	241,764	249,852
Profit for the financial year	14,287	992
Combined ratio	94.2%	101.9%
Investments, cash and deposits	270,227	260,205

The profit and the combined ratio for the financial year ended 31 December 2014 has been restated in accordance with the transition to FRS102. Notes 1 and 20 to the financial statements explain the nature and the impact of the transition.

Current trading conditions and future prospects

The Syndicate has a track record of sustained and disciplined premium growth and profitability.

Current trading conditions indicate a negative premium rate outlook for most lines of business, which is indicative of excess London Market capacity and increased competition from emerging regional markets. Forecast growth for 2016 will be achieved through careful risk selection, organic growth of existing lines of business and through the carefully managed introduction of new products and the recruitment of high calibre underwriting teams.

The Syndicate has recently acquired new underwriting teams to develop Agriculture and Product Recall business as well entering into coverholder arrangements with Ironshore group entities in New Zealand, United Arab Emirates and in Continental Europe. For the 2016 year of account the Syndicate will also participate in Lloyd's China.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not impacted the SCR of the syndicate, since this has been previously calculated based on Solvency II principles.

Open underwriting years

The 2014 pure year of account has cumulative total recognised gains on a GAAP basis of £4.0m. The ultimate view of the directors is that the year of account will continue to develop profitably. The latest mid-point return on capacity is 4.8%.

The 2015 pure year of account is at an early stage of its development, and the ultimate prospects of the year of account at this stage are less certain. However, despite challenging market conditions, the directors are of the view that it will close profitably.

Other performance indicators

Staff matters

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

Human resources key performance indicators are reviewed periodically by committees of the Board, and all such indicators are in line with the expectations of the directors.

Strategic Report (continued)

Other performance indicators (continued)

Investment Manager's Performance

	2015 £000	2014 £000
Income from investments	3,682	2,951
Realised losses on investments	(86)	(70)
Unrealised (losses)/gains on investments	(420)	801
Total investment return	<u>3,176</u>	<u>3,682</u>

	2015 %	2014 %
Conning Asset Management Ltd	1.62%	2.17%
Investment Manager Benchmark	1.58%	2.42%

The investment manager during the year was Conning Asset Management Ltd.

Environmental matters

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

Approved by order of the Board of Pembroke Managing Agency Limited



J.A.S. Wash
Managing Director
15 March 2016



T.A.B.H. Glover
Director, Active Underwriter
15 March 2016

Managing Agent's Report

The directors of PMA present their report for the year ended 31 December 2015.

Strategic Report

The Managing Agent's Report should be read in conjunction with the Strategic Report as it includes information required to be disclosed in the Managing Agent's Report. This information primarily relates to the activities of the business, results and future developments.

Risk review

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

The principal risks and uncertainties facing the Syndicate are set out below, including references to Notes to the Annual Report where additional information relating to these risks is provided.

Insurance risk - Underwriting

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

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

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

Insurance risk - Reserving

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

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

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

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

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

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

Regulatory risk

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

Managing Agent's Report (continued)

Credit risk

The key aspect of credit risk is the risk of default by a reinsurer, insurance intermediary or debt holder. Exposures to single counterparties are regularly reviewed at Reinsurance Committee, Underwriting Committee and Investment Committee.

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

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

Investment credit risk is managed through investment management guidelines and quarterly compliance reports.

Liquidity risk

The Syndicate is subject to calls on cash resources, mainly in respect of claims on insurance business, on a daily basis. PMA operates and maintains a liquidity risk policy designed to ensure that cash is available to settle liabilities and other obligations when due without excessive cost to the business.

The liquidity risk policy, which is subject to review and approval by the Board on an annual basis, sets limits for cash required to meet expected cash flows. It includes a contingency funding plan, which details the process and provisions for raising additional funds required to meet liabilities in extreme circumstances.

Market risk

The key aspect of market risk is that the Syndicate incurs losses on foreign exchange movements as a result of mismatches between currencies in which assets and liabilities are denominated. Currency matching is reviewed on a quarterly basis and significant mismatches are addressed through currency purchases and sales or derivative forward contracts.

Interest rate risk

Movements in interest rates will also impact the value of debt and other fixed income securities relative to the value of related liabilities. This risk is managed through asset and liability duration management.

Operational risk

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

Managing Agent's Report (continued)

Directors serving during the year

The Directors of the Managing Agent, who served during the year ended 31 December 2015 and up to the date of this report, were as follows:

L. Adlam*	Non-Executive
G.E. Barnes, BA (Hons), FCII	Executive
C.D. Brown, ACII	Executive
I.R. Garven, BA (Hons), FCA	Executive
T.A.B.H. Glover, ACII,	Executive
A.M. Kaufman, FCAS, MAAA, FIA (HON), ARM, CPCU	Non-Executive, Chairman
S. Keshani, BEng (Hons), FIA**	Executive
T. Seymour MA(Oxon), ACA	Non-Executive
J.A.S. Wash, BSc (Hons), ACA	Executive, Managing Director
M.H. Wheeler, ACII	Executive

* Appointed 3 July 2015, resigned 2 January 2016

** Appointed 18 November 2015

Company secretary

P.P. Hicks, FCII, FIRM, FCIS

Annual General Meeting

The Directors do not propose to hold an annual general meeting for the Syndicate.

Auditors

Ernst & Young LLP has signified its willingness to continue in office as auditors.

Disclosure of information to auditors

The Directors who held office at the date of the approval of this Directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the Syndicate's auditors are unaware and each Director has taken all the steps that he/she ought to have taken as Director to make himself/herself aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

By order of the Board



J.A.S. Wash
Managing Director
15 March 2016



T.A.B.H. Glover
Director, Active Underwriter
15 March 2016

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate Annual Report and Annual Accounts in accordance with applicable law and regulations.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 4000

We have audited the syndicate annual accounts of syndicate 4000 ('the syndicate') for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Member's Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 23. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'.

This report is made solely to the syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate'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 set out on page 12, the managing agent is responsible for the preparation of syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate annual accounts

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

Opinion on syndicate annual accounts

In our opinion the syndicate annual accounts:

- 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'; 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 Strategic Report and Managing Agent's Report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts.

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Andrew R Blackmore (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 15 March 2016

Statement of Comprehensive Income

For the year ended 31 December 2015

Technical account – General business

	Note	2015 £000	2014 £000
Earned premiums, net of reinsurance			
Gross premiums written	3	241,764	249,852
Outward reinsurance premiums		<u>(50,309)</u>	<u>(52,516)</u>
Net premiums written		191,455	197,336
Change in the provision for unearned premiums			
Gross amount		7,410	(9,434)
Reinsurers' share		<u>(3,563)</u>	<u>(5,990)</u>
Change in the net provision for unearned premiums		3,847	(15,424)
Earned premiums, net of reinsurance		195,302	181,912
Allocated investment return transferred from the non-technical account		3,381	3,786
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(99,496)	(92,622)
Reinsurers' share		<u>30,817</u>	<u>28,519</u>
Net claims paid		(68,679)	(64,103)
Change in the provision for claims			
Gross amount		(26,442)	(51,529)
Reinsurers' share		<u>(8,380)</u>	<u>3,781</u>
Change in the net provision for claims		(34,822)	(47,748)
Claims incurred, net of reinsurance	4	(103,501)	(111,851)
Net operating expenses	5	<u>(80,537)</u>	<u>(73,583)</u>
Balance on the technical account for general business		<u>14,645</u>	<u>264</u>

All the amounts above are in respect of continuing operations.

The Statement of Comprehensive Income for the financial year ended 31 December 2014 has been restated in accordance with the transition to FRS 102. Notes 1 and 20 to the financial statements explain the nature and impact of the adjustments.

Statement of Comprehensive Income

For the year ended 31 December 2015

Non-technical account

	Note	2015 £000	2014 £000
Balance on the technical account for general business		14,645	264
Investment income	9	4,068	3,276
Realised losses on investments		(86)	(70)
Investment expenses and charges		(181)	(221)
Unrealised (losses)/gains on investments		(420)	801
Allocated investment return transferred to the technical account		(3,381)	(3,786)
Other charges – (Loss)/profit on exchange		(358)	728
Profit for the financial year		<u>14,287</u>	<u>992</u>

Statement of changes in member's balances

	2015 £000	2014 £000
Balance due (from)/to members at 1 January	(2,133)	9,113
Total recognised gains or losses since the last annual report	14,287	992
Profit distributed to members – 2012(2011) year of account	(27,659)	(11,595)
Non-standard personal expenses	(708)	(207)
Exchange differences	2,769	(436)
Balance due from members at 31 December	<u>(13,444)</u>	<u>(2,133)</u>

Statement of Financial Position

As at 31 December 2015

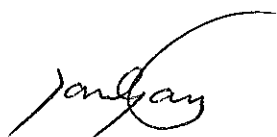
ASSETS	Note	2015 £000	2014 £000
Investments			
Financial investments	10	227,135	223,765
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	26,564	29,536
Claims outstanding	17	65,747	72,855
		<u>92,311</u>	<u>102,391</u>
Debtors due within one year			
Debtors arising out of direct insurance operations – intermediaries	12	70,609	44,583
Debtors arising out of reinsurance operations	13	27,924	63,543
Other debtors	14	8,552	11,597
		<u>107,085</u>	<u>119,723</u>
Debtors due after one year			
Debtors arising out of direct insurance operations – intermediaries	12	2,904	-
Debtors arising out of reinsurance operations	13	90	-
Other debtors		-	4,938
		<u>2,994</u>	<u>4,938</u>
Other assets			
Cash at bank and in hand	19	19,187	13,543
Other assets	11	28,404	22,897
		<u>47,591</u>	<u>36,440</u>
Prepayments and accrued income			
Deferred acquisition costs	18	48,297	44,010
Other prepayments & accrued income		2,873	2,502
		<u>51,170</u>	<u>46,512</u>
TOTAL ASSETS		<u>528,286</u>	<u>533,769</u>

Statement of Financial Position

As at 31 December 2015

MEMBER'S BALANCES AND LIABILITIES		2015	2014
		£000	£000
Member's balances			
Member's balances		(13,444)	(2,133)
Technical provisions			
Provision for unearned premiums	17	155,630	160,364
Claims outstanding	17	<u>323,422</u>	<u>293,304</u>
		479,052	453,668
Creditors due within one year			
Creditors arising out of direct insurance operations – intermediaries	15	46,746	34,447
Creditors arising out of reinsurance operations	16	1,404	25,986
Other creditors		<u>6,207</u>	<u>12,333</u>
		54,357	72,766
Creditors due after one year			
Creditors arising out of direct insurance operations – intermediaries	15	1,176	-
Creditors arising out of reinsurance operations	16	<u>70</u>	<u>-</u>
		1,246	-
Accruals and deferred income			
		<u>7,075</u>	<u>9,468</u>
TOTAL MEMBER'S BALANCES AND LIABILITIES		<u>528,286</u>	<u>533,769</u>

The annual accounts on pages 14 to 37 were approved by the Board of Pembroke Managing Agency Limited on 15 March 2016 and were signed on its behalf by:



I.R. Garven
Finance Director
15 March 2016

Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Cash flow from operating activities			
Operating result		14,287	992
<i>Adjustments:</i>			
Increase in gross technical provisions		25,384	72,446
Decrease/(increase) in reinsurers' share of gross technical provisions		10,080	(414)
Decrease/(increase) in debtors		14,582	(15,537)
(Decrease)/increase in creditors		(17,163)	12,924
Movement in other assets and liabilities		(11,551)	(27,973)
Investment return		(3,381)	(3,786)
Net cash inflow from operating activities		32,238	38,652
Cash flows from investing activities			
Purchase of equity and debt instruments		(84,607)	(123,504)
Sale of equity and debt instruments		90,432	89,083
Investment income received		1,805	3,656
Other		(2,216)	(7,075)
Net cash inflow/(outflow) from investing activities		5,414	(37,840)
Cash flows from financing activities			
Profit distributed to members – 2012(2011) year of account		(27,659)	(11,595)
Other		2,061	(643)
Net cash outflow from financing activities		(25,598)	(12,238)
Net increase/(decrease) in cash and cash equivalents		12,054	(11,426)
Cash and cash equivalents at 1 January	19	21,137	32,563
Cash and cash equivalents at 31 December	19	33,191	21,137

Notes to the Annual Report

At 31 December 2015

1. Statement of accounting policies

General information

The Syndicate comprises of a single corporate member of the Society of Lloyd's that underwrites insurance business in the London market. The corporate member is Ironshore Corporate Capital Ltd. The registered address of the corporate member and managing agent is Level 3, 8 Fenchurch Place, London, EC3M 4AJ.

Compliance with accounting standards

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. There were no material departures from those standards.

Basis of preparation

These financial Statements for the year-ended 31 December 2015 are the first financial statements that comply with FRS 102 and 103. The date of transition is 1 January 2014 and the comparative figures have been restated accordingly. The transition has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on the opening statement of financial position and result for the comparative period are explained below and in the notes, particularly note 20.

The financial statements have been prepared on a 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, which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern basis

These financial statements are prepared on a going concern basis.

Syndicates by their nature only underwrite for single underwriting years on behalf of their supporting members, however this is within a context of not finalising results until after 36 months so that typically there are three underwriting years in progress at any given time. In addition Syndicates will normally expect to continue to trade for more underwriting years into the future.

The Syndicate's business activities, together with the factors likely to affect its future development are set out in the Business Review contained within the Strategic Report. In addition the risk management section of the Managing Agents Report and note 2 to the Annual Report provide details of the financial risks the Syndicate is exposed to and how those risks are managed.

The Syndicate has considerable financial resources together with long term relationships with a number of brokers and policyholders across different classes of business and geographical areas. As a consequence, the directors believe that the Syndicate is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd's of the members supporting the Syndicate (as detailed in Note 22) to continue in operational existence for the foreseeable future.

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.

Notes to the Annual Report

At 31 December 2015

1. Statement of accounting policies

Use of judgements and estimates (continued)

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

Provision for claims outstanding

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

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

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

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 2.

Estimated premium income

For certain insurance contracts, premium is initially recognised based on an estimate. These estimates are judgemental and could result in prospective revisions in future accounting periods. The use of expert judgements and historical development patterns are the principle means by which the potential for revisions are minimised.

Basis of accounting

The underwriting results are determined on an annual basis of accounting. Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance. The significant accounting policies are detailed below.

Premiums written

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

Unearned premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written 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.

Reinsurance premiums ceded

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. The earned proportion of premiums is recognised as income during the year.

Acquisition costs

Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. 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.

Notes to the Annual Report

At 31 December 2015

Basis of accounting (continued)

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs.

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

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

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

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

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

Unexpired risks provision

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

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

As at 31 December 2015 and 31 December 2014, the Syndicate did not have an unexpired risk provision.

Foreign currencies

The Syndicate's functional and reporting currency is Pounds Sterling.

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

Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisitions costs) denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year are recorded in the non-technical account.

Notes to the Annual Report

At 31 December 2015

Basis of accounting (continued)

Foreign currencies (continued)

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

	<i>31 December</i> <i>2015</i>	<i>31 December</i> <i>2014</i>
US Dollar	1.483	1.553
Canadian Dollar	2.056	1.806
Euros	1.357	1.278
Australian dollar	2.034	1.904

Investments

The Syndicate classifies its financial investments as financial assets at fair value through profit and loss. Financial assets are classified as fair value through profit and loss as the Syndicate's investment strategy is to manage financial investments acquired on a fair value basis.

All regular way purchases and sales of financial assets are recognised on the trade date. Regular way purchase or sales of financial assets require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Financial assets at fair value through profit and loss have two sub-categories namely financial assets held for trading and those designated at fair value through profit and loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit and loss, the following criteria must be met: Firstly, the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis. Or secondly, the assets and liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, these investments are re-measured at fair value at each reporting date. Fair value adjustments and realised gains and losses are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, where applicable net of outstanding bank overdrafts.

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.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and carrying value. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the Non-technical Account. A transfer is made from the Non-technical Account to the general business Technical Account. Investment return has been wholly allocated to the Technical Account as all investments are held to support underwriting liabilities.

Notes to the Annual Report

At 31 December 2015

Basis of accounting (continued)

Taxation

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

No provision has been made for Overseas Income Tax payable on underwriting results. Any payments on account made by the Syndicate during the year are included in the balance sheet under the heading 'Members' balances'.

Pension costs

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

Profit commission

Profit commission due from the Syndicate to the Managing Agency is not payable until after the appropriate year of account closes – typically at 36 months. An accrual is calculated and recognised in the financial statements based on the cumulative earned underwriting results of each year of account.

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

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Insurance liabilities are derecognised when the obligation under the liability is settled, cancelled or expired.

2. Risk management

Risk framework

The primary objective of the Syndicate's risk and financial management framework is to protect the Syndicate's capital provider Ironshore Corporate Capital Ltd, from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Board recognises the critical importance of having efficient and effective risk management systems in place.

PMA has an established risk management function for the Syndicate with clear terms of reference from the Board. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board. The risk management framework which sets out the risk profiles for the Syndicate, risk management, control and business conduct standards for the Syndicate's operations is reviewed annually and any changes are approved by the Board.

The Risk Committee and the Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. Significant emphasis is placed on the assessment and documentation of existing and emerging risks and controls, including the articulation of 'risk appetite'.

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Insurance risk - Underwriting

Principal risks

The principal risk the Syndicate faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, and the development of long term claims liabilities. The objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical segments. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Reinsurance

Reinsurance allows the Syndicate to manage capital exposure to both frequency and severity. This includes the management of any systemic issues impacting a particular area of the account, as well as catastrophic losses across all business areas.

Business is written on the basis of generating a gross profit, regardless of the supporting reinsurance arrangements. Business planning and modelling assumptions are based on the expectation that reinsurers will make a profit. The core reinsurance providers to the Syndicate remain constant.

Underwriting Committee

The Syndicate organises underwriting through the following divisions; Liability, Marine, Property and Personal Accident. Each division reports to the Underwriting Committee and ultimately the PMA Board. This control process ensures that several layers of review occur for underwriting risks, with the focus being on the main components of risk, notably pricing, loss ratio selection, reserving, variations in experience, cycle management, reinsurance protection and catastrophe modelling.

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

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

Diversification

Risks usually cover twelve months duration. Risks deliberately emanate from a diverse range of sources. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical segmentation.

Claims management

Strict claim review policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are in place to reduce the risk exposure of the Syndicate.

The following table gives an indication of the likely quantum and scale of Realistic Disaster Scenarios estimated during 2015.

Realistic Disaster Scenarios	Gross Event	Gross Event	Net Event	Net Event
	Loss £000	Loss % of ECA	Loss £000	Loss % of ECA
California Earthquake – Los Angeles	65,198	30%	15,568	7%
Terrorism – Rockefeller Centre	92,747	43%	11,796	6%
Political Risks – South East Asia/China	24,975	12%	21,120	10%

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Insurance risk – Reserving

Principal risk

PMA's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year. Booked reserves represent the level of reserves booked at the Syndicate level. They are prepared on an underwriting year basis, and prepared on an actuarial best estimate basis. Booked reserves provide the basis for the Syndicate results and forecasts.

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

The following table illustrates the sensitivity of the financial year results (before managing agents profit commission) to changes in the net loss ratio.

Realistic Disaster Scenarios	2015 £000	2014 £000
Net loss ratio – increase of 5%	(9,765)	(9,096)
Net loss ratio - increase of 10%	(19,530)	(18,191)

Mitigation

The actuarial best estimate reserves are calculated by PMA. The actuarial function determines the reserves in conjunction with extensive discussions with underwriting, claims, finance and reinsurance functions. The directors consider, assess and approve the best estimate reserve.

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

Regulatory risk

Capital framework at Lloyd's

Lloyd's is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime. Although the capital regime has changed, this has not significantly impacted the Solvency Capital Requirement (SCR) of the Syndicate, as Lloyd's was an early adopter of the new regime. Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although 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.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its 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 SCR of Syndicates is subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Lloyd's applies a capital uplift to the member's Solvency Capital Requirement, known as the Economic Capital Loading to derive the Syndicate's final Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2016 was 35% of the member's SCR 'to ultimate'.

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Regulatory risk (continued)

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), held within and managed within a Syndicate (Funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates.

Accordingly all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the statement of financial position, represent resources available to meet members' and Lloyd's capital requirements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

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

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2015 by classifying assets according to Standard & Poor's credit ratings of the counterparties for assets not yet due. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated.

As at 31 December 2015	AAA £000	AA £000	A £000	BBB £000	Not rated £000	Total £000
Variable yield securities	-	5,363	8,641	-	-	14,004
Debt securities	61,696	86,222	62,565	2,648	-	213,131
Overseas deposits	-	23,905	-	-	-	23,905
Reinsurers share of outstanding claims	-	33,822	31,904	-	21	65,747
Reinsurance debtors	-	21,112	4,942	-	792	26,846
Cash at bank and in hand	-	10,168	6,021	-	2,998	19,187
Total	61,696	180,592	114,073	2,648	3,811	362,820

As at 31 December 2014	AAA £000	AA £000	A £000	BBB £000	Not rated £000	Total £000
Variable yield securities	-	3,504	4,090	-	-	7,594
Debt securities	106,084	54,927	52,899	2,261	-	216,171
Overseas deposits	-	22,897	-	-	-	22,897
Reinsurers share of outstanding claims	-	47,584	24,509	-	762	72,855
Reinsurance debtors	-	47,273	13,523	-	767	61,563
Cash at bank and in hand	-	7,054	3,491	-	2,998	13,543
Total	106,084	183,239	98,512	2,261	4,527	394,623

PMA predominantly purchases reinsurance from reinsurers rated strong or better by Standard & Poor's (or equivalent). Maximum exposures per reinsurer are set in response to a reinsurer's rating and net assets. There have been no material changes to the credit risk appetite or profile during the financial year.

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

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Credit Risk (continued)

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of any mitigation arrangements.

As at 31 December 2015	Not yet due	Past due by three months	Past due three to six months	Past due over six months	Greater than one year	Total
	£000	£000	£000	£000	£000	£000
Variable yield securities	14,004	-	-	-	-	14,004
Debt securities	213,131	-	-	-	-	213,131
Overseas deposits	23,905	-	-	-	-	23,905
Reinsurers share of outstanding claims	65,747	-	-	-	-	65,747
Reinsurance debtors	26,846	1,031	87	29	21	28,014
Cash at bank and in hand	19,187	-	-	-	-	19,187
Insurance debtors	67,494	1,551	2,839	954	675	73,513
Other Debtors	8,552	-	-	-	-	8,552
Total	438,866	2,582	2,926	983	696	446,053

As at the balance sheet date, all financial assets of the Syndicate are unimpaired (2014: nil).

As at 31 December 2014	Not yet due	Past due by three months	Past due three to six months	Past due over six months	Greater than one year	Total
	£000	£000	£000	£000	£000	£000
Variable yield securities	7,594	-	-	-	-	7,594
Debt securities	216,171	-	-	-	-	216,171
Overseas deposits	22,897	-	-	-	-	22,897
Reinsurers share of outstanding claims	72,855	-	-	-	-	72,855
Reinsurance debtors	61,563	1,304	133	133	410	63,543
Cash at bank and in hand	13,543	-	-	-	-	13,543
Insurance debtors	41,978	1,373	590	626	16	44,583
Other debtors	16,535	-	-	-	-	16,535
Total	453,136	2,677	723	759	426	457,721

Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Syndicate is subject to calls on cash resources, mainly in respect of claims on insurance business, on a daily basis. PMA operates and maintains procedures designed to ensure that cash is available to settle liabilities and other obligations when due without excessive cost to the business.

The procedures set limits for cash required to meet expected cash flows. Contingency arrangements exist to meet liquidity requirements in extreme circumstances.

The following table shows the maturity profile of liabilities.

Maturity profile of liabilities	2015	2015	2014	2014
	No maturity stated	Within one year	No maturity stated	Within one year
	£000	£000	£000	£000
Creditors	-	49,395	-	60,433
Other liabilities	6,207	-	12,333	-

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Market risk – 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 a significant proportion of insurance business in currencies other than Pounds Sterling, which creates an exposure to currency risk. The Syndicate seeks to manage this exposure by matching foreign currency assets and liabilities.

The table below summarises the exposure of financial assets and liabilities to foreign currency exchange risk at the balance sheet date.

As at 31 December 2015	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	Total £000
Financial investments	-	187,389	-	39,746	-	227,135
Reinsurers' share of technical provisions	35,407	52,074	174	4,479	177	92,311
Insurance assets	19,389	71,706	850	7,546	2,036	101,527
Cash and overseas deposits	19,242	4,289	4,520	12,052	2,989	43,092
Other assets	37,923	22,192	1,002	2,374	730	64,221
Total assets	111,961	337,650	6,546	66,197	5,932	528,286
Technical provisions	(158,538)	(261,448)	(7,895)	(46,055)	(5,116)	(479,052)
Insurance liabilities	(5,824)	(39,213)	(18)	(4,186)	(155)	(49,396)
Other creditors	(9,625)	(3,563)	(6)	(78)	(10)	(13,282)
Total liabilities	(173,987)	(304,224)	(7,919)	(50,319)	(5,281)	(541,730)
Currency surplus / (deficiency)	(62,026)	33,426	(1,373)	15,878	651	(13,444)
As at 31 December 2014	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	Total £000
Financial investments	-	177,391	-	46,374	-	223,765
Reinsurers' share of technical provisions	33,610	62,459	-	6,322	-	102,391
Insurance assets	25,216	74,982	-	7,928	-	108,126
Cash and overseas deposits	19,183	9,825	-	7,432	-	36,440
Other assets	(247)	64,975	-	(1,681)	-	63,047
Total assets	77,762	389,632	-	66,375	-	533,769
Technical provisions	(156,069)	(253,214)	-	(44,385)	-	(453,668)
Insurance liabilities	(4,692)	(46,567)	-	(9,174)	-	(60,433)
Other creditors	(12,869)	(8,670)	-	(262)	-	(21,801)
Total liabilities	(173,630)	(308,451)	-	(53,821)	-	(535,902)
Currency surplus / (deficiency)	(95,868)	81,181	-	12,554	-	(2,133)

The table below gives an indication of the impact on the result of a percentage change in the relative strength of Pounds Sterling against the value of the US Dollar, Canadian Dollar, Australian Dollar and Euro simultaneously.

	2015 £000	2014 £000
<i>Sterling weakens</i>		
10% against other currencies	5,398	10,415
20% against other currencies	12,146	23,434
<i>Sterling strengthens</i>		
10% against other currencies	(4,417)	(8,521)
20% against other currencies	(8,097)	(15,623)

Notes to the Annual Report

At 31 December 2015

2. Risk management (continued)

Market risk – Interest rates

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Syndicate to cash flow interest risk, whereas fixed rate instruments expose the Syndicate to market value interest risk. The Syndicate has no significant concentration of interest rate risk. Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit and members' balance of the effects of changes in interest rates on fixed rate financial assets and variable rate financial assets.

Interest rate risk	2015 £000	2014 £000
Impact of 50 basis point increase on result	(3,117)	(2,998)
Impact of 50 basis point decrease on result	3,114	2,977
Impact of 50 basis point increase net assets	(3,117)	(2,998)
Impact of 50 basis point decrease net assets	3,114	2,977

3. 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 operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance:						
Accident & health	22,056	17,913	(8,247)	(6,167)	(715)	2,784
Marine aviation and transport	19,569	22,811	(8,423)	(7,858)	(3,716)	2,814
Fire and other damage to property	50,050	52,066	(15,395)	(17,961)	(11,125)	7,585
Third party liability	76,421	78,770	(44,748)	(27,187)	(4,279)	2,556
Miscellaneous	51,550	47,965	(27,250)	(16,526)	(2,586)	1,603
	219,646	219,525	(104,063)	(75,699)	(22,421)	17,342
Reinsurance	22,118	29,649	(21,875)	(10,230)	(3,622)	(6,078)
Total	241,764	249,174	(125,938)	(85,929)	(26,043)	11,264
2014						
Direct insurance:						
Accident & Health	22,313	21,978	(8,402)	(6,780)	(3,841)	2,955
Marine aviation and transport	27,393	26,932	(48,230)	(9,203)	8,294	(22,207)
Fire and other damage to property	42,145	41,214	(21,733)	(13,080)	(4,797)	1,604
Third party liability	64,273	63,561	(16,711)	(20,913)	(11,616)	14,321
Miscellaneous	43,616	23,828	(14,940)	(13,060)	(2,253)	(6,425)
	199,740	177,513	(110,016)	(63,036)	(14,213)	(9,752)
Reinsurance	50,112	62,905	(34,135)	(16,948)	(5,592)	6,230
Total	249,852	240,418	(144,151)	(79,984)	(19,805)	(3,522)

Notes to the Annual Report

At 31 December 2015

3. Segmental analysis (continued)

Commissions on direct insurance gross premiums during 2015 were £52.5m (2014: £37.2m).

The reinsurance balance is the aggregate total of all items in the technical account which relate to outwards reinsurance transactions including items recorded as reinsurance commission and profit participations.

All premiums were concluded in the UK.

The above analysis is considered by the directors of PMA to provide a better analysis of the performance and risks relating to the business underwritten than analysis by location or currency. As a result the management of the Syndicate is measured and monitored in detail on the basis of classes of risk and therefore other analysis of the business is not provided.

The geographical analysis of gross premiums written by destination:

	2015 £000	2014 £000
UK	63,617	65,271
Other EU countries	27,931	29,960
US	62,888	74,443
Other	87,328	80,178
	<hr/>	<hr/>
Total	241,764	249,852

4. Claims incurred, net of reinsurance

Prior year reserve development

The movement in the net provision for claims includes adverse prior year development of £5.0m (2014: £5.3m). Prior year claims development is analysed by line of business in the table below.

	2015 £000	2014 £000
Accident & Health	(514)	(483)
Marine aviation and transport	2,091	(4,203)
Fire and other damage to property	4,614	(562)
Third party liability	(5,857)	619
Pecuniary loss	(1,519)	(514)
Miscellaneous	106	(706)
Reinsurance	(3,956)	524
	<hr/>	<hr/>
Adverse development	(5,035)	(5,325)

Notes to the Annual Report

At 31 December 2015

4. Claims incurred, net of reinsurance (continued)

Gross claims development

Pure underwriting year	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	Total £000
<i>Estimate of gross claims</i>						
At the end of the underwriting year	42,034	46,184	64,173	55,887	53,924	
One year later	110,402	96,851	168,321	118,713		
Two years later	108,804	102,780	178,854			
Three years later	103,556	102,938				
Four years later	99,579					
Less: gross claims paid	(71,080)	(54,834)	(105,029)	(25,323)	(3,215)	
Gross ultimate claims reserve – 2011-2015	28,499	48,104	73,825	93,390	50,709	294,527
Gross ultimate claims reserve – 2010 & prior						28,895
Gross claims reserves						323,422

Net claims development

Pure underwriting year	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	Total £000
<i>Estimate of net claims</i>						
At the end of the underwriting year	31,001	30,387	41,382	45,397	45,506	
One year later	82,088	65,650	110,400	99,879		
Two years later	85,635	75,388	123,535			
Three years later	84,465	71,423				
Four years later	81,536					
Less: net claims paid	(57,056)	(38,166)	(62,498)	(22,237)	(2,826)	
Net ultimate claims reserve – 2011-2015	24,480	33,257	61,037	77,642	42,680	239,096
Net ultimate claims reserve – 2010 & prior						18,579
Net claims reserves						257,675

5. Net operating expenses

	2015 £000	2014 £000
Acquisition costs	(75,455)	(69,997)
Change in deferred acquisition costs	4,842	4,802
Administrative expenses	(15,316)	(14,789)
Reinsurers' commissions	(85,929)	(79,984)
	5,392	6,401
	(80,537)	(73,583)

6. Auditor's Remuneration

	2015 £000	2014 £000
Fees payable to the Syndicate's Auditors for:		
Audit of the Syndicate annual accounts	60	56
Audit of the Managing Agents' annual accounts	16	16
Other services pursuant to regulations and Lloyd's byelaws	110	112
	186	184

Auditor's remuneration is included as part of administrative expenses in Note 5.

Notes to the Annual Report

At 31 December 2015

7. Staff numbers and costs

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

	2015 £000	2014 £000
Wages and salaries	10,691	9,919
Social security costs	1,682	1,131
Other pension costs	771	761
Other	1,178	284
	<u>14,322</u>	<u>12,095</u>

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

	2015 Number	2014 Number
Administration and finance	19	15
Underwriting	76	59
Claims	11	9
Compliance	14	12
Other	3	2
	<u>123</u>	<u>97</u>

8. Emoluments of the directors of Pembroke Managing Agency Limited

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

	2015 £000	2014 £000
Emoluments	668	1,044
Pension contributions	80	94
	<u>748</u>	<u>1,138</u>

No other director related compensation was charged to the Syndicate.

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

	2015 £000	2014 £000
Emoluments	233	387
Pension contributions	27	27
	<u>260</u>	<u>414</u>

Notes to the Annual Report

At 31 December 2015

9. Investment return

	2015 £000	2014 £000
Interest from financial instruments	3,682	2,951
Interest on cash at bank	44	50
Interest on overseas deposits	342	275
Investment income	<u>4,068</u>	<u>3,276</u>
Realised losses	(86)	(70)
Unrealised (losses)/gains on investments	<u>(420)</u>	<u>801</u>
	3,562	4,007
Investment management charges	<u>(181)</u>	<u>(221)</u>
	(181)	(221)
Total investment return transferred to the technical account	<u>3,381</u>	<u>3,786</u>

10. Financial Investments

	2015 Market Value £000	2015 Cost £000	2014 Market Value £000	2014 Cost £000
Short term deposits with financial institutions	14,004	14,004	7,594	7,594
Debt Securities and other fixed income securities				
- Government bonds	46,546	46,641	50,456	50,310
- Corporate bonds	124,551	124,637	117,212	117,153
- Amortising asset back securities	12,099	12,009	-	-
- Collateralised securities	27,691	27,412	48,503	48,192
- Bonds – bullet	2,244	2,247	-	-
	<u>227,135</u>	<u>226,950</u>	<u>223,765</u>	<u>223,249</u>

Included in investments are securities of £227m (2014: £223m) which are listed on recognised exchanges.

All financial assets are measured at fair value through profit and loss.

Notes to the Annual Report

At 31 December 2015

10. Financial Investments (continued)

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

- Level 1 - Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 - Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.
- Level 3 - Included in the level 3 category are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, observable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset. These inputs are developed based on the best information available, which might include the Syndicate's own data.

2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Short term deposits with financial institutions	14,004	-	-	14,004
Debt securities and other fixed income securities	213,131	-	-	213,131
Total	227,135	-	-	227,135

2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Short term deposits with financial institutions	7,594	-	-	7,594
Debt securities and other fixed income securities	216,171	-	-	216,171
Total	223,765	-	-	223,765

11. Other assets

	2015 £000	2014 £000
Overseas deposits	23,905	22,897
Amounts due from related parties	4,499	-
	28,404	22,897

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries.

12. Debtors arising out of direct insurance operations

	2015 £000	2014 £000
<i>Amounts due from intermediaries:</i>		
Due within one year	70,609	44,583
Due after one year	2,904	-
	73,513	44,583

Notes to the Annual Report

At 31 December 2015

13. Debtors arising out of reinsurance insurance operations

	2015 £000	2014 £000
Due within one year	27,924	63,543
Due after one year	90	-
	<u>28,014</u>	<u>63,543</u>

14. Other debtors

	2015 £000	2014 £000
Amounts due from other syndicates	8,552	11,597
	<u>8,552</u>	<u>11,597</u>

15. Creditors arising out of direct insurance operations

	2015 £000	2014 £000
<i>Amounts due to intermediaries:</i>		
Due within one year	46,746	34,447
Due after one year	1,176	-
	<u>47,922</u>	<u>34,447</u>

16. Creditors arising out of reinsurance insurance operations

	2015 £000	2014 £000
Due within one year	1,404	25,986
Due after one year	70	-
	<u>1,474</u>	<u>25,986</u>

17. Technical provisions

	2015			2014		
	Gross £000	RI £000	Net £000	Gross £000	RI £000	Net £000
<i>Incurring claims outstanding:</i>						
Claims notified	90,048	(33,157)	56,891	77,772	(26,419)	51,353
Claims incurred but not reported	203,256	(39,698)	163,558	156,326	(40,585)	115,741
Balance at 1 January	293,304	(72,855)	220,449	234,098	(67,004)	167,094
Change in prior year provisions	8,457	(3,422)	5,035	(7,223)	12,502	5,279
Expected cost of current year claims	117,481	(19,015)	98,466	151,374	(44,802)	106,572
Claims paid during the year	(99,496)	30,817	(68,679)	(92,622)	28,519	(64,103)
Effect of exchange rates	3,676	(1,272)	2,404	7,677	(2,070)	5,607
Balance at 31 December	<u>323,422</u>	<u>(65,747)</u>	<u>257,675</u>	<u>293,304</u>	<u>(72,855)</u>	<u>220,449</u>
Claims notified	98,248	(28,444)	69,804	90,048	(33,157)	56,891
Claims incurred but not reported	225,174	(37,303)	187,871	203,256	(39,698)	163,558
Balance at 31 December	<u>323,422</u>	<u>(65,747)</u>	<u>257,675</u>	<u>293,304</u>	<u>(72,855)</u>	<u>220,449</u>
<i>Unearned premiums</i>						
Balance at 1 January	160,364	(29,536)	130,828	147,124	(30,107)	117,017
Premiums written during the year	241,764	(50,309)	191,455	249,852	(52,516)	197,336
Premiums earned during the year	(249,174)	53,872	(195,302)	(240,418)	58,506	(181,912)
Effect of exchange rates	2,676	(591)	2,085	3,806	(5,419)	(1,613)
Balance at 31 December	<u>155,630</u>	<u>(26,564)</u>	<u>129,066</u>	<u>160,364</u>	<u>(29,536)</u>	<u>130,828</u>

Notes to the Annual Report

At 31 December 2015

18. Deferred acquisition costs

	2015 £000	2014 £000
Balance at 1 January	44,010	39,904
Change in deferred acquisition costs	4,842	4,802
Effect of exchange rates	(555)	(696)
	48,297	44,010

19. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	19,187	13,543
Short term deposits with financial institutions	14,004	7,594
	33,191	21,137

20. Explanation of the transition to FRS 102

During the year, the Syndicate has made an amendment to its foreign exchange accounting policy to ensure compliance with FRS 102 Section 30 'Foreign Currency Translation' and amendment to the treatment of insurance assets and liabilities included in FRS 103, section 2.26.

Foreign exchange gains and losses are now reported in the Statement of Comprehensive Income rather than the predecessor of the Statement of Other Comprehensive Income, the Statement of Total Recognised Gains and Losses. Members' balances are unchanged as a result of this approach.

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 impact of the transition is as follows:

	Profit for the year ended 31 December 2014 £000	Members balances as at 31 December 2014 £000	Members balances as at 1 January 2014 £000
Amount under old UK GAAP	(1,671)	(2,133)	9,113
Currency translation differences	2,663	-	-
	992	(2,133)	9,113

With the adoption of FRS 102, £6.7m of deposits previously reported as part of investments have been reclassified to cash at bank and in hand as these deposits now meet the definition of cash equivalents per the standard.

Notes to the Annual Report

At 31 December 2015

21. Related parties

Ironshore Corporate Capital Ltd is the corporate member of the Syndicate. Ironshore Corporate Capital Ltd.'s immediate parent company is Ironshore International Ltd.

The Syndicate is managed by Pembroke Managing Agency Ltd. The immediate parent company of Pembroke Managing Agency is Pembroke JV Ltd.

The ultimate parent company of Ironshore Corporate Capital Ltd and Pembroke Managing Agency Ltd is Ironshore Inc., a company incorporated in the Cayman Islands.

The Syndicate has taken advantage of the exemption given by FRS 102 Section 33 Related Party Disclosures to wholly owned subsidiary undertakings, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

22. Funds at Lloyd's

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

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

23. Off balance sheet items

The Syndicate has not been a party to any arrangements which are not reflected in its Statement of Financial Position, where material risks and benefits arise to the Syndicate.



SYNDICATE ANNUAL ACCOUNTS AND LLOYD'S ANNUAL RETURN

31 DECEMBER 2015

Syndicate No: 4000

Managing Agent: Pembroke Managing Agency Limited

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

We have reviewed the statement dated 15 March 2016 by the managing agent.

This report is made solely to the addressees in accordance with Market Bulletin ref: Y4955 dated 22 December 2015 entitled "2015 syndicate report and accounts" ("the Instructions"). Our work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in this report by the Instructions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our work, for this report, or for the opinions we have formed.

Our opinion dated 15 March 2016 on the syndicate annual accounts was not qualified.

There are no additional matters referred to in that opinion which have not been referred to in our opinion dated 18 February 2016 on the 2015 and 2014 Calendar year information in the Annual Return.

Opinion

In our opinion:

- a) the statement dated 15 March 2016 has been properly prepared by the managing agent;
and
- b) it was not unreasonable for the managing agent giving the statement to have made the statements therein.

Ernst & Young LLP,

Ernst & Young LLP
Recognised auditors approved by the Council of Lloyd's
London
Date: *15 March 2016*

Appendix 4 (including restatement of 2014)

**SYNDICATE ANNUAL ACCOUNTS AND LLOYD'S ANNUAL RETURN
31 DECEMBER 2015**

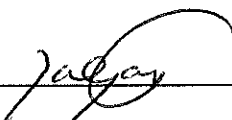
Syndicate No: 4000

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

In accordance with Market Bulletin Y4955 dated 22 December 2015, "2015 Syndicate Report and Accounts", we confirm that the disclosures in column C of QMA001 and QMA002 of the Annual Return as submitted to Lloyd's on ~~18 FEBRUARY~~ 2016 agree with those for the 2015 profit and loss account, balance sheet, and related notes of the syndicate annual accounts as at 31 December 2015. Furthermore, the restated 2014 comparative figures in column C of QMA190 and QMA290 of the Annual Return agree with those for the restated 2014 profit and loss account and balance sheet in the syndicate annual accounts as at 31 December 2015.

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

	Positive disclosure	No positive disclosure
Off balance sheet arrangements – Lloyds Regulations 2008, Schedule 1, para 7	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Related party transactions that have not been concluded under normal market conditions – Reporting Regulations 2008, Schedule 3, para 90	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Signed  Finance Director

Name IAN GARVEN (BLOCK CAPITALS)

Signed  Director

Name JUSTIN WASH (BLOCK CAPITALS)

On behalf of PEMBROKE Managing Agent

Date 15 MARCH 2016

**SYNDICATE ANNUAL ACCOUNTS AND SYNDICATE UNDERWRITING YEAR ACCOUNTS
31 DECEMBER 2015**

Syndicate No. 4000

Managing Agent: PEMBROKE MANAGING AGENCY

In respect of the above syndicate:

I confirm that the version of the 31 December 2015 syndicate annual accounts submitted to Lloyd's in electronic PDF file format, via the Lloyd's Market Returns Website on or before 22 March 2016, is identical to the hardcopy signed version of the syndicate annual accounts submitted to Lloyd's Market Finance Department on or before 15 March 2016.

and either:

~~*I confirm that the version of the 31 December 2015 syndicate underwriting year accounts submitted to Lloyd's in electronic PDF file format, via the Lloyd's Market Returns Website on or before 22 March 2016, is identical to the hardcopy signed version of the syndicate underwriting year accounts submitted to Lloyd's Market Finance Department on or before 22 March 2016.~~

or

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

Signed..... [Signature]

Director / Compliance Officer

Name IAN GARVEN

(Block capitals)

Date 15 MARCH 2016

*Delete as appropriate

This form is to be signed and dated by a Director or compliance officer and returned to Nadia Yakoob, Market Finance, 1986 Building/G5, 1 Lime Street, London, EC3M 7HA, by Tuesday 22 March 2016.