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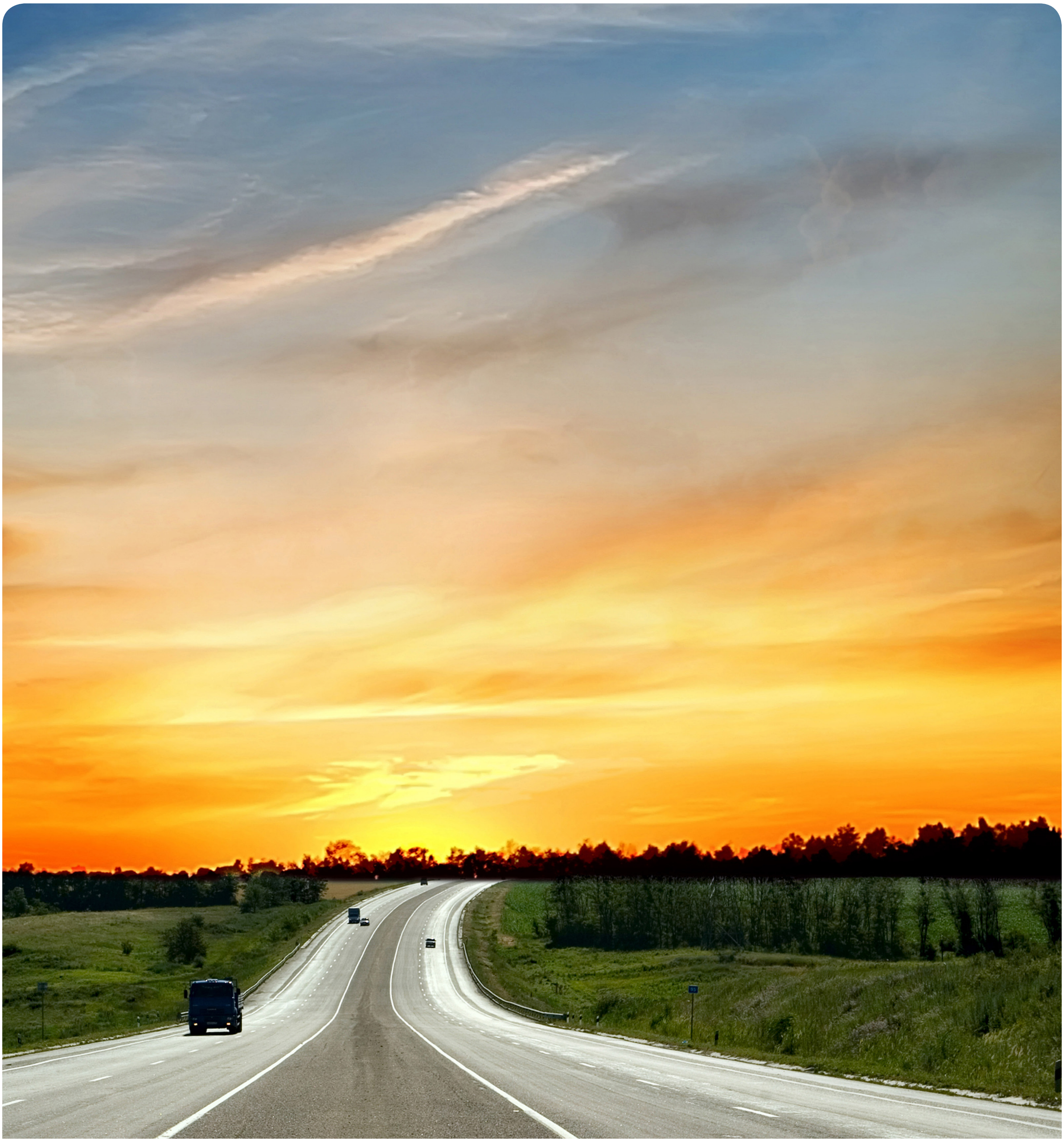

SYNDICATE 5820

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2015

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Directors and Advisers

Managing Agent
ANV Syndicates Limited

Registered office
47 Mark Lane
London EC3R 7QQ

Managing Agent's registration No. 4434499

FCA firm registration No. 226696

Lloyd's registration No. 2073D

Syndicate:
5820

Directors

J M P Taylor (Non-Executive Chairman)	
N C T Pawson (Non-executive Director)	
A P Hulse (Non-Executive Director)	
J G M Verhagen (Non-Executive Director)	Appointed 17 March 2015
S J Helson	Appointed 22 January 2016
R M Fairfield	Appointed 20 February 2015, Resigned 21 April 2015
B Gilman	
A S W Hall	Appointed 16 July 2015
J M Hamilton	
A C Barker	
L J Cross	
G M van Loon	

Active Underwriter

G M van Loon	Resigned 14 May 2015
B Whitmee	Appointed 14 May 2015

Bankers
Lloyds Bank plc
City Office
Bailey Drive
Gillingham Business Park
Kent ME8 0LS

Investment Managers
Goldman Sachs International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

Amundi Asset Management
41 Lothbury
London EC2R 7HF

Statutory Auditor
PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

Strategic Report

ANV Group
ANV's mission is to be a globally diversified specialty (re)insurance group recognised for its expertise, operational excellence and strong culture. Through its Lloyd's Managing Agency, wholesale operations and Managing General Underwriter ('MGU') domestic distribution platform, ANV targets client segments that demand specialist insurance products, market know-how, specialist claims handling expertise and cutting edge information technology capability.

ANV Holdings BV, the parent company of the ANV Group, is a privately held and Dutch registered holding company and its lead investor is the Canadian pension fund, Ontario Teachers' Pension Plan ('OTPP').

ANV Syndicates
ANV's Lloyd's platform ('ANV Syndicates') is the cornerstone of the company's wholesale operations, allowing ANV to access profitable specialty business on a worldwide basis.

ANV Syndicates are managed by ANV Syndicates Limited ('ASL'), which operated as a single combined Managing Agency for the first full year in 2015, following completion of the programme to fully integrate the Flagstone and Jubilee Managing Agencies in 2014. Further significant investment was also made during 2015 to strengthen the infrastructure within which the business operates to provide a scalable platform on which to grow the business.

ASL manages Lloyd's Syndicates 1861, 5820 and 779 writing a globally diversified risk portfolio with twelve diverse and scalable lines of business, which have been selected based on ANV's strategic position and the market opportunity within Lloyd's, the portfolio diversification and capital benefits these classes offer. ANV will continue to develop these existing core lines of business to critical mass and seek to position itself as a leading market participant in the segments it targets.

The following lines of business have been identified as core to ASL:

- Accident & Health and Special Risks
- Aviation
- Consumer Products
- Cyber
- Energy
- Life
- Marine
- Non-Marine Liability
- Property
- Political Risks and Political Violence
- Professional Lines
- Specialty Reinsurance

ASL continued to act as the Managing Agency for Apollo Syndicate 1969 until 1 August 2015, at which point the syndicate management was novated to Apollo Syndicate Management Limited successfully concluding the turnkey arrangement started 5 years ago. ANV Central Bureau of Services Limited ('CBS'), a group company, continues to provide various IT and administrative services to Apollo.

5820 Underwriting Review
In 2015, Syndicate 5820 has continued its strategy of underwriting Consumer Products and Political Risk as a lead market, and accessing specialty business through Syndicate 1861 across Accident & Health, Cyber, Non-Marine Liability and Property classes.

The process of restructuring the Consumer Products Team, and the syndicate management re-organisation, was completed in May 2015 when Bruce Whitmee joined the Syndicate as Active Underwriter, bringing 24 years of insurance experience in the Consumer Products and Affinity sectors. He had held senior management positions at AIG for 13 years. With the support of Sanjay Vara, Head of Consumer Products, the changes have delivered a market leading team with an excellent balance of skillsets, knowledge and experience. The team is well positioned to develop profitable business that offers good value for policyholders, is aligned to fair outcomes for consumers and is therefore a sustainable and appropriate business for the Syndicate's clients and business partners.

2015 has been a period of consolidation for Consumer Products: defining and communicating risk appetite, successfully protecting renewal business from competitors, and embedding new processes and operational best practice. Specifically, there has been a focus on ensuring that conduct considerations are recognised in all Consumer Products activities, and external reviews have validated the considerable progress the Syndicate has made.

Furthermore, the Syndicate has refined its focus to targeting medium-sized Warranty schemes and exiting the Creditor, Mortgage Indemnity, Affinity Engineering and Structural Defects classes on a prospective basis. The team have had considerable success in winning new business in line with the refreshed growth strategy, focusing on emerging territories and developing relationships with established, reputable brands. Overall, Consumer Products gross premiums are expected to finish 8% below the Syndicate Business Forecast for the 2015 Year of account, driven by the non-renewal of schemes outside the defined strategic appetite and exit from non-core sub-classes in the year. Additionally, the current lack of scale, compounded by the cost of operating within the prevailing regulatory regime for the sector, has driven deterioration in the expense ratio which has negatively impacted the result.

The challenging market conditions in the Political Risks market, driven by over capacity and the depreciating oil and other commodity prices, continue to prevail. The underwriting team has continued to focus on driving returns through a highly disciplined underwriting approach and portfolio management; delivering moderate growth for the 2015 year of account.

Property has benefited from another benign natural catastrophe year, and has seen positive loss development across this class; however the rating environment continues to be challenging across the market, which has led to a reduction to income levels against the 2015 plan. The Property account is now written through a consortium managed by Syndicate 1861, and the increased scale of the portfolio combination in the year has allowed the Syndicate to benefit from both reinsurance savings and expense efficiencies.

The Syndicate also participated in Syndicate 1861 led consortia across Accident & Health, Cyber and Non-Marine Liability classes for the first time in the 2015 Year of Account. These classes are all expected to deliver to plan, offering further diversification and profitability for the Syndicate.

The Managing Agency approved the reinsurance to close of the 2013 year into the 2014 year of account. In addition, ASL received the required consent in order to close the 2010 and 2011 years of account as at 31 December 2015, and these were also reinsured to close into the 2014 year of account. In order to de-risk the 2014 & Prior years of account, proportional reinsurance cover was purchased to reduce the tail risk on the existing Structural Defects exposures. Similarly, the 2014 year of account will benefit from the 100% quota share protection purchased for the motor book on the 2010 year of account. Alongside the wider ongoing Consumer Products portfolio optimisation and strengthening of the regulatory compliance framework, this reflects the Syndicate's considerable progress in addressing legacy concerns and closing issues during the year.

Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis during the year and were as follows:

	2015 £m	2014 £m
Gross premium written	228.0	238.7
Premiums written, gross of reinsurance, net of brokerage and commissions	81.1	89.2
Net premium written [1]	209.9	229.6
Net premium earned [2]	131.6	133.4
Result for the year	(2.4)	(0.4)
Cash, investments and overseas deposits	75.1	80.6
	%	%
Claims ratio (net)	36.5	36.2
Acquisition ratio	58.2	56.1
Expense ratio [3]	7.9	8.5
Combined ratio [4]	102.6	100.8

Notes:

1 Net premium written is stated gross of brokerage and commission, and net of associated reinsurance costs.

2 Net premium earned is stated gross of brokerage and commission, and net of associated reinsurance costs.

3 The 2014 comparative expense ratio has been restated following the movement of foreign exchange gains and losses to the non-technical account as required by FRS 102 adopted for the first time in 2015.

4 The combined ratio is the ratio of net claims incurred, acquisition costs and net operating expenses to net premiums earned. The 2014 comparative ratio has been restated in line with the restatement of the expense ratio following changes to UK GAAP.

Gross premium written

The reduction recorded in gross premiums written (£10.7m or 4.51%) is largely driven by the restructuring of the Consumer Products business following the non-renewal of schemes outside of the Syndicate's strategic appetite. In addition challenging market conditions across the Property and Political Risks classes have added further pressure to the Syndicate's top-line.

Certain (discontinued) Consumer Products binding authority contracts carried very high acquisition ratios relative to other Consumer Products business and standard Property and Casualty business. These contracts significantly skew the top-line and make year-on-year comparisons difficult on a gross of acquisition costs basis. Following a portfolio review the contracts were not renewed for the 2015 year of account. As a result, premiums net of brokerage and commissions, gross of reinsurance, were £81.1m for 2015 (2014: £89.2m) representing a reduction of £8.1m (9.1%) for the reasons outlined above.

Net premium written

On a net of reinsurance, gross of acquisition costs basis, premiums have reduced by £19.7m to £209.9m. This is as a result of the reduction in gross premiums as outlined above and changes to the reinsurance programme. Outwards reinsurance premiums increased by £9m to £18.1m for the 2015 calendar year. The increased cost reflects both the purchase of proportional reinsurance cover to significantly reduce the tail risk on the Structural Defects exposures written on the 2014 and prior years and changes to the gross book following the addition of Accident & Health, Cyber and Non-Marine Liability classes to the Syndicate's portfolio. In particular, the Syndicate purchases significant quota-share protection in relation to the Cyber class in line with its risk appetite.

Net premium earned

The reduction in net earned premiums of £1.8m during the year is less pronounced than the reduction on a net written basis as a result of a number of factors. The premium for the one-off reinsurance protection purchased on the Structural Defects book earns slowly, in line with the gross exposures of up to 10 years. The new classes written on the 2015 year of account have a faster earning profile than much of the Consumer Products business and therefore the reduction in Consumer Products premiums and increase in more standard P&C business has shortened the earning profile of the business written in the period.

Claims ratio

The claims ratio has remained similar to 2014 with a slight increase of 0.3%. The underlying performance of the business has remained consistent with modest increases in loss ratios on the Consumer Products business in line with emerging experience being offset by favourable experience on the Property and Political Risks classes.

Acquisition ratio

The acquisition ratio, which includes brokerage and commissions as well as other expenses incurred in the acquisition of business, varies according to the classes of business written. Given the focus on Consumer Products business the acquisition costs of the Syndicate are higher than for the majority of the Syndicate's peers. The increase from the prior year follows the earning through of now discontinued contracts (referred to above) written in the prior year with particularly high acquisition costs.

Expense ratio

The expense ratio has reduced by 0.6% from the previous year. This follows the restructuring of the Syndicate's underwriting team with Consumer Products and Political Risks continuing to be written directly by the Syndicate whilst the Property, Accident & Health, Cyber and Non-Marine Liability classes are written through consortia with Syndicate 1861 thus realising economies of scale for the Syndicate. After allocation to acquisition costs and claims handling the Syndicate's expenses were £10.4m for 2015 compared to £11.8m for 2014.

Combined ratio

The deterioration in the combined ratio by 1.8% is reflective of the adverse movement in the acquisition ratio and claims experience in part offset by the reduction in the Syndicate's expense base.

Loss for the year

The Syndicate is reporting a loss for the year of £2.4m (2014 £0.4m loss). All foreign exchange gains and losses are included within the profit and loss account this year (and in the restated prior year results). Following the adoption of FRS 102, and the election of Sterling as the Syndicate's functional currency, the Syndicate does not report any other comprehensive income.

Cash, investments and overseas deposits

The cash and investments balance has decreased by £5.5m during the year. Excluding the collateral deposited by certain of the Syndicate's reinsurers, cash and investments have increased by £3.8m. The funds held by way of collateral reduced by £9.3m to £3.3m due to changes in the reinsurance programme.

Investments and investment return

	2015 £m	2014 £m
Average amount of syndicate funds available for investment during the year:		
Sterling	11.9	13.6
Euro	3.9	4.3
US Dollar	37.2	37.3
Canadian Dollar	1.8	3.6
Australian Dollar	1.9	3.0
Combined in sterling	56.7	61.8
Gross aggregate investment return for the calendar year in Pounds Sterling	0.1	0.3
Gross calendar year investment return:		
Sterling	0.52%	0.62%
Euro	0.00%	(0.02)%
US Dollar	0.15%	0.12%
Canadian Dollar	0.65%	0.39%
Australian Dollar	(1.72)%	4.90%
Combined in sterling	0.17%	0.11%

It is the Managing Agency's policy to monitor the Syndicate's currency exposures, and where possible, to match the Syndicate's assets and liabilities to the extent that regulatory restrictions allow.

The above investment returns are calculated using average funds based on the monthly balances and investments as revalued to month-end market prices including accrued interest.

As a result of agreements with the majority capital provider on the 2010 and 2011 years, prior to their agreement to close the years at 31 December 2015, the Syndicate was required to maintain segregated funds between the 2011 & Prior and 2012 & Post years of account. The funds held by the 2011 & Prior years were required to be highly liquid in order to meet the Syndicate's requirements for the payment of claims on these years. Funds were therefore invested during 2015 on this basis.

Prior to 2015, the Syndicate held all funds on the 2012 and post years of account in cash and cash equivalents as it built up its liquidity position before sufficient liquid assets were established to enable these years of account to employ a more sophisticated investment strategy. Following a competitive tender, the Managing Agent appointed Amundi Asset Management to manage the Syndicate's investments for 2015 onwards for the 2012 and post years of account. Since their appointment we have sought to enhance the effectiveness of the investment strategy within strict risk appetite parameters whilst continuing to ensure that sufficient liquidity is maintained.

The investment returns of the Syndicate during the year, whilst disappointing, are reflective of the restrictions upon the investment opportunities available to the Syndicate and the wider market conditions. The investment return of 0.17% (2014: 0.11%) also reflects the effects of the interest rate environment on the Syndicate's debt portfolio.

The investment manager during the year for the 2011 & Prior portfolio was Goldman Sachs International Limited. Following the successful closure of the 2011 & Prior years of account at 31 December 2015, all funds of the Syndicate have been combined and will be invested on a combined basis in line with the Syndicate's Investment Policy with Amundi.

Underwriting years of account

Review of the closed 2010 year of account

The 2010 year of account was held open at the request of Cassidy Capital Limited (CCL), the majority capital provider, whose consent was required to close the year of account. This year, CCL gave consent, enabling the Managing Agency to close the year as at 31 December 2015.

Unlike the majority of its peers, Syndicate 5820 continues to have unearned premium at 72 months reflecting the earning profile of certain of the Consumer Products classes. As a consequence, the reinsurance to close premium payable was determined at a modest discount to the held reserves in line with Solvency II principles reflecting the expected profitability of the remaining unearned business. The final result for the 2010 year of account was a loss of £19.5m. Managing Agent's profit commission is accordingly £nil. The result represents a loss on stamp of 14.1%.

The ultimate loss for the 2010 year of account has been driven primarily by poor performance in the Property account. Significant Catastrophe losses arising from earthquakes in Chile and New Zealand were incurred. In addition to these catastrophe losses, attritional and large claim loss experience for the 2009 & prior years of account has been in excess of expectations.

For the 2010 pure year of account only, the Motor account previously written by Syndicate 1231, another Syndicate managed by ASL which subsequently closed, was underwritten by the Syndicate. This account produced a combined ratio significantly in excess of 100%. During the 2013 calendar year the Agency entered into a 100% quota share reinsurance agreement with Shelbourne Syndicate 2008 thus removing the Syndicate's exposure to any further deterioration in the Motor book.

Overall the 2010 year of account saw adverse development during 2015 with a calendar year loss of £1.4m – the combination of adverse experience on the Consumer Products and Property classes.

Review of the closed 2011 year of account

The 2011 year of account was also held open at the request of CCL, the majority capital provider, whose consent was required to close the year of account. This year, CCL gave consent, enabling the Managing Agency to close the year as at 31 December 2015.

In line with the 2010 year of account, the Syndicate continues to have unearned premium at 60 months reflecting the earning profile of certain of the Consumer Products classes. As a consequence the reinsurance to close premium payable was determined at a modest discount to the held reserves in line with Solvency II principles reflecting the expected profitability of the remaining unearned business. The final result for the 2011 year of account was a loss of £12.7m. Managing Agent's profit commission is accordingly £nil. The result represents a loss on stamp of 12.7%.

The ultimate loss for the 2011 year of account has primarily been driven by poor performance in the Property account arising from exposure to the Japanese earthquake, Thailand floods, Hurricane Irene, US tornadoes and Superstorm Sandy.

In 2015 the Syndicate recorded a calendar year profit for this year of account of £1.1m primarily resulting from beneficial developments within the Property account as well as further earning of the long tailed Consumer Products lines.

Review of the closed 2013 year of account

The 2013 year of account reinsured to close into the 2014 year of account of the Syndicate at a loss of £4.2m, representing a loss on stamp of 3.2%. The Syndicate recorded a calendar year loss for this year of account of £1.7m, primarily resulting from unfavourable developments on the Consumer products account.

The final position at closure was determined in line with Solvency II principles after an allowance for the unearned premium at 36 months, reflecting the earning profile of certain of the Consumer Products classes.

The 2013 year of account represented a transitional year for the Syndicate following the acquisition of the Managing Agency by Ryan Speciality Group (RSG) in September 2011, the subsequent development and diversification of the portfolio to fully re-underwrite the Property account, the expansion of the Consumer Products book and the further development of Political Risks, Terrorism and Casualty.

Achievement of planned premium volume was a challenge which, combined with the higher expenses incurred in developing the new classes, resulted in the loss for the period. The pure year of account incurred an earned claims ratio of 41.1% driven by higher than expected attritional claims on the Consumer Products business and large notifications on the Political Risks class reflective of the adverse global economic and political conditions, offset in part by better than expected performance of the Property book following benign catastrophe and large loss experience. The acquisition ratio of 50.1% (excluding administrative expenses incurred in writing business) reflects the high proportion of Consumer Products business which incurs significantly higher acquisition costs than the Syndicate's Property and Casualty business. The expense ratio of 11.3% (including administrative expenses incurred in writing business) is reflective of the significant work on repositioning the Syndicate's portfolio. The result was also impacted by adverse development on the 2012 year of account which reinsured to close into 2013 year of account at 31 December 2014.

2014 year of account

The forecast ultimate result for the 2014 account is a profit of £0.7m representing 0.6% of stamp (range -5.0% to +5.0%).

The 2014 year of account built upon the foundations of the significant changes in strategy, management and underwriting focus implemented following RSG's acquisition of the Managing Agency.

The specialist Consumer Products business comprising a wide variety of Warranty, Creditor and Accident & Health programmes grew, consolidating the Syndicate's position as one of the leading London Market insurers for this business.

The Property account also continued to develop well, building upon the repositioning of the portfolio and movement back into profitability in 2012.

To date the Political Risk book has performed favourably relative to the 2012 and 2013 years of account.

The heavy competition within the Lloyd's Terrorism class meant that the Syndicate wrote very little Terrorism business.

The new underwriting strategy continued to take shape and achieve traction in the market. However, the restructuring of the portfolio has resulted in a reduction in premium volumes exacerbated by the intense competition in a number of classes, most notably Property.

2015 year of account

The earning profile of the business is such that much of the premium remains unearned at the end of the first calendar year. Net earned premiums represent 13.8% of forecast net ultimate premiums at 12 months, which is lower than the 2014 year of account at the same stage (19.6%) reflecting the change in business mix of the Consumer Products business and the addition of the Accident & Health book. It is therefore too early to assess accurately the likely ultimate outcome. The first public forecast will be made at the 15 month stage.

Significant Events

On 21 April 2015, R. Matthew Fairfield stepped down as the Chief Executive Officer ('CEO') of ANV Group and ASL, at which point Andrew Hall was appointed as interim Managing Director of ASL.

On 14 May 2015 Bruce Whitmee was appointed Active Underwriter of the Syndicate taking over from Gerard van Loon who held the role on an interim basis pending the appointment of a permanent replacement. This appointment completed the restructuring of the Syndicate's underwriting team. Bruce joined with 24 years' insurance experience in the Consumer Products and Affinity sectors, having recently held senior regional management roles at AIG across a number of geographies.

On 19 October 2015 Janet Helson took up the role of CEO of ASL, with Andrew Hall becoming Deputy CEO. Janet brings to the role of CEO over 30 years' experience in the London insurance market, having held Director positions at Randall & Quilter, Chaucer, Kiln and Crowe. In October 2015, Gerard van Loon, who took on the role of ASL Director of Underwriting in 2014 during the integration of ANV and Jubilee, resumed his previous role of ANV Group Chief Underwriting Officer.

On 23 February 2016 Sheldon Lacy joined ASL as the Chief Risk Officer, subject to regulatory approval, bringing extensive experience to the role from his roles of Risk Director at Validus and Head of Group Financial Risk at RSA.

In March 2015, ASL was rated Red for Solvency II Pillar 2 compliance by Lloyd's, in respect of Governance and Risk Management, which ASL has worked with Lloyd's to resolve. Consequently, ASL's managed syndicates are affected at the time of writing by a 20% capital loading. The impact of capital loadings on individual members will vary depending on the individual circumstances and participations of each member.

For 2016, Lloyd's applied a £2.5m capital loading to the Syndicate relating to conduct risk. ASL has made strong progress on conduct risk during 2015, and will continue to work closely with Lloyd's to address any residual concerns in 2016 with a view to having this loading lifted.

An historical obligation, arising from the acquisition of Jubilee Group by Ryan Speciality Group in 2011, required ASL to obtain the consent of the majority capital provider, Cassidy Capital Limited (CCL), on the 2011 & prior years of account for the closure of the years of account in which it has an interest. As this consent was not provided in previous periods, the 2010 and 2011 years of account remained unnaturally open. ASL received the required consent in order to close the years of account as at 31 December 2015, and these were successfully reinsured to close into the 2014 year of account.

ANV Group has initiated a process to identify a strategic partner as part of its mission to be a globally diversified specialty (re)insurance group. This process is ongoing at the date of this report.

Principal Risks and Uncertainties

For a detailed description of the principal risks and uncertainties facing the Syndicate, please refer to the Report of the Directors of the Managing Agent.

Going Concern

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

Future Developments

For 2016 the Syndicate capacity has remained at £131.1m (2015: £131.1m).

Consumer Products continues to be the core business of the Syndicate. The significant management focus and investment during the year has delivered an experienced team with the skill and experience to grow the existing portfolio profitably, embedding working practices to address the regulatory emphasis on the conduct of business and consumer outcomes. Management recognises that the ongoing portfolio optimisation is critical to the success of the business, with significant, demonstrable progress having been made in exiting schemes that were not within the defined strategic appetite. However, there is also a recognition that the portfolio needs to grow to critical scale to cover the costs associated with writing this business at Lloyd's. The team's success to date in executing the strategy to penetrate new emerging territories and develop relationships with strong distribution partners has resulted in a number of key account wins and a strong pipeline. This positive start means that the team is well placed to capitalise on this momentum into 2016, grow the portfolio and deliver greater expense efficiency, although this is expected to take time.

In light of the challenging prevailing market conditions, the Political Risk account will continue to seek a trajectory of moderated portfolio growth, with the continued focus on underwriting discipline and portfolio management.

As the soft market experienced in Property continues, limited growth is forecast for the direct and facultative book for 2016. The portfolio has been re-balanced towards more delegated business where the rating has been stronger. The hire of a new lead delegated authority underwriter in the year has added further depth to the team to grow this part of the book.

During 2016 we will continue to work closely with Lloyd's to address any residual concerns that are currently preventing our Solvency II rating moving to green.

For the 2016 year of account, 5820 increased its participation on the Accident & Health and Cyber consortia; with strong underlying growth in the Cyber account, as it grows to critical mass. With Philip Mayes as Cyber Class Underwriter, ANV Syndicates continues to cement its position as a market leader in this sector. While participation on the Non-Marine Liability account remains consistent, after a very successful first year of writing this US General Liability account at ANV Syndicates, this book is forecast to continue to grow under Paul Bland's leadership.

Finally, this is an opportunity for syndicate management to thank all employees for their continued commitment and hard work during what has been a demanding, but stimulating, year in the Agency.

S J Helson
Chief Executive Officer
ANV Syndicates Limited
15 March 2016

B Whitmee
Active Underwriter
ANV Syndicates Limited
15 March 2016

Report of the Directors of the Managing Agent

Year Ended 31 December 2015
The Syndicate's Managing Agent is a company registered in England and Wales. The Directors of the Managing Agent present their annual report for the year ended 31 December 2015. This report is in respect of Syndicate 5820.

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").

These Financial Statements and related notes have been prepared in accordance with the requirements of Financial Reporting Standard ('FRS') 100 ('Application of Financial Reporting Requirements'), FRS 102 ('The Financial Reporting Standard Applicable in the UK and Republic of Ireland') and FRS 103 ('Insurance Contracts') as promulgated by the Financial Reporting Council ('FRC') and mandated for accounting periods beginning on, or after, 1 January 2015.

As a consequence of adopting these reporting standards for the first time, comparative information for the 2014 year end has been restated on a consistent basis. There has been no overall impact on the results of the Syndicate however significant additional disclosures have been included within the notes to the Financial Statements on page 24 onwards. Please refer to note 26 for further information on the effects of implementing these new standards.

A set of underwriting year accounts has been prepared on the traditional fund accounting basis in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) for the closed 2010, 2011 and 2013 years and is included after the Annual Report.

Principal activity
The Syndicate's principal activity continued to be the transaction of general insurance and reinsurance business.

The Syndicate capacity for the 2015 year of account is £131.1m. The capacity has remained unchanged for the 2016 year of account.

Results
The result for the 2015 calendar year is a loss of £2.4m (2014 loss of £0.4m) after currency translation. Profits/losses will be distributed or collected by reference to the results of individual underwriting years. An analysis of the results for the year has been included within the Strategic Report on pages 3 to 10.

Principal risks and uncertainties
The Syndicate's activities expose the Managing Agent to a number of key risks which have the potential to affect the Managing Agent's ability to achieve its and the Syndicate's objectives. The risk appetite is set annually as part of the Syndicate business planning and Syndicate capital requirement assessment process. 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 neither realistic nor possible to eliminate risk entirely.

The principal risks and uncertainties facing the Syndicate are as follows:

- Insurance risk - Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectation at the time of underwriting. The Syndicate manages insurance risk by agreeing the appetite for these risks annually through the business plan, which sets out targets for volumes, pricing and retention by class of business and aggregate levels of exposure to catastrophe events. The Managing Agent monitors performance against the business plan throughout the year. Reinsurance is a key mitigation tool for insurance risk, and risks are considered on a gross and net basis (with default and dispute risks considered within Credit Risk). Reserve adequacy is monitored by the Syndicate's appointed actuary, Reserving & Claims Committee and by the Board of the Managing Agency.

- **Credit risk** - In addition to the insurance terms of trade offered as part of normal business operation, the Syndicate is exposed to a certain amount of credit risk. Key aspects of credit risk are default by a reinsurer, the granting of risk transfer to brokers and coverholders for the collection of premiums and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The Syndicate seeks to limit exposure by placing its reinsurance programme with reinsurers rated A or higher and through limiting exposure to reinsurers for single events. Broker and coverholder credit risk is mitigated through assimilation and attestation of credit information prior to contract inception and ensuring that appropriate terms of business arrangements are in place. Investment credit risk is mitigated through detailed investment guidelines which include minimum credit quality and counterparty limits that are monitored continuously.

- **Market risk** - The exposure to financial market risk arises from the investment decisions made in relation to the Syndicate funds and adverse movements in foreign exchange rates and interest rates. The Managing Agent sets the investment strategy. Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities to the extent possible given the regulatory restrictions under which the syndicate operates. Limits to the mean modified duration of invested assets are in place to limit the adverse effect of interest rate movements. Exposure to market risk is managed through the Managing Agent's Finance & Investment Committee which applies the 'Prudent Person Principle' criteria under Solvency II.

- **Liquidity risk** - This is the risk that a syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in liquid funds. To mitigate this risk, minimum levels of cash are maintained, all investments are readily marketable and cash flow is monitored.

  In the event of extreme adverse claims experience, it is possible that the Syndicate may not be able to settle claim liabilities out of its own funds. In that event, the capital structure underpinning a syndicate is such that any deficits can be called from the Syndicate's capital providers in accordance with Lloyd's rules. In the event of any member being unable to fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be called upon to make good any deficits for the benefit of policyholders. The Managing Agent monitors solvency requirements, to ensure the Syndicate maintains adequate capital.

- **Regulatory risk** - Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change.

  The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), the Council of Lloyd's and overseas authorities. Lloyd's requirements include those imposed on the Lloyd's Market by overseas regulators.

  Key regulatory developments worldwide in the last few years have centred on customer outcomes, including in the UK where the FCA has highlighted, among a number of items, delegated authority business as a focus area. The Syndicate relies heavily on delegated distribution and we will continue to respond to this increased focus during 2016.

  The Managing Agent has a Compliance Officer who monitors developments and assesses the impact on the Managing Agent's objectives and policies.

  Conduct Risk is the risk that customers experience poor outcomes in their engagement with ASL and is part of Regulatory Risk. This risk applies to all of the Syndicate's business but is particularly focused where the Syndicate insures retail risks especially using delegated underwriting. This has been an area of particular emphasis by the FCA and by Lloyd's, with the introduction of new minimum standards in this area. ASL has a Conduct Committee which oversees its response to these requirements and operates a conduct framework designed to ensure that appropriate outcomes are delivered to customers.

- **Strategic risk** - This is the risk of loss arising from the Syndicate's market position, strategic direction and commercial interests and includes capital availability for future underwriting. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Executive Committee monitors performance and market position. The Board meets at least quarterly each year to review results and opportunities.

- **Operational risk** - This is the risk of loss from inadequate or failed internal and outsourced processes, people and systems, or from external events. The Managing Agent seeks to manage this risk through policies and procedures and systems and controls, which are regularly reviewed and updated. Regular reviews of changes to the Syndicate's risk environment, limits of authority granted to employees, the recruitment and retention of experienced personnel, staff training assessment and plans are reported. The internal audit function reports on the effectiveness of operational controls, and the Audit & Compliance Committee reviews the findings from both internal and external audits and monitors key findings and associated actions.

Supplementing and informing the assessment of risk in the categories identified above, management receive regular risk reports highlighting the material areas of risk, uncertainty and comparison with appetite as well as risk events, near misses and emerging risks.

Corporate Governance

The ASL Board is chaired by Max Taylor, and supported by three further non-executive directors. R. Matthew Fairfield was the Chief Executive Officer until 21 April 2015, with Andrew Hall stepping in as interim Managing Director until Janet Helson joined as Chief Executive Officer on 19 October 2015. ASL has six further Executive Directors.

A defined operational and management structure is in place as are terms of reference for all Board committees.

The ASL 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 has appointed an Executive Committee to manage the operations of the business. The Board and the Executive Committee are supported by an Audit & Compliance Committee and a Risk Committee. The Committee Framework includes a number of other Committees, including a dedicated Conduct Committee to manage conduct risk issues.

Future Developments

The expected significant future developments of the Syndicate are included within the Strategic Report.

Staff matters

ASL considers its staff to be a key resource and the retention of staff fundamental to the success of the business. The strategy adopted by ASL 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.

The Managing Agent seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there has been no significant injury to staff in the workplace or any significant 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 27 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.

Disclosure of information to auditors

Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Syndicate's auditor is unaware; and

- the Director has taken all the steps that one ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Auditors
PKF Littlejohn LLP has signified its willingness to continue in office as the Syndicate's auditor.

Approved by Order of the Board

S J Helson
Chief Executive Officer
ANV Syndicates Limited
15 March 2016

Company number: 4434499

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.

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

Report of the Auditors

Independent Auditor's Report to the Members of Syndicate 5820

We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2015 as set out on pages 18 to 50. 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" and FRS 103 "Insurance Contracts."

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

Opinion on Syndicate Annual Financial Statements

In our opinion the Annual Financial Statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2015 and of its loss 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Opinion on other matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Strategic Report and Report of the Directors of the Managing Agent for the financial year for 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 (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 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.

N A Coulson

Neil Coulson (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
15 March 2016

Profit and Loss Account: Technical Account – General Business

Year Ended 31 December 2015

	Note	2015 £'000	2015 £'000	Restated 2014 £'000	Restated 2014 £'000
Earned premiums, net of reinsurance					
Gross premiums written	6	227,951		238,741	
Outward reinsurance premiums		(18,031)		(9,173)	
Net premiums written			209,920		229,568
Change in the provision for unearned premiums					
Gross amount	7	(87,638)		(96,653)	
Reinsurers' share	7	9,302		435	
Change in the net provision for unearned premiums			(78,336)		(96,218)
Earned premiums, net of reinsurance			131,584		133,350
Allocated investment return transferred from the non-technical account			96		290
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(58,439)		(54,647)	
Reinsurers' share		2,823		3,636	
Net claims paid		(55,616)		(51,011)	
Change in the provision for claims					
Gross amount	7	11,890		6,471	
Reinsurers' share	7	(4,317)		(3,789)	
Change in the net provision for claims		7,573		2,682	
Claims incurred, net of reinsurance			(48,043)		(48,329)
Net operating expenses	8		(86,903)		(86,610)
Balance on the technical account for general business			(3,266)		(1,299)

All of the Syndicate's activities are classed as continuing.

Profit and Loss Account: Non-Technical Account

Year Ended 31 December 2015

	Note	2015 £'000	Restated 2014 £'000
Balance on the technical account – general business		(3,266)	(1,299)
Investment income	12	284	421
Investment expenses and charges	12	(38)	(71)
Unrealised gains on investments	12	-	-
Unrealised losses on investments	12	(150)	(60)
Allocated investment return transferred to technical account		(96)	(290)
Profit on foreign exchange		850	865
Loss for the financial year		(2,416)	(434)

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Balance Sheet - Assets

at 31 December 2015

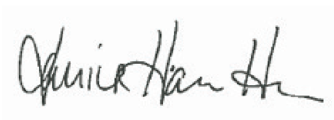
Assets	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Investments					
Other financial investments	5,13		63,847		61,857
Reinsurers' share of technical provisions					
Claims outstanding	7	4,280		8,344	
Provision for unearned premiums	7	13,341		3,743	
			17,621		12,087
Debtors					
Debtors arising out of direct insurance operations	14	39,806		38,291	
Debtors arising out of reinsurance operations	15	357		-	
Other debtors	16	1,930		1,181	
			42,093		39,472
Other assets					
Cash at bank and in hand		7,664		15,280	
Other	17	3,628		3,450	
			11,292		18,730
Prepayments and accrued income					
Deferred acquisition costs		189,551		117,308	
Other prepayments and accrued income		479		50	
			190,030		117,358
Total assets			324,883		249,504

Balance Sheet – Liabilities

at 31 December 2015

Liabilities	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Capital and Reserves					
Members' balances			(16,867)		(18,318)
Technical provisions					
Provision for unearned premiums	7	266,693		179,318	
Claims outstanding	7	57,106		67,049	
			323,799		246,367
Deposits received from reinsurers	21		3,282		12,620
Creditors					
Creditors arising out of direct insurance operations	18	9,018		5,742	
Creditors arising out of reinsurance operations	19	5,012		2,463	
Other creditors	20	639		630	
			14,669		8,835
Total liabilities			324,883		249,504

The annual accounts on pages 18 to 50 were approved by the Board of ASL on 15 March 2016 and were signed on its behalf by:



J M Hamilton
Director

15 March 2016

Statement of Changes in Members' Balances

Year Ended 31 December 2015

	2015 £'000	2014 £'000
Members' balances brought forward at 1 January	(18,318)	(23,947)
Loss for the financial year	(2,416)	(434)
Members' agents fees advances	(275)	(306)
Amount called from members' personal reserve funds	4,033	6,500
Non-standard personal expenses	-	(22)
Unpaid cash call	-	(109)
Cash call received	109	-
Members' balances carried forward at 31 December	(16,867)	(18,318)

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

Cash Flow Statement

Year Ended 31 December 2015

	2015 £'000	Restated 2014 £'000
Cash flows from operating activities		
Loss for the year	(2,416)	(434)
Increase in gross technical provisions	77,432	92,132
(Increase)/decrease in reinsurers share of technical provisions	(5,534)	2,768
Increase in debtors	(2,621)	(10,110)
Increase in creditors	5,834	923
Increase in other assets /liabilities	(72,672)	(76,676)
Investment return	(96)	(290)
(Decrease)/increase in deposits received from reinsurers	(9,338)	12,620
Net cash (outflow)/inflow from operating activities	(9,411)	20,933
Cash flows from investing activities		
Net purchase of other financial instruments	(1,990)	(14,962)
Investment income received	96	290
Movements in overseas deposits	(178)	898
Net cash (outflow) from investing activities	(2,072)	(13,774)
Net cash flow from financing activities:		
Transfer from members in respect of underwriting participations	4,033	-
Members' agents' fees paid on behalf of members	(275)	(306)
Unpaid cash call	-	(109)
Cash calls received	109	6,500
Non-standard personal expenses	-	(22)
Net cash inflow from financing activities	3,867	6,063
Net (decrease)/increase in cash and cash equivalents	(7,616)	13,222
Cash and cash equivalents at 1 January	15,280	2,058
Cash and cash equivalents at 31 December	7,664	15,280

Notes to the Financial Statements

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 47 Mark Lane, London EC3R 7QQ.

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

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

The financial statements are presented in Pounds Sterling ("GBP"), which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate is able to continue to write new business in future underwriting years of account. Accordingly, the annual accounts have been prepared on the going concern basis.

2. Change to accounting policies
These are the first set of financial statements prepared by the Syndicate in accordance with FRS 102. In its transition to FRS 102 from 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 26.

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.

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 judgements 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, judgement 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 to estimate 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 uncertainty 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 5.

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 a re-measurement retrospectively they are 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 within other debtors.

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") 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 uncertainty 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.

Accordingly the most critical assumptions as regards claims provisions are that the past is a reasonable predictor 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.

Net operating expenses (including acquisition costs)
Net operating expenses include acquisition costs and amounts charged to members through the Syndicate.

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 deferred 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.

Certain contracts between the Syndicate and its producing agents and brokers include the requirement to pay overrider commissions based on the volume of business produced on the Syndicate's behalf. Amounts in relation to this and other commissions are accrued and earned in line with the premium to which they relate and classified as acquisition costs.

Consortium fees
The Syndicate is a member of a number of underwriting consortia. Under the terms of these consortia participants are required to pay fees to the consortium leader in return for the business written on their behalf. Fees are accrued by the Syndicate in line with earning of the business written on each consortium and are calculated in accordance with the individual contractual arrangements. In addition the consortium arrangements include provisions for the payment of profit commissions based on the performance of the business written. 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 within administrative expenses.

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

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

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 debt investments 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 instrument is any contract that evidences a residual interest in the assets of an undertaking after deducting all of its liabilities. The Syndicate does not hold any equity instruments.

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 finance 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 any financing transactions during the period.

Subsequent measurement:

All debt instruments 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 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 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 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.

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 assets 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.

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 under the control of the Syndicate. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as cash 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.

Managing Agent's profit commission
ASL 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 in line with interim profits released to members.

Pension costs
ASL operates a defined contribution scheme through a related party, ANV Central Bureau of Services Limited (CBS). Pension contributions relating to 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. It should be read in conjunction with the principle risks and uncertainties disclosed in the managing agent's report.

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 a Risk Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. Under the Risk Management Framework, the management of insurance risks is the responsibility of the Underwriting Management Committee, Reserving & Claims Committee and Reinsurance Review Group which are responsible for developing and monitoring insurance risk management policies, and the management of aspects of financial risks is the responsibility of the Finance & Investment Committee, which is responsible for developing and monitoring financial risk management policies. In addition, the Syndicate is exposed to Conduct and Operational risks and the management of aspects of these risks is the responsibility of the Conduct Committee and Operations Committee respectively. The Risk Management Function and the Risk Committee are then the second line of defence above these committees.

The Risk Committee reports regularly to the Board of Directors on its activities. The Reserving & Claims Committee, Underwriting Management Committee, Reinsurance Review Group, Finance & Investment Committee, Conduct Committee and Operations Committee report regularly to the Executive Committee and provide regular reports on their activities to the Risk Management Function, Risk Committee and Board of Directors.

ASL 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. The framework has been enhanced during 2015 but the core principles also apply to the 2014 comparative period.

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 long–term 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 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, stop 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 as determined by management. The Syndicate uses both its own and commercially available proprietary risk management software to assess catastrophe exposure. However, there is 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 ASL exposure management team which reports monthly to the Underwriting Management Committee. The maximum limits set for the syndicate's highest realistic disaster scenario (RDS) for 2016 are the following percentages of the 2016 stamp: 27.1% gross and 7.8% net.

The Syndicate's exposure to insurance risk is well diversified by class of business and geography. The diversification by class of business is set down in the business class analysis in note 6. The geographical breakdown of its written premiums for 2015 is:

Territory	2015 £'000	2014 £'000
Australia	16,751	23,141
United Kingdom	85,698	85,853
United States of America	43,114	43,571
Other Worldwide	82,388	86,176
Total	**227,951**	**238,741**

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

The Syndicate Managing Agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance technicians. 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 & Claims Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the Reserving & Claims Committee makes recommendations to the Managing Agent's Board of Directors of the claims provisions to be established.

In arriving at the level of claims provisions a margin 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 claims incurred but not reported (IBNR). 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 equity. 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 impact on results and equity.

	2015 £'000		2014 £'000	
	Gross	Net	Gross	Net
5% increase in total claims liabilities	(2,610)	(2,421)	(3,316)	(2,836)
5% decrease in total claims liabilities	2,610	2,421	3,316	2,836

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 goal of the investment management process is to optimise the risk-adjusted total return whilst investing in accordance with the syndicate's risk appetite in a diversified portfolio of securities and ensuring that the assets and liabilities are managed on a cash flow and duration basis.

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

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

- debt securities;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- 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 debt securities and reinsurers is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies. The Syndicate has a policy of investing mainly in government issued and government backed debts. The Syndicate does not currently invest in speculative grade assets (i.e. those rated below BBB-).

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

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

All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

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 in respect of known liabilities.

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

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.

Year 2015	**AAA £'000**	**AA £'000**	**A £'000**	**BBB £'000**	**Not rated £'000**	**Total £'000**
Financial investments						
Shares and other variable yield securities and units in unit trusts	35,924	-	-	-	-	35,924
Debts securities and other fixed income securities	3,215	12,212	5,040	3,122	-	23,589
Participation in investment pools	4,334	-	-	-	-	4,334
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	3,628	-	-	-	-	3,628
Reinsurers' share of technical provisions	-	816	3,464	-	-	4,280
Debtors arising out of direct insurance operation	-	-	-	-	39,806	39,806
Debtors arising out of reinsurance operations	-	-	-	-	357	357
Accrued reinsurance recoveries	-	-	-	-	-	-
Cash at bank and in hand	-	-	7,664	-	-	7,664
Total	47,101	13,028	16,168	3,122	40,163	119,582

Year 2014	**AAA £'000**	**AA £'000**	**A £'000**	**BBB £'000**	**Not rated £'000**	**Total £'000**
Financial investments						
Shares and other variable yield securities and units in unit trusts	49,868	-	-	-	-	49,868
Debts securities and other fixed income securities	-	783	1,646	-	-	2,429
Participation in investment pools	9,555	-	-	-	-	9,555
Deposits with credit institutions	-	-	-	5	-	5
Overseas deposits	3,450	-	-	-	-	3,450
Reinsurers' share of technical provisions	-	2,390	5,954	-	-	8,344
Debtors arising out of direct insurance operation	-	-	-	-	38,291	38,291
Debtors arising out of reinsurance operations	-	-	-	-	-	-
Accrued reinsurance recoveries	-	-	-	-	-	-
Cash at bank and in hand	-	-	15,280	-	-	15,280
Total	62,873	3,173	22,880	5	38,291	127,222

At 31 December 2015, the largest concentration in the Syndicate's debt security portfolio was in relation to governments and government agencies. The Syndicate's credit exposure to Eurozone governments, government agencies and financial institutions amounted to £16.3m. Although the credit risks of the underlying securities are diverse in nature, the Syndicate also considers impacts that may affect sub-categories of the underlying securities in its credit assessments. Exposure to peripheral Eurozone countries is monitored and as at the year-end, the maximum exposure was to Spain and amounted to £0.2m (2014: no exposure to peripheral Eurozone countries). The investment portfolio was compliant with the Syndicate's Investment Policy throughout the period. The Policy sets limits on the concentrations of investment holdings by product type, counterparty, industry and credit rating.

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 stage 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.

Debtors arising from direct insurance operations	**2015 £'000**	**2014 £'000**
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	336	58
91 to 180 days	220	106
More than 180 days	198	55
Past due but not impaired financial assets	**754**	**219**
Impaired financial assets	-	-
Neither past due nor impaired financial assets	**39,052**	**38,072**
Net carrying value	**39,806**	**38,291**

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

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 holds 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 redemption in extreme conditions.

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial instruments and excludes amounts due from members. 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.

			Undiscounted net cash flows			
Year 2015	**Carrying amount £'000**	**Total cash flows £'000**	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	35,924	35,924	35,924			
Debts securities and other fixed income securities	23,589	23,589	5,285	12,549	5,755	-
Participation in investment pools	4,334	4,334	4,334			
Deposits with credit institutions	-	-				
Overseas deposits	3,628	3,628	3,628			
Reinsurers share of technical provisions	17,621	17,621	12,848	3,444	1,291	38
Debtors and accrued interest	232,123	232,123	116,947	47,990	67,186	-
Cash at bank and in hand	7,664	7,664	7,664			
Total assets	**324,883**	**324,883**	**186,630**	**63,983**	**74,232**	**38**
Technical provisions	(323,799)	(323,799)	(131,174)	(79,624)	(103,363)	(9,638)
Creditors	(17,951)	(17,951)	(13,089)	(3,508)	(1,315)	(39)
Total liabilities	**(341,750)**	**(341,750)**	**(144,263)**	**(83,132)**	**(104,678)**	**(9,677)**
Net assets / (liabilities)	**(16,867)**	**(16,867)**	**42,367**	**(19,149)**	**(30,446)**	**(9,639)**

			Undiscounted net cash flows			
Year 2014	**Carrying amount £'000**	**Total cash flows £'000**	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	49,868	49,868	49,868			
Debts securities and other fixed income securities	2,429	2,429	2,429			
Participation in investment pools	9,555	9,555	9,555			
Deposits with credit institutions	5	5	5			
Overseas deposits	3,450	3,450	3,450			
Reinsurers share of technical provisions	12,087	12,087	8,813	2,362	886	26
Debtors and accrued interest	156,830	156,830	85,707	29,634	41,489	-
Cash at bank and in hand	15,280	15,280	15,280			
Total assets	**249,504**	**249,504**	**175,107**	**31,996**	**42,375**	**26**
Technical provisions	(246,367)	(246,367)	(99,805)	(60,583)	(78,645)	(7,334)
Creditors	(21,455)	(21,455)	(15,643)	(4,194)	(1,572)	(46)
Total liabilities	**(267,822)**	**(267,822)**	**(115,448)**	**(64,777)**	**(80,217)**	**(7,380)**
Net assets / (liabilities)	**(18,318)**	**(18,318)**	**59,659**	**(32,781)**	**(37,842)**	**(7,354)**

In the above tables debt securities are presented according to their maturity dates. In practice cash could be realised through the sale of these investments which are actively traded. The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

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 but excludes those that are caused by credit downgrades which are included under credit risk above. 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 agency'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 overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Finance & Investment Committee monitors the duration of these assets relative to the duration of its liabilities on a regular basis.

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 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 as is allowed by regulatory requirements and for any profit or loss to be reflected in the net assets of the functional currency Sterling.

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

As at 31 December 2015	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	191,584	43,923	81,056	8,320	324,883
Total liabilities	(216,900)	(52,143)	(69,088)	(3,619)	(341,750)
Net assets / (liabilities)	**(25,316)**	**(8,220)**	**11,968**	**4,701**	**(16,867)**

As at 31 December 2014	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	128,866	32,228	81,853	6,557	249,504
Total liabilities	(141,205)	(44,492)	(79,131)	(2,994)	(267,822)
Net assets / (liabilities)	**(12,339)**	**(12,264)**	**2,722**	**3,563**	**(18,318)**

Equity price risk

The Syndicate does not hold any equity investments other than through its holding of money market funds. 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, currency and other price risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, and that change had occurred at the end of the reporting period and had been applied to the risk exposures as at that date. However, 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	161	13
- 50 basis points shift in yield curves	(161)	(13)
Currency risk		
10 percent increase in GBP/Euro exchange rate	(802)	(658)
10 percent decrease in GBP/Euro exchange rate	846	(1,285)
10 percent increase in GBP/US dollar exchange rate	(1,357)	(170)
10 percent decrease in GBP/US dollar exchange rate	168	(688)

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

A 10% increase (or decrease) in exchange rates, a 50 basis point increase 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. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

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

Since Lloyd's has rated ASL as red for Solvency II, a loading of 20% has been added to the above figures in addition to a £2.5m capital loading relating to conduct risks. The Board is working towards the withdrawal of these loadings for the mid-2016 readjustment of members' capital requirements.

Provision of capital by members

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

Accordingly all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet on pages 20-21, represent resources available to meet members' and Lloyd's capital requirements.

6. Business class analysis

An analysis of the technical account result by business class before investment return is set out below:

2015 Calendar Year	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	19,208	19,904	(9,113)	(11,511)	(19)	(739)
Motor (Third party liability)	(8)	2,174	(1,109)	(949)	-	116
Motor (Other classes)	5,604	5,176	(2,493)	(3,408)	-	(725)
Marine, Aviation, Transport and Non-Marine Energy	176	96	24	(19)	103	204
Fire and other damage to Property	117,347	53,997	(13,664)	(36,881)	(4,493)	(1,041)
Third party liability	8,729	5,014	(2,290)	(1,859)	(652)	213
Credit and Suretyship	70,269	43,775	(13,458)	(28,057)	(1,786)	474
Total direct	221,325	130,136	(42,103)	(82,684)	(6,847)	(1,498)
Reinsurance	6,626	10,177	(4,446)	(4,219)	(3,376)	(1,864)
Total	227,951	140,313	(46,549)	(86,903)	(10,223)	(3,362)

2014 Calendar Year - Restated	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	23,926	25,733	(7,203)	(18,636)	143	37
Motor (Third party liability)	2,268	3,439	71	(2,434)	(1,441)	(365)
Motor (Other classes)	3,218	1,625	(637)	(1,053)	(2)	(67)
Marine, Aviation, Transport and Non-Marine Energy	84	132	18	(56)	(56)	38
Fire and other damage to Property	118,753	51,923	(13,466)	(29,807)	(6,084)	2,566
Third party liability	1,747	2,213	(1,061)	(1,016)	(97)	39
Credit and Suretyship	84,058	50,988	(26,595)	(30,923)	1,299	(5,231)
Total direct	234,054	136,053	(48,873)	(83,925)	(6,238)	(2,983)
Reinsurance	4,687	6,035	697	(2,685)	(2,653)	1,394
Total	238,741	142,088	(48,176)	(86,610)	(8,891)	(1,589)

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 £143.2m (2014: £143.1m).

All premiums relate to contracts concluded in the UK.

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

	2015 £'000	2014 £'000
UK	221,325	234,054

7. Technical provisions

The syndicate has applied a similar approach at the current year end to that applied at the previous year end in establishing the technical provisions for claims outstanding reserves and reinsurers' share thereof. Included within net claims incurred of £48.0m (2014: £48.3m) is an improvement of £0.2m (2014: improvement of £9.4m) to claims reserves established at the prior year end principally due to the favourable Property run-off offset by unfavourable development for Political Risk and Consumer Products business.

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2015	179,318	67,049	246,367
Movement in provision	87,638	(12,550)	75,088
Foreign exchange	(263)	1,947	1,684
Movement in salvage and subrogation	-	660	660
At 31 December 2015	266,693	57,106	323,799
Reinsurance			
At 1 January 2015	(3,743)	(8,344)	(12,087)
Movement in provision	(9,302)	4,317	(4,985)
Foreign exchange	(296)	(253)	(549)
At 31 December 2015	(13,341)	(4,280)	(17,621)
Net technical provisions			
At 31 December 2015	253,352	52,826	306,178
At 31 December 2014	175,575	58,705	234,280

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2014	83,489	70,746	154,235
Movement in provision	96,653	(7,586)	89,067
Foreign exchange	(824)	2,774	1,950
Movement in salvage and subrogation	-	1,115	1,115
At 31 December 2014	179,318	67,049	246,367
Reinsurance			
At 1 January 2014	(3,107)	(11,748)	(14,855)
Movement in provision	(435)	3,789	3,354
Foreign exchange	(201)	(385)	(586)
At 31 December 2014	(3,743)	(8,344)	(12,087)
Net technical provisions			
At 31 December 2014	175,575	58,705	234,280
At 31 December 2013	80,382	58,998	139,380

Deferred acquisition costs

	2015 £'000	2014 £'000
At 1 January	(112,168)	(35,713)
Movement in provision	(72,766)	(77,615)
Exchange adjustments	(913)	1,160
At 31 December	(185,847)	(112,168)

8. Net operating expenses

	2015 £'000	Restated 2014 £'000
Brokerage and commissions	146,865	149,561
Other acquisition costs	2,436	2,876
Acquisition costs	149,301	152,437
Change in deferred acquisition costs	(72,766)	(77,615)
Administrative expenses	9,134	9,978
Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions, managing agent's fees and profit commission)	1,234	1,810
	86,903	86,610

9. Auditors remuneration

	2015 £'000	2014 £'000
Audit of syndicate annual accounts	116	128
Other services pursuant to regulations and Lloyd's byelaws	39	55
Other services relating to taxation	7	6
	162	189

10. Staff numbers and costs

All staff are employed by a related party, ANV Central Bureau of Services Limited (CBS). The average number of persons employed by CBS, but working for the Syndicate during the year, analysed by category, was as follows:

	2015	2014
Finance and administration	25	24
Underwriting	15	29
Claims	7	7
	47	60

Following the repositioning of the portfolio, including participation in a number consortia led by other syndicates, there has been a reduction in the number of underwriters.

The following amounts were recharged by CBS to the Syndicate in respect of payroll costs:

	2015 £'000	2014 £'000
Wages and salaries	5,121	5,525
Social security costs	610	673
Other pension costs	382	477
	6,113	6,675

11. Key management personnel compensation

The Directors of ANV Syndicates Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:-

	2015 £'000	2014 £'000
Emoluments	1,021	453
Contributions to defined contribution pension schemes	22	17
	1,043	470

The number of directors with remuneration charged to the Syndicate were 10 (2014: 9). Profit-related remuneration for the directors and Active Underwriters is not charged to the Syndicate. No other compensation was payable to key management personnel.

The active underwriter received the following aggregate remuneration including pension contributions of £14k (2014:£7k) charged as a Syndicate expense:

	2015 £'000	2014 £'000
B Whitmee	275	-
G M van Loon	85	91
C Biles	-	116
	360	207

12. Investment returns

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

	2015 £'000	2014 £'000
Investment income:		
Interest and dividend income	282	421
Realised gains	2	-
Unrealised gains on investments	-	-
Investment expenses and charges:		
Investment management expenses, including interest	(15)	(11)
Losses on the realisation of investments	(23)	(60)
Unrealised losses on investments	(150)	(60)
Investment return transferred to the technical account from the non-technical account	**96**	**290**
Impairment losses on debtors recognised in administrative expenses in technical account	-	-
Total investment return	96	290

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

	2015 £'000	2014 £'000
Financial assets at fair value through profit or loss	111	301
Financial assets at amortised cost:		
Interest income	-	-
Impairment losses on debtors	-	-
Financial liabilities at amortised cost:		
Interest expense	-	-
Investment management expenses, excluding interest	(15)	(11)
Total investment return	96	290

13. Financial instruments

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		
• Shares and other variable yield securities and units in unit trusts	35,924	49,868
• Debt securities and other fixed income securities	23,589	2,429
• Participation in investment pools	4,334	9,555
	63,847	61,852
Measured at cost		
• Cash and cash equivalents	7,664	15,280
• Deposits with credit institutions	-	5
• Overseas deposits (see note 17)	3,628	3,450
	11,292	18,735
Measured at undiscounted amount receivable		
• Other debtors (see note 16)	1,930	1,181
Total financial assets	77,069	81,768
Financial liabilities		
Measured at cost		
• Reinsurance collateral (see note 21)	3,282	12,620
Measured at undiscounted amount payable		
• Other creditors (see note 20)	639	630
Total financial liabilities	3,921	13,250

Shares and other variable yield securities, units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges. The cost on acquisition of debt securities and other fixed income securities was £64.1m (2014: £46.0m). The cost on acquisition of other financial instruments is the same as the carrying value.

All investments are measured at fair value through profit or loss. The Syndicate did not hold any derivative financial instruments during the year (2014: none). The Syndicate does not enter into or trade instruments for speculative purposes.

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

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
Shares and other variable yield securities and units in unit trusts	801	35,123	-	35,924
Debt securities and other fixed income securities	8,528	15,061	-	23,589
Participation in investment pools	-	4,334	-	4,334
Loans and deposits with credit institutions	-	3,628	-	3,628
	9,329	58,146	-	67,475

31 December 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	-	49,868	-	49,868
Debt securities and other fixed income securities	-	2,429	-	2,429
Participation in investment pools	-	9,555	-	9,555
Loans and deposits with credit institutions	-	3,455	-	3,455
	-	65,307	-	65,307

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.

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.

Shares and other variable yield securities and units in unit trusts represent the Syndicate's interest in money market funds. The categorisation of the fair value of these by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. 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.

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

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.

14. Debtors arising out of direct insurance operations

	2015 £'000	2014 £'000
Due within one year – intermediaries	39,806	38,291

15. Debtors arising out of reinsurance operations

	2015 £'000	2014 £'000
Due within one year – intermediaries	357	-

16. Other debtors

	2015 £'000	2014 £'000
Salvage and subrogation recoveries	1,775	1,115
Other Debtors	155	66
	1,930	1,181

17. Other assets - Other

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

18. Creditors arising out of direct insurance operations

	2015 £'000	2014 £'000
Due within one year – intermediaries	9,018	5,742

19. Creditors arising out of reinsurance operations

	2015 £'000	2014 £'000
Due within one year – intermediaries	5,012	2,463

20. Other creditors

	2015 £'000	2014 £'000
Amounts due to group companies	374	572
Consortium fee accruals	259	-
Other creditors including taxation and social security	6	58
	639	630

21. Deposits received from reinsurers

	2015 £'000	2014 £'000
Reinsurance collateral	3,282	12,620

Cash at bank and in hand includes £3.3m in relation to funds deposited by reinsurers to collateralise their potential exposure (2014: £12.6m). A corresponding creditor is recorded as deposits received from reinsurers.

22. 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 balances presented are in respect of premiums earned to balance sheet date. Given the long earning patterns of the business written, claims development is expected over an extended number of years. The entity chose not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which FRS 103 is applied in line with a transitional provision (FRS 103.6.3).

Gross basis 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	38.7	24.0	16.4	13.8	12.5	105.4
one year later	66.9	40.6	48.2	36.1	-	191.8
two years later	57.7	51.5	54.2	-	-	163.4
three years later	55.5	54.5	-	-	-	110.0
four years later	56.9	-	-	-	-	56.9
Gross ultimate claims on premium earned to date	56.9	54.5	54.2	36.1	12.5	214.2
Gross ultimate claims on premium earned to date for 2010 & prior years	12.0					12.0
Less gross claims paid	(53.2)	(45.3)	(48.6)	(20.3)	(1.7)	(169.1)
Gross claims reserves	15.7	9.2	5.6	15.8	10.8	57.1

Net basis as at 31 Dec 2015:

Pure underwriting year	**2011 £m**	**2012 £m**	**2013 £m**	**2014 £m**	**2015 £m**	**Total £m**
Incurred net claims						
At end of underwriting year	37.2	19.0	15.9	13.8	11.3	97.2
one year later	64.9	35.7	45.3	36.1	-	182.0
two years later	55.5	47.3	53.3	-	-	156.1
three years later	53.2	49.9	-	-	-	103.1
four years later	54.9	-	-	-	-	54.9
Net ultimate claims on premium earned to date	54.9	49.9	53.3	36.1	11.3	205.5
Net ultimate claims on premium earned to date for 2010 & prior years	10.8					10.8
Less net claims paid	(51.3)	(42.3)	(47.9)	(20.2)	(1.8)	(163.5)
Net claims reserves	14.4	7.6	5.4	15.9	9.5	52.8

23. Year of account result 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. Subsequent movements in results for closed years of account are reflected within the results for the year into which they closed. The Syndicate has a significant proportion of unearned business at the end of year one in comparison with its peers as a result of the longer earnings profile of the Consumer Products business written relative to Property and Casualty insurance. A deficit therefore occurs in the first year of a year of account as a result of the timing of expense charges. This would be expected to improve in subsequent years.

Year of Account	**2010 £'000**	**2011 £'000**	**2012 £'000**	**2013 £'000**	**2014 £'000**	**2015 £'000**	**Loss before members' agents fees £'000**
2010	(11,788)	(18,822)	6,150	2,905	3,428	(1,422)	(19,549)
2011		(23,643)	(3,696)	11,522	1,966	1,113	(12,738)
2012			(8,703)	7,510	(2,836)		(4,029)
2013				(4,926)	2,414	(1,721)	(4,233)
2014					(5,406)	4,000	(1,406)
2015						(4,386)	(4,386)
Calendar year result			**(6,249)**	**17,011**	**(434)**	**(2,416)**	

24. Cash calls

The 2010 year of account closed after 6 years with an amount due to the Syndicate's members of £0.4m after cash calls in previous periods totalling £20.0m. The 2011 and 2013 years of account closed with amounts due from Syndicate's members of £6.2m (following cash calls totalling £6.5m in previous periods) and £4.2m (before Members' Agents' fees), respectively. These funds will be distributed to/collected from the Syndicate's members through the Lloyd's collection and distribution process during 2016.

25. Retirement benefit schemes

ANV Central Bureau of Services Limited (CBS) operates a defined contribution retirement benefit scheme for all qualifying employees. The funds of the scheme are administered by Aviva plc and are held separately. Contributions are paid by CBS and staff. The group also makes payments into certain other staff personal pension plans. The total expense charged to the Syndicate's profit and loss account for the year ended 31 December 2015 in respect of these was £0.5m (2014 £0.5m).

26. Explanation of Transition to FRS 102 and 103

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 last financial statements under previous UK GAAP were for the financial year ended 31 December 2014. The comparatives in these financial statements have therefore been re-presented under FRS 102 & 103 on a consistent basis.

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 Recognised Gains and Losses (STRGL). 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. There is no impact on either Total Comprehensive Income or members' balances.

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 £'000	**2014 as previously stated £'000**
Balance on technical account before operating expenses	85,311	85,311
Operating expenses	(86,610)	(86,183)
Balance on technical accounts	(1,299)	(872)
Non-technical account		
Profit on foreign exchange	865	-
Loss for the financial year	(434)	(872)
Currency translation difference	-	438
Total comprehensive income for the financial year	(434)	(434)

Reconciliation of members' balances	**2014 Restated FRS 102 £'000**	**2014 as previously stated £'000**
Members' balances at 1 January 2014	(23,947)	(23,947)
Loss for the financial year	(434)	(872)
Members' agents fees advances	(306)	(306)
Amount called from members' personal reserve funds	6,500	6,500
Currency translation differences	-	438
Non-standard personal expenses	(22)	(22)
Unpaid cash call	(109)	(109)
Members' balances at 31 December 2014	(18,318)	(18,318)

27. Related parties

ANV Holdings (UK) Limited (AHUK) holds 80% of the ordinary shares of ANV Syndicate Management Limited (ASML), with the remaining 20% held by Ryan Specialty Group, LLC (RSG). ASML is the immediate parent company of ANV Syndicates Limited (ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group is ANV Holdings BV, whose principal investor is the Ontario Teachers' Pension Plan. On 6 December 2013, Jubilee Managing Agency Limited (JMAL) was acquired by ASML, part of ANV Group. Jubilee Group Holding Limited (JGHL) and its other subsidiaries were not acquired by ANV. Jubilee Managing Agency Limited was re-named ANV Syndicates Limited on 6 December 2013.

Syndicate capital

Prior to the sale of JMAL to the ANV Group, the parent company of JMAL was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency. Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

2010

Cassidy Capital Limited (CCL) provided 85.6% of the Underwriting Capacity of the Syndicate. Following agreement from Lloyd's, the Funds at Lloyd's held by JMPL to support Syndicate 1231 on the 2009 year of account, were made inter-available to CCL to support Syndicate 5820 until the closure of the 2010 year of account.

2011

Cassidy Capital Limited (CCL) provided 55.6% of the Underwriting Capacity of the Syndicate.

During 2011, T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were JGHL Directors and shareholders, as well as providers of capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock also had an interest in the Syndicate capital provided by JGHL. R J G Lowe and Lord Marland of Odstock further had an interest in the Syndicate capital provided to CCL by Insurance Capital Partners.

A P D Lancaster and A C Loucaides were also JGHL Directors during 2010 and 2011 and provided capital via CCL to support the Syndicate until the acquisition by RSG.

Guardian Re (SAC) Limited, a JGHL shareholder until the acquisition by RSG, and certain Syndicate underwriters also provided capital to support the Syndicate.

For the 2011 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. This direct corporate participant was set up solely as a vehicle for a third party reinsurer to participate on the Syndicate. JCCL provided 9.99% of the capacity of the 2011 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December 2012 JCCL was sold to Jubilee Member 1 Limited (JM1) at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

2013

Following the acquisition of JMAL by RSG in 2011, Jubilee Corporate Member LLP, a limited liability partnership owned by Jubilee Member 1 Limited (JM1), provided 18.4% of the Underwriting Capacity of the Syndicate for the 2013 year of account.

As part of the sale of JMAL to the ANV Group in 2013, RSG acquired a 20% shareholding in ASML, the immediate parent company of ASL.

2014

Jubilee Corporate Member LLP provided 16.8% of the Underwriting Capacity of the Syndicate.

Following the acquisition of JMAL by the ANV Group, ANV Corporate Name Limited acquired capacity in the Syndicate and provided 51.1% of the Underwriting Capacity of the Syndicate for the 2014 year.

2015

Jubilee Corporate Member LLP continued to provide 16.8% of the Underwriting Capacity of the Syndicate.

ANV Corporate Name Limited provided 51.7% of the Underwriting Capacity of the Syndicate for the 2015 year.

2016

Jubilee Corporate Member LLP reduced its participation from 16.8% to 6.1% of the Underwriting Capacity of the Syndicate for the 2016 year.

ANV Corporate Name Limited increased its participation to 68.3% of the Underwriting Capacity of the Syndicate for the 2016 year.

Transactions with group entities

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is ANV Syndicates Limited (ASL).

ANV Entities

Following a transfer of all employment and other service contracts to ANV Central Bureau of Services Limited (CBS) at the end of 2014, intragroup service arrangements between ASL and CBS were updated to enable CBS to perform the recharge of all costs to the Syndicate from 1 January 2015. These recharges were performed by ASL during 2014. Included within the recharges are amounts relating to the remuneration of Directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriters and ASL Directors is not charged to the Syndicate.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis.

For the 2015 underwriting year of account, ASL charged an average agent's fee of 0.7% of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit after allowance for any prior year losses subject to the provision of the loss deficit clause. Within the financial statements, fees of £0.9m (2014: £0.9m) and profit commission of £nil (2014: £nil) have been charged. At 31 December 2015 there are no unpaid fees (2014: £nil).

In 2014 and 2015, the Managing Agent and CBS, respectively, incurred a large proportion of the expenses incurred in operating the Syndicate and recharged them to the Syndicate on a basis that reflected 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 by the Managing Agent and CBS to the Syndicate during 2014 and 2015, respectively, including amounts relating to the remuneration of Directors of ASL but excluding agent fees and profit commission, was £12.3m (2014: £13.9m). As at 31 December 2015, an amount of £0.4m (2014 £0.6m) was due to CBS (2014: the Managing Agent) in relation to expenses.

Other Entities

A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by Ryan Direct Group Limited and its subsidiaries which are part of RSG. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services (see below);
- R-T Specialty LLC – US wholesale broker; and
- RSG Underwriting Mangers LLC – US managing general agency

The fee income paid to these companies in respect of services provided to Syndicate 5820 was £0.1m (2014 £0.4m). The balance due to the companies at 31 December 2015 was £nil (2014 £nil).

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe B.V), a wholly owned subsidiary of JGHL, provided underwriting and claims services to the Syndicate. It also held a limited binding authority to accept business on behalf of the Syndicate. In 2015, RSG began the process of winding up JE and transferred the services performed for the Syndicate to Intrust BV, an unrelated company.

Syndicate 5820 may source business from RSG on the open market through Lloyd's brokers. All risks are entered into on an arm's length basis and ASL has unfettered underwriting discretion for all opportunities. Business placed via RSG into the Syndicate is capped at 20% of stamp capacity and in 2015 did not exceed 8% of gross written premium, net of acquisition costs.

The Directors of ASL consider the commissions and fees charged to the Syndicate by these Ryan Direct Group subsidiaries and companies within the RSG Group to be consistent with those payable to a third party for similar services.

Other Capital Providers
During the year, a number of outwards reinsurance transactions have been conducted with Syndicate 5820, namely with Hannover Ruckversicherung AG and Transatlantic Re, who provide capital to the Syndicate. All such transactions were undertaken on an arm's length basis and amounted to less than 5% of outwards premium for the calendar year.

Prior to the commencement of underwriting on the 2015 year of account an agreement was entered into with Securis with respect to the period beginning on 1 January 2015 to support the Funds at Lloyd's of ANV Corporate Name Limited, an ANV group company and a corporate member participant on the capacity of the Syndicate, through the provision of a letter of credit backed by an excess of loss reinsurance contract. In addition, Securis participate on the capacity of 2015 year of account of the Syndicate on a limited tenancy basis. The Syndicate also purchased reinsurance protection through Axe Insurance PCC Ltd, a Securis group company, on normal terms for such reinsurance.

The Syndicate is a member of a number of consortia on which Syndicate 1861, another Syndicate managed by ASL, is the consortium leader. ASL acts as the manager on these consortia on behalf of Syndicate 1861. During the period £4.3m was written by the Syndicate under these consortia. Fees are charged by ASL as the consortium manager to the consortium members on behalf Syndicate 1861. At 31 December 2015 the Syndicate had accrued fees payable of £0.3m due to Syndicate 1861 in this respect.

Directors' interests
Members of the ASL Board were also Directors of other ANV Group companies that transact with ASL and/or the Syndicate, as follows:

- R. Matthew Fairfield (resigned from ASL 21 April 2015) – ANV Global Services Limited (resigned 21 April 2015)
- Adam Barker – ANV Global Services Limited, ANV Global Services Inc., ANV Global Services US Inc. & ANV Corporate Name Limited
- Janice Hamilton – ANV Corporate Name Limited
- Gerard van Loon – ANV Global Services Limited (resigned 17 January 2014)
- Lynsey Cross – ANV Central Bureau of Services Limited

Nicholas Pawson, a director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2013, 2014, 2015 and 2016 years of account.

SYNDICATE 5820

Underwriting Year Accounts – 2010, 2011 and 2013 Years of Account

Year Ended 31 December 2015

Syndicate Underwriting Year Accounts – 2010, 2011 and 2013 Years of Account

Report of the Directors of the Managing Agent

31 December 2015

The Directors of the Managing Agent present their report for the year ended 31 December 2015 in respect of the 2010, 2011, and 2013 Years of Account of Syndicate 5820. The principal activity of the Syndicate is that of underwriting Property and Consumer Products business, further diversified in 2013 to include Casualty, Terror and Political Risks business, all of which is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided within the Strategic Report and the Report of the Directors of the Managing Agent within the Annual Accounts.

A historical obligation, arising from the acquisition of Jubilee Group by Ryan Speciality Group in 2011, required ASL to obtain the consent of the majority capital provider, Cassidy Capital Limited (CCL), on the 2011 & prior years of account for the closure of the years of account in which it has an interest. As this consent was not provided in previous periods, the 2010 and 2011 years of account had remained unnaturally open. ASL received the required consent in order to close the years of account as at 31 December 2015, and these were successfully reinsured to close into the 2014 year of account.

Review of the closed 2010, 2011 and 2013 years of account

A review of the performance of the closed 2010, 2011 and 2013 years of account has been included on pages 7 and 8 within the Strategic Report.

Seven Year Summary of Results

A seven year summary of underwriting results is presented on page 83.

Disclosure of information to the auditors

Each Director who held office at the date of the approval of this Report of the Directors of the Managing Agent confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Syndicate's auditor is unaware; and
- the Director has taken all the steps that one ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Syndicate Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as the Syndicate's auditor.

Approved by Order of the Board

S J Helson
Chief Executive Officer
ANV Syndicates Limited
15 March 2016

Company number 4434499

Statement of Managing Agent's Responsibilities

ASL 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:

- 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;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- 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.

Report of the Auditors

31 December 2015

Independent Auditors' Report to the Members of Syndicate 5820
2010, 2011 and 2013 Closed Years of Account

We have audited the Syndicate Underwriting Year Accounts for the 2010, 2011 and 2013 Closed Years of Account of Syndicate 5820 for their respective periods ended 31 December 2015, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Members' Balances the Cash Flow Statement and the related notes 1 to 14. 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).

This report is made solely to the members on the 2010, 2011 and 2013 Years of Account of the Syndicate, as a body, in accordance with Regulation 6(4) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). 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 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 Auditors
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 54, 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 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 law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 Underwriting Year Accounts.

In addition, we read all the financial and non-financial information in the Syndicate Underwriting Year Accounts to identify material inconsistencies with the audited Syndicate Underwriting Year 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 Underwriting Year Accounts
In our opinion the Syndicate Underwriting Year Accounts:

- give a true and fair view of the losses for the 2010, 2011 and 2013 closed years 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.

N A Coulson

Neil Coulson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
15 March 2016

Profit and Loss Account: Technical Account – 2010 Year of Account

2010 Closed Year of Account for the six years ended 31 December 2015

	Note	£'000	£'000
Syndicate allocated capacity			139,000
Earned premiums, net of reinsurance			
Gross premiums written	2		130,091
Outward reinsurance premiums			(20,135)
Net premium written and earned			109,956
Reinsurance to close premium received, net of reinsurance	3		44,652
			154,608
Allocated investment return transferred from the non-technical account			2,703
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(93,793)	
Reinsurers' share		3,968	
Net claims paid		(89,825)	
Reinsurance to close premium payable, net of reinsurance	4	(12,925)	
			(102,750)
Net operating expenses	2, 5		(71,148)
Balance on the technical account			(16,587)

Profit and Loss Account: Non-Technical Account – 2010 Year of Account

2010 Closed Year of Account for the six years ended 31 December 2015

	Note	£'000
Balance on the technical account		(16,587)
Investment income	6	3,298
Investment expenses and charges	6	(459)
Unrealised gains on investments	6	541
Unrealised losses on investments	6	(677)
Allocated investment return transferred to the technical account		(2,703)
Loss on foreign exchange		(2,962)
Loss for the six years to 31 December 2015	8	(19,549)

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Profit and Loss Account: Technical Account – 2011 Year of Account

2011 Closed Year of Account for the five years ended 31 December 2015

	Note	£'000	£'000
Syndicate allocated capacity			100,881
Earned premiums, net of reinsurance			
Gross premiums written	2		121,771
Outward reinsurance premiums			(11,401)
Net premium written and earned			110,370
Reinsurance to close premium received, net of reinsurance	3		-
			110,370
Allocated investment return transferred from the non-technical account			704
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(51,534)	
Reinsurers' share		1,765	
Net claims paid		(49,769)	
Reinsurance to close premium payable, net of reinsurance	4	(4,457)	
			(54,226)
Net operating expenses	2,5		(70,741)
Balance on the technical account			(13,893)

Profit and Loss Account: Non-Technical Account – 2011 Year of Account

2011 Closed Year of Account for the five years ended 31 December 2015

	Note	£'000
Balance on the technical account		(13,893)
Investment income	6	1,161
Investment expenses and charges	6	(311)
Unrealised gains on investments	6	125
Unrealised losses on investments	6	(271)
Allocated investment return transferred to the technical account		(704)
Profit on foreign exchange		1,153
Loss for the five years to 31 December 2015	8	(12,740)

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Profit and Loss Account: Technical Account – 2013 Year of Account

2013 Closed Year of Account for the three years ended 31 December 2015

	Note	£'000	£'000
Syndicate allocated capacity			131,118
Earned premiums, net of reinsurance			
Gross premiums written	2		177,269
Outward reinsurance premiums			(16,376)
Net premium written and earned			160,893
Reinsurance to close premium received, net of reinsurance	3		17,526
			178,419
Allocated investment return transferred from the non-technical account			(28)
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(54,542)	
Reinsurers' share		2,856	
Net claims paid		(51,686)	
Reinsurance to close premium payable, net of reinsurance	4	(29,653)	
			(81,339)
Net operating expenses	2,5		(100,363)
Balance on the technical account			(3,311)

Profit and Loss Account: Non-Technical Account – 2013 Year of Account

2013 Closed Year of Account for the three years ended 31 December 2015

	Note	£'000
Balance on the technical account		(3,311)
Investment income	6	101
Investment expenses and charges	6	(3)
Unrealised gains on investments	6	-
Unrealised losses on investments	6	(126)
Allocated investment return transferred to the technical account		28
Loss on foreign exchange		(922)
Loss for the three years as at 31 December 2015	8	(4,233)

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Balance Sheet – 2010 Year of Account

2010 Closed Year of Account as at 31 December 2015

	Note	£'000
Investments		
Financial investments	7	5,854
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4	1,192
Debtors		
Debtors arising out of direct insurance operations	9	2,954
Other debtors	10	5,006
		7,960
Other assets		
Cash at bank and in hand		110
Overseas deposits		620
		730
Total assets		15,736
Liabilities		
Amounts due to members		451
Reinsurance to close premium payable to close the account – gross amount	4	14,117
Creditors		
Creditors arising out of direct insurance operations	11	894
Creditors arising out of reinsurance operations	12	274
Other creditors	13	-
		1,168
Total liabilities		15,736

The syndicate underwriting year accounts on pages 57 to 82 were approved by the Board of ASL on 15 March 2016 and were signed on its behalf by:

J M Hamilton
Director

Balance Sheet – 2011 Year of Account

2011 Closed Year of Account as at 31 December 2015

	Note	£'000
Investments		
Financial investments	7	1,958
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4	188
Debtors		
Debtors arising out of direct insurance operations	9	1,171
Other debtors	10	9
		1,180
Other assets		
Cash at bank and in hand		1,275
Overseas deposits		206
		1,481
Amounts due from members		6,250
Total assets		11,057
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	4	4,645
Creditors		
Creditors arising out of direct insurance operations	11	622
Creditors arising out of reinsurance operations	12	177
Other creditors	13	5,613
		6,412
Total liabilities		11,057

The syndicate underwriting year accounts on pages 57 to 82 were approved by the Board of ASL on 15 March 2016 and were signed on its behalf by:

J M Hamilton
Director

Balance Sheet – 2013 Year of Account

2013 Closed Year of Account as at 31 December 2015

	Note	£'000
Investments		
Financial investments	7	29,689
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4	7,646
Debtors		
Debtors arising out of direct insurance operations	9	10,845
Other debtors	10	180
		11,025
Other assets		
Cash at bank and in hand		86
Overseas deposits		846
		932
Amounts due from members		4,677
Total assets		53,969
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	4	37,298
Creditors		
Creditors arising out of direct insurance operations	11	3,733
Creditors arising out of reinsurance operations	12	304
Other creditors	13	12,634
		16,671
Total liabilities		53,969

The syndicate underwriting year accounts on pages 57 to 82 were approved by the Board of ASL on 15 March 2016 and were signed on its behalf by:

J M Hamilton
Director

Statement of Changes in Members' Balances – 2010 Year of Account

2010 Closed Year of Account for the six years ended 31 December 2015

	£'000
1 January 2010	-
Loss for the 2010 closed year of account	(19,549)
Prepaid members' agents' fees	-
Cash calls received	20,000
Amounts due to members at 31 December 2015	451

Statement of Changes in Members' Balances – 2011 Year of Account

2011 Closed Year of Account for the five years ended 31 December 2015

	£'000
1 January 2011	-
Loss for the 2011 closed year of account	(12,740)
Prepaid members' agents' fees	(10)
Cash calls received	6,500
Amounts due from members at 31 December 2015	(6,250)

Statement of Changes in Members' Balances – 2013 Year of Account

2013 Closed Year of Account for the three years ended 31 December 2015

	£'000
1 January 2013	-
Loss for the 2013 closed year of account	(4,233)
Prepaid members' agents' fees	(444)
Cash calls received	-
Amounts due from members at 31 December 2015	(4,677)

Members participate on Syndicates by reference to years of account and the ultimate result therefrom.

Cash Flow Statement – 2010 Year of Account

2010 Closed Year of Account for the six years ended 31 December 2015

	£'000
Cash flows from operating activities	
Loss for the 2010 closed year of account	(19,549)
Increase in gross reinsurance to close payable	14,117
Increase in reinsurers share of reinsurance to close	(1,192)
Increase in debtors	(7,960)
Increase in creditors	1,168
Investment return	(2,703)
Net cash inflow/(outflow) from operating activities	(16,119)
Cash flows from investing activities	
Purchase of other financial instruments	(5,854)
Investment income received	2,703
Movements in overseas deposits	(620)
Net cash (outflow) from investing activities	(3,771)
Net cash flow from financing activities:	
Transfer to members in respect of underwriting participations	-
Members' agents' fees paid on behalf of members	-
Cash calls received	20,000
Net cash outflow from financing activities	20,000
Net increase in cash and cash equivalents	110
Cash and cash equivalents at 1 January	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December	110

Cash Flow Statement – 2011 Year of Account

2011 Closed Year of Account for the five years ended 31 December 2015

	£'000
Cash flow from operating activities	
Loss for the 2011 closed year of account	(12,740)
Increase in gross reinsurance to close payable	4,645
Increase in reinsurers share of reinsurance to close	(188)
Increase in debtors	(1,180)
Increase in creditors	6,412
Investment return	(704)
Net cash inflow/(outflow) from operating activities	(3,755)
Cash flow from investing activities	
Purchase of other financial instruments	(1,958)
Investment income received	704
Movements in overseas deposits	(206)
Net cash inflow/(outflow) from investing activities	(1,460)
Cash flow from financing activities:	
Transfer to members in respect of underwriting participations	-
Members' agents' fees paid on behalf of members	(10)
Cash calls received	6,500
Net cash outflow from financing activities	6,490
Net increase in cash and cash equivalents	1,275
Cash and cash equivalents at 1 January	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December	1,275

Cash Flow Statement – 2013 Year of Account

2013 Closed Year of Account for the three years ended 31 December 2015

	£'000
Cash flows from operating activities	
Loss for the 2013 closed year of account	(4,233)
Increase in gross reinsurance to close payable	37,298
Increase in reinsurers share of reinsurance to close	(7,646)
Increase in debtors	(11,025)
Increase in creditors	16,671
Investment return	28
Net cash inflow from operating activities	31,093
Cash flows from investing activities	
Purchase of other financial instruments	(29,689)
Investment income received	(28)
Movements in overseas deposits	(846)
Net cash inflow/(outflow) from investing activities	(30,563)
Net cash flow from financing activities:	
Transfer to members in respect of underwriting participations	-
Members' agents' fees paid on behalf of members	(444)
Cash calls received	-
Net cash outflow from financing activities	(444)
Net increase in cash and cash equivalents	86
Cash and cash equivalents at 1 January	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December	86

Notes to the Syndicate Underwriting Year Accounts

1. Basis of preparation and accounting policies

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, the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) and applicable Accounting Standards in the United Kingdom. FRS 102 and FRS 103 have been applied to the extent necessary to produce a true and fair view of the results.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These Underwriting Year Accounts relate to the 2010, 2011 and 2013 years of account which have been closed as at 31 December 2015. Consequently the balance sheets represent the assets and liabilities of the 2010, 2011 and 2013 years of account at the date of closure. The profit and loss accounts and cash flow statements reflect the transactions for that year of account during six, five and three years until closure respectively.

These Underwriting Year Accounts cover the six, five and three years from the date of inception of the 2010, 2011 and 2013 years of account, respectively, to the date of closure. Accordingly, these are the only reporting periods and so corresponding amounts are not shown.

As a consequence of the 2010, 2011 and 2013 years of account reinsuring to close into the 2014 year of account, the residual risks to the members on these closed years have been minimised. The risk disclosure requirements of FRS 102 and 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.

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.

The accounting policies disclosed within the notes to the Syndicate Annual Accounts have been applied consistently on an annual basis from 1 January 2010 in dealing with items which are considered material in relation to the Underwriting Year Accounts. In addition to the policies disclosed in the annual accounts, the Underwriting Year Accounts have been prepared in line with the following:

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.

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

Gross and reinsurance earned premiums
These accounts are prepared on a fund accounting basis and consequently all premium is treated as being fully earned. Any residual unearned premium relating to the years of account existing on an annual accounting basis has been included in the reinsurance to close premium payable. Where a year of account is held open any unearned premium existing on an annual accounting basis is included within the amount retained to meet all known and unknown liabilities.

Claims paid and related recoveries
Gross claims paid include internal and external 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.

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 either the reinsurance to close or the estimate of future liabilities as applicable.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the accounting policies to the annual accounts.

In determining the reinsurance to close premium payable consideration is given to the forecast development of the business of the closing year of account including an assessment of the future development of unearned premiums at the date of the reinsurance to close. Where development is forecast to be profitable a discount is applied to the estimate of future liabilities. In circumstances where adverse development is forecast a premium is applied.

A similar approach is adopted to the determination of the amount retained to meet all known and unknown liabilities when the year of account is held open.

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 reinsurance to close premium so determined.

Investment return
Investment return comprises 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 or ANV Central Bureau of Services Limited (CBS) 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 or CBS 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.

Basis of currency translation
Any differences arising between the translation of the Syndicate's five settlement currencies, Sterling, US Dollars, Euros, Australian Dollars and Canadian Dollars, at average rates of exchange for each calendar year and the translation of assets and liabilities held on the balance sheet in the Syndicate's five settlement currencies at the rates of exchange ruling at the current year end are included within the profit or loss on exchange account within the non-technical account.

2. Business class analysis

An analysis of the underwriting result to 31 December 2015, before investment return, is set out below:

2010 Year of Account	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	31,659	31,659	(10,331)	(27,169)	(41)	(5,882)
Motor	18,908	18,908	(15,355)	(7,190)	(1,687)	(5,324)
Other	10,132	10,132	(2,753)	(6,075)	(2,464)	(1,160)
Fire and other damage to Property	51,362	51,362	(25,452)	(22,219)	(9,686)	(5,995)
Total direct	112,061	112,061	(53,891)	(62,653)	(13,878)	(18,361)
Reinsurance	18,030	18,030	(9,137)	(8,495)	(1,327)	(929)
Total	130,091	130,091	(63,028)	(71,148)	(15,205)	(19,290)

2011 Year of Account	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	29,504	29,504	(10,865)	(22,251)	(71)	(3,683)
Other	6,892	6,892	(3,484)	(4,339)	(488)	(1,419)
Fire and other damage to Property	33,445	33,445	(18,943)	(14,116)	(4,565)	(4,179)
Credit and Suretyship	22,409	22,409	(8,127)	(16,087)	(251)	(2,056)
Total direct	92,250	92,250	(41,419)	(56,793)	(5,375)	(11,337)
Reinsurance	29,521	29,521	(14,760)	(13,948)	(4,073)	(3,260)
Total	121,771	121,771	(56,179)	(70,741)	(9,448)	(14,597)

2013 Year of Account	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	24,063	24,063	(8,145)	(16,152)	(395)	(629)
Motor	4,197	4,197	(2,431)	(3,353)	(46)	(1,633)
Other	2,153	2,153	(1,035)	(989)	(320)	(191)
Fire and other damage to Property	46,350	46,350	(9,410)	(36,441)	(4,003)	(3,504)
Credit and Suretyship	77,180	77,180	(30,482)	(48,018)	(1,274)	(2,594)
Total direct	153,943	153,943	(51,503)	(104,953)	(6,038)	(8,551)
Reinsurance	23,326	23,326	(19,604)	4,590	(3,044)	5,268
Total	177,269	177,269	(71,107)	(100,363)	(9,082)	(3,283)

Notes for the segmental analysis:

- *Gross premiums earned are identical to gross premiums written.*
- *Gross claims incurred comprises gross claims paid and gross reinsurance to close premiums payable*
- *The reinsurance balance comprises reinsurance premiums ceded and reinsurance recoveries anticipated on reinsurance to close receivable less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on amounts gross reinsurance to close premiums payable.*

  All premiums written are in respect of contracts concluded in the UK.

3. Reinsurance to close premium received

2010 Year of Account	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium receivable	17,600	27,282	44,882
Reinsurance recoveries anticipated	(228)	(2)	(230)
Reinsurance to close premium receivable, net of reinsurance	17,372	27,280	44,652

2011 Year of Account

The 2011 year of account did not accept any reinsurance to close premium from any other years of account, therefore there are no amounts for reinsurance to close receivable.

2013 Year of Account	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium receivable	2,489	18,244	20,733
Reinsurance recoveries anticipated	18	(3,225)	(3,207)
Reinsurance to close premium receivable, net of reinsurance	2,507	15,019	17,526

4. Reinsurance to close premium payable

2010 Year of Account	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	(8,812)	(5,305)	(14,117)
Reinsurance recoveries anticipated	760	432	1,192
Reinsurance to close premium payable, net of reinsurance	(8,052)	(4,873)	(12,925)

2011 Year of Account	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	(2,068)	(2,577)	(4,645)
Reinsurance recoveries anticipated	171	17	188
Reinsurance to close premium payable, net of reinsurance	(1,897)	(2,560)	(4,457)

2013 Year of Account	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	(4,940)	(32,358)	(37,298)
Reinsurance recoveries anticipated	1,650	5,996	7,646
Reinsurance to close premium payable, net of reinsurance	(3,290)	(26,362)	(29,652)

5. Net operating expenses

2010 Year of Account	2010 year of account £'000
Brokerage and commissions	47,345
Other acquisition costs	9,741
Acquisition costs	57,086
Administrative expenses	12,458
Members' standard personal expenses	1,604
	71,148
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	-

2011 Year of Account	2011 year of account £'000
Brokerage and commissions	52,167
Other acquisition costs	7,297
Acquisition costs	59,464
Administrative expenses	10,023
Members' standard personal expenses	1,254
	70,741
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	(10)

2013 Year of Account	2013 year of account £'000
Brokerage and commissions	85,279
Other acquisition costs	3,273
Acquisition costs	88,552
Administrative expenses	10,048
Members' standard personal expenses	1,763
	100,363
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	(444)

6. Investment return

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

	2010 £'000	2011 £'000	2013 £'000
Investment income:			
Interest and dividend income	2,938	1,069	100
Realised gains	360	92	1
Unrealised gains on investments	541	125	-
Investment expenses and charges:			
Investment management expenses, including interest	(208)	(206)	-
Losses on the realisation of investments	(251)	(105)	(3)
Unrealised losses on investments	(677)	(271)	(126)
Investment return transferred to the technical account from the non-technical account	2,703	704	(28)
Impairment losses on debtors recognised in administrative expenses in technical account	-	-	-
Total investment return	2,703	704	(28)

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

	2010 £'000	2011 £'000	2013 £'000
Financial assets at fair value through profit or loss	2,911	910	(28)
Financial assets at amortised cost:			
Interest income	-	-	-
Impairment losses on debtors	-	-	-
Financial liabilities at amortised cost:			
Interest expense	-	-	-
Investment management expenses, excluding interest	(208)	(206)	-
Total investment return	2,703	704	(28)

7. Financial investments

2010 Year of Account	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	1,520	1,520
Debts securities and other fixed income securities	-	-
Participation in investment pools	4,334	4,334
Deposits with credit institutions	-	-
	5,854	5,854

2011 Year of Account	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	1,958	1,958
Debts securities and other fixed income securities	-	-
Participation in investment pools	-	-
Deposits with credit institutions	-	-
	1,958	1,958

2013 Year of Account	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	15,744	15,744
Debts securities and other fixed income securities	-	-
Participation in investment pools	13,945	14,031
Deposits with credit institutions	-	-
	29,689	29,775

8. Balance on the technical account

2010 Year of Account	2009 & prior years of account £'000	2010 pure year of account £'000	Total 2010 year of account £'000
Technical account balance before net operating expenses & allocated investment return	12,422	39,436	51,858
Acquisition cost	(10,147)	(46,939)	(57,086)
	2,275	(7,503)	(5,228)
Allocated investment return transferred from the non-technical account			2,703
Net operating expenses other than acquisition costs			(14,062)
Loss on foreign exchange			(2,962)
Loss for the 2010 closed year of account			(19,549)

2011 Year of Account	Total 2011 year of account £'000
Technical account balance before net operating expenses & allocated investment return	56,144
Acquisition cost	(59,464)
	(3,320)
Allocated investment return transferred from the non-technical account	704
Net operating expenses other than acquisition costs	(11,277)
Profit on foreign exchange	1,153
Loss for the 2011 closed year of account	(12,740)

As there is no reinsurance to close premium received from an earlier year of account, the whole balance on the 2011 technical account relates to the 2011 pure year of account.

2013 Year of Account	2012 year of account £'000	2013 pure year of account £'000	Total 2013 year of account £'000
Technical account balance before net operating expenses & allocated investment return	4,767	92,313	97,080
Acquisition cost	(5,322)	(83,230)	(88,552)
	(555)	9,083	8,528
Allocated investment return transferred from the non-technical account			(28)
Net operating expenses other than acquisition costs			(11,811)
Loss on foreign exchange			(922)
Loss for the 2013 closed year of account			(4,233)

9. Debtors arising out of direct insurance operations

2010 Year of Account	£'000
Due within one year - intermediaries	2,954
	2,954

2011 Year of Account	£'000
Due within one year - intermediaries	1,171
	1,171

2013 Year of Account	£'000
Due within one year - intermediaries	10,845
	10,845

10. Other debtors

2010 Year of Account	£'000
Expenses recoverable	61
Inter-year loans	4,945
	5,006

2011 Year of Account	£'000
Expenses recoverable	9
	9

2013 Year of Account	£'000
Expenses recoverable	180
	180

11. Creditors arising out of direct insurance operations

2010 Year of Account	£'000
Due within one year - intermediaries	894
	894

2011 Year of Account	£'000
Due within one year - intermediaries	622
	622

2013 Year of Account	£'000
Due within one year - intermediaries	3,733
	3,733

12. Creditors arising out of reinsurance operations

2010 Year of Account	£'000
Due within one year - intermediaries	274
	274

2011 Year of Account	£'000
Due within one year - intermediaries	177
	177

2013 Year of Account	£'000
Due within one year - intermediaries	304
	304

13. Other creditors

2010 Year of Account	£'000
Other creditors	-
	-

2011 Year of Account	£'000
Inter-year loans	5,613
	5,613

2013 Year of Account	£'000
Inter-year loans	12,634
	12,634

14. Related parties

ANV Holdings (UK) Limited (AHUK) holds 80% of the ordinary shares of ANV Syndicate Management Limited (ASML), with the remaining 20% held by Ryan Specialty Group, LLC (RSG). ASML is the immediate parent company of ANV Syndicates Limited (ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group is ANV Holdings BV, whose principal investor is the Ontario Teachers' Pension Plan. On 6 December 2013, Jubilee Managing Agency Limited (JMAL) was acquired by ASML, part of ANV Group. Jubilee Group Holding Limited (JGHL) and its other subsidiaries were not acquired by ANV. Jubilee Managing Agency Limited was re-named ANV Syndicates Limited on 6 December 2013.

Syndicate capital

Prior to the sale of JMAL to the ANV Group, the parent company of Jubilee Managing Agency Limited was JGHL. On 23 September 2011, JGHL was acquired by Ryan Specialty Group, LLC (RSG). Following a change in control, JGHL became the immediate parent of the Managing Agency and Ryan Specialty Group, LLC became the ultimate parent company. At the same time, Jubilee Group Holdings Limited transferred its 100% ownership of two Lloyd's Corporate Members, Cassidy Capital Limited (CCL) and Jubilee Motor Policies Limited (JMPL), to an entity outside of the Jubilee Group.

2010

Cassidy Capital Limited (CCL) provided 85.6% of the Underwriting Capacity of the Syndicate. Following agreement from Lloyd's, the Funds at Lloyd's held by JMPL to support Syndicate 1231 on the 2009 year of account, were made inter-available to CCL to support Syndicate 5820 until the closure of the 2010 year of account.

2011

Cassidy Capital Limited (CCL) provided 55.6% of the Underwriting Capacity of the Syndicate.

2013

Following the acquisition of JMAL by RSG in 2011, Jubilee Corporate Member LLP, a limited liability partnership owned by Jubilee Member 1 Limited (JM1), provided 18.4% of the Underwriting Capacity of the Syndicate for the 2013 year of account.

During 2011, T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were JGHL Directors and shareholders, as well as providers of capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock also had an interest in the Syndicate capital provided by JGHL. R J G Lowe and Lord Marland of Odstock further had an interest in the Syndicate capital provided to CCL by Insurance Capital Partners.

A P D Lancaster and A C Loucaides were also JGHL Directors during 2010 and 2011 and provided capital via CCL to support the Syndicate until the acquisition by RSG.

Guardian Re (SAC) Limited, a JGHL shareholder until the acquisition by RSG, and certain Syndicate underwriters also provided capital to support the Syndicate.

For the 2011 year of account Jubilee Corporate Capital Limited (JCCL), then a wholly owned subsidiary of JGHL, provided capital to the Syndicate. This direct corporate participant was set up solely as a vehicle for a third party reinsurer to participate on the Syndicate. JCCL provides 9.99% of the capacity of the 2011 underwriting year and the Funds at Lloyd's are provided under a third party deposit arrangement with the third party reinsurer.

On 20 December 2012 JCCL was sold to Jubilee Member 1 Limited (JM1) at the same time the ownership of JM1 was transferred from Ryan Specialty Group, LLC to Ryan Specialty Group Risk, LLC, another United States Limited Liability Company. Ryan Specialty Group Risk, LLC, has significant commonality of ownership with RSG.

Transactions with group entities

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 5820 is ANV Syndicates Limited (ASL).

ANV Entities

Following a transfer of all employment and other service contracts to ANV Central Bureau of Services Limited (CBS) at the end of 2014, intragroup service arrangements between ASL and CBS were updated to enable CBS to perform the recharge of all costs to the Syndicate from 1 January 2015. These recharges were performed by ASL during 2014. Included within the recharges are amounts relating to the remuneration of Directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriters and ASL Directors is not charged to the Syndicate.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis.

For the 2010, 2011 and 2013 underwriting years of account, ASL charged an average agent's fee of 0.575% of capacity and given the overall losses on the year of accounts no profit commission was paid to the Managing Agent. Managing agent's fees of £0.8m, £0.6m and £0.8m have been reflected within net operating expenses of the underwriting year accounts for the 2010, 2011 and 2013 years of account respectively. At 31 December 2015 there are no unpaid fees.

The Managing Agent or CBS incurred a large proportion of the expenses incurred in operating the Syndicate and recharged them to the Syndicate on a basis that reflected 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 by the Managing Agent or CBS to the 2010, 2011 and 2013 years of account was £18.9m, £16.2m and £20.4m respectively, including amounts relating to the remuneration of Directors of ASL, but excluding agent fees and profit commission.

A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by Ryan Direct Group Limited and its subsidiaries which are part of RSG. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services; and
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services (see below)
- R-T Specialty LLC – US wholesale broker; and
- RSG Underwriting Managers LLC – US managing general agency

The fee income paid to these companies in respect of services provided to the 2010, 2011 and 2013 years of account of Syndicate 5820 was £0.2m, £0.6m and £0.1m respectively. The balance due to the companies at 31 December 2015 was £nil.

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe B.V), a wholly owned subsidiary of JGHL, provided underwriting and claims services to the Syndicate. It also held a limited binding authority to accept business on behalf of the Syndicate. In 2015, RSG began the process of winding up JE and transferred the services performed for the Syndicate to Intrust BV, an unrelated company.

The profit commission payable to JE in respect of the 2010, 2011 and 2013 years of account by the Syndicate was £nil. The balance due to JE at 31 December 2015 was £nil.

The Directors of ASL consider the commissions and fees charged to the Syndicate by these Ryan Direct Group subsidiaries to be consistent with those payable to a third party for similar services.

Syndicate 5820 may source business from RSG on the open market through Lloyd's brokers. All risks are entered into on an arm's length basis and ASL has unfettered underwriting discretion for all opportunities. Business placed via RSG into the Syndicate is capped at 20% of stamp capacity and did not exceed 8% of gross written premium, net of acquisition costs for the 2013 year of account.

Directors' interests

Members of the ASL Board were also Directors of other ANV Group companies. Aside from transactions described above in relation to CBS, no transactions were undertaken between the Syndicate and these entities in respect of the 2010, 2011 and 2013 years. Lynsey Cross is a director of both ANV Syndicates Limited and ANV Central Bureau of Services Limited.

Nicholas Pawson, a director of ASL, participated on the 2013 year of account of the Syndicate. No other directors or the active underwriters participate on the Syndicate.

Seven Year Summary of Underwriting Results

As at 31 December 2015	2007	2008	2009	2010	2011	2012	2013
Syndicate allocated capacity (£'000)	44,000	42,000	63,100	138,924	100,081	112,715	131,118
Number of underwriting members	2	2	1	2	5	4	826
Aggregate net premiums [2] (£'000)	33,720	31,854	52,764	52,870	50,906	63,590	72,341
Result for a name with an illustrative share of £10,000							
Gross premiums	14,888	15,907	15,173	9,364	12,167	13,635	13,520
Net premiums	14,445	15,832	13,887	7,915	11,028	12,608	12,271
Premium for reinsurance to close an earlier year of account	6,081	6,471	4,306	3,214	-	-	1,337
Net claims	(5,203)	(6,273)	(6,762)	(6,466)	(4,973)	(3,246)	(3,942)
Reinsurance to close the year of account	(6,177)	(6,469)	(7,076)	(930)	(445)	(1,555)	(2,262)
Syndicate operating expenses	(1,040)	(747)	(836)	(897)	(1,001)	(1,064)	(766)
Acquisition costs	(6,780)	(8,248)	(5,525)	(4,109)	(5,942)	(6,966)	(6,754)
Balance on technical account	1,326	566	(2,006)	(1,273)	(1,333)	(223)	(116)
Investment return	418	204	321	195	70	16	(2)
Profit/(loss) before personal expenses	1,744	770	(1,685)	(1,078)	(1,263)	(207)	(118)
Illustrative profit commission	(256)	(163)	-	-	-	-	-
Illustrative personal expenses [3]	(259)	(126)	(136)	(115)	(125)	(106)	(134)
Other income/charges	336	130	261	(213)	115	(45)	(70)
Profit /(loss) after illustrative profit commission and personal expenses	1,565	611	(1,560)	(1,406)	(1,273)	(358)	(322)
Capacity utilised [4]	81.10%	76.60%	96.50%	52.60%	62.30%	66.70%	67.70%
Net capacity utilised [5]	76.60%	75.80%	83.60%	38.10%	50.90%	56.40%	55.20%
Underwriting profit/loss ratio [6]	11.20%	4.40%	(11.50%)	(13.60)%	(11.00)%	(2.00%)	(0.90)%
Result as a percentage of stamp capacity	15.70%	6.10%	(15.60%)	(14.10%)	(12.70%)	(3.60%)	(3.20%)

Notes to the Summary

1. The summary has been prepared from the audited accounts of the Syndicate.

2. Aggregate net premiums represent premiums written gross of reinsurance but net of brokerage and commissions.

3. Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years and the Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee.

4. Capacity utilised represents gross premium written net of the commission element of Acquisition Costs expressed as a percentage of allocated capacity.

5. Net capacity utilised represents written premium net of the commission element of acquisition costs and reinsurance expressed as a percentage of allocated capacity.

6. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written. Profit/Loss on exchange has been included in "Other income/charges to aid comparability between the years.