

Important information about Syndicate Reports and Accounts

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2014 CLOSED YEAR OF ACCOUNT - UNDERWRITING YEAR ACCOUNTS

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December. In accordance with UK accounting standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). The syndicate underwriting year accounts are required by law to give a true and fair view of the result of the closed year of account.

In preparing these syndicate underwriting year accounts, the managing agent is required to:

- (a) 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;
- (b) take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- (c) make judgements and estimates that are reasonable and prudent;
- (d) 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 which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the Lloyd's Regulations. It also has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Syndicate and to prevent and detect fraud or any other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 2007 2014 CLOSED YEAR OF ACCOUNT

Report on the syndicate underwriting year accounts

Our Opinion

In our opinion, Syndicates 2007's syndicate underwriting year accounts for the 2014 year of account for the 3 years ended 31 December 2016 (the "syndicate underwriting year accounts"):

- > give a true and fair view of the state of the Syndicate's profit for the 2014 closed year of account; and
- > have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

What we have audited

The syndicate underwriting year accounts, included within Syndicate 2007 Report & Accounts (the "Annual Report"), comprise:

- > the balance sheet as at 31 December 2016
- > the profit and loss account for the 3 years then ended;
- > the statement of cash flows for the 3 years then ended, and
- > the notes to the syndicate underwriting year accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the syndicate underwriting year accounts is applicable law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

In applying the financial reporting framework, the Managing Agent has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Under the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) we are required 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.

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate underwriting year accounts and the audit

Our responsibilities and those of the Managing Agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 58, the Managing Agent is responsible for the preparation of the syndicate underwriting year accounts in accordance with the financial reporting framework described above and for being satisfied that they give a true and fair view of the result for the 2014 closed year of account.

Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 2007 2014 CLOSED YEAR OF ACCOUNT (continued)

This report, including the opinions, has been prepared for and only for the Syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate underwriting year accounts involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Managing Agent's judgements against available evidence, forming our own judgements, and evaluating disclosures in the syndicate underwriting year accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited syndicate 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.

Nick Wilks (Senior statutory auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2017

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT

For the 36 months ended 31 December 2016

	Notes	£m	2014 year of account £m
Syndicate allocated capacity			575.0
Earned premiums, net of reinsurance			
Gross premiums written and earned	6	674.6	
Outward reinsurance premiums written and earned		(76.0)	
			598.6
Reinsurance to close premiums received, net of reinsurance			527.6
Allocated investment return transferred from the non-technical account	5		21.3
Claims incurred, net of reinsurance			
Claims paid:			
Gross amount		(366.0)	
Reinsurers' share		49.4	
Reinsurance to close premium payable, net of reinsurance	4	(560.6)	
			(877.2)
Net operating expenses	7		(239.1)
Balance on the technical account			31.2

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT

For the 36 months ended 31 December 2016

	Notes	£m	2014 year of account £m
Balance on the technical account			31.2
Investment income			20.7
Unrealised gains on investments			7.4
Investment expenses and charges			(0.8)
Unrealised losses on investments			(6.0)
Allocated investment return transferred to the technical account			(21.3)
Loss on exchange	5		(0.7)
Profit for the 2014 closing year of account	10		30.5

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

All results for the closed year relate to continuing activities.

The notes on pages 64 to 71 form part of these financial statements.

BALANCE SHEET

As at 31 December 2016

	Notes	2014 year of account £m
Assets		
Investments	8	611.6
Debtors	9	41.2
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	3	249.6
Cash at bank and in hand		56.4
Other assets		2.1
Accrued interest		3.5
Prepayments and other accrued income		-
Total assets		964.4
Liabilities		
Amounts due to members	10	29.7
Reinsurance premium payable to close the account - gross amount	3	895.6
Creditors	11	39.1
Accruals and deferred income		-
Total liabilities		964.4

The syndicate underwriting year accounts on pages 61 to 71 were approved by the Board of Novae Syndicates Limited on 20 March 2017 and were signed on its behalf by:

N J Moss
Director

The notes on pages 64 to 71 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the 36 months ended 31 December 2016

	Notes	2014 year of account £m
Reconciliation of closing year result to net cash inflow from the operations of the closing year		
Profit for the closing year of account on ordinary activities	5	30.5
Increase in reinsurance to close		646.0
(Increase) in debtors		(46.8)
Increase in creditors		39.1
Net cash inflow from operating activities		668.8
Transfer from members' personal reserve funds		(0.8)
Net cash inflow	14	668.0
Cash flows were invested as follows:		
Increase in cash at bank and cash equivalents	13	56.4
Net portfolio investment	14	611.6
Net investment of cash flows		668.0

The notes on pages 64 to 71 form part of these financial statements.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

1 Basis of preparation

These 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, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture.

These accounts relate to the 2014 year of account which has been closed by reinsurance to close as at 31 December 2016. Consequently the balance sheet represents the assets and liabilities of the 2014 year of account at the date of closure. The underwriting account reflects the transactions for that year of account during the three-year period until closure. These accounts cover the three years from the date of inception of the 2014 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

2 Accounting policies

Underwriting transactions

(i) *Reinsurance to close*

The underwriting 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 reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims, unearned premiums net of deferred acquisition costs, and unexpired risks) relating to the closed year and to all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities could be at variance from the premium so determined.

The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the receiving year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in previous accounts.

(ii) *Recognition and measurement: premiums*

Generally, written premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums recognised in respect of binder or consortium agreements are recognised linearly over the duration of the agreement. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to contracts entered into in prior accounting periods as well as estimates for future premiums.

An estimate is made at the balance sheet date to recognise retrospective adjustments to premiums or commissions.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

2 Accounting policies (continued)

Earned premium is computed separately for each insurance contract in line with the risk exposure profile. Reinsurance premiums ceded are recognised in line with the related inward business. The provision for unearned premium both gross and ceded represents the portion of written premium expected to be earned in future periods.

(iii) Reinsurance

The Syndicate buys reinsurance in the normal course of business for the purpose of limiting its net loss potential. Outward reinsurance premiums are accounted for in the same period as the premiums for the related insurance or inwards reinsurance business.

Reinsurance assets include amounts recoverable from reinsurers for losses and loss adjustment expenses. If a reinsurance asset is impaired, the Syndicate reduces its carrying amount accordingly, and immediately recognises the impairment loss in the income statement. A reinsurance asset will be deemed to be impaired if there is objective evidence, as a result of an event occurring after initial recognition of the asset, that the Syndicate may not receive all amounts due to it under the terms of the contract, and that the event has a reliable measurable impact on the amounts that the Syndicate will receive from the reinsurer.

Reinsurance arrangements do not relieve the Syndicate from its direct obligations to its policyholders.

(iv) Deferred acquisition costs

Acquisition costs comprise all commissions and other direct and indirect costs arising from the conclusion of insurance and reinsurance contracts, including a proportion of direct and indirect expenses. Deferred acquisition costs represent the proportion of acquisition costs which will be expensed in subsequent accounting periods; the deferral is calculated in the same manner as the unearned premiums provision. Acquisition costs are deferred only to the extent that available future margins are expected to cover them.

Certain reinsurance commissions and profit participations are also included within expenses for the acquisition of insurance contracts and are deferred in line with unearned premium.

(v) Recognition and measurement: claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not, and related internal and external claims handling expenses. The ultimate liability as a result of outstanding claims will vary due to subsequent information and events and 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, and disclosed separately if material.

(vi) Liability adequacy testing

At each balance sheet date, liability adequacy tests are performed at a year of account level and reviewed to ensure the adequacy of the liabilities from insurance and reinsurance contracts net of deferred acquisition costs. In performing these tests, current best estimates are used of future contractual cash flows, claims handling and administration expenses as well as investment income from the assets backing such liabilities. Any deficiency is immediately expensed, initially by writing off deferred acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests (unexpired risk provision).

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

2 Accounting policies (continued)

(vii) Foreign exchange

Items included in the financial statements are measured using sterling as this is the functional and presentational currency, being the primary currency of the economic environment in which the Syndicate operates. Transactions in foreign currencies are revalued using the average exchange rates applicable to the period in which the transaction occurs. NSL considers these to be a reasonable approximation of the rate at which the transaction actually took place.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The principal exchange rates applied in the period are shown below:

	2016 Year-end rate	2016 Average rate	2015 Year-end rate	2015 Average rate
Australian dollar	1.71	1.82	2.03	2.04
Canadian dollar	1.66	1.79	2.05	1.95
Euro	1.17	1.22	1.36	1.38
US dollar	1.24	1.35	1.47	1.53

(viii) Investments

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at bid-market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they were traded on the balance sheet date or the last trading day before that date.

(ix) 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. Investment return arising in each calendar year on all the Syndicate's investments is allocated to open years of account in proportion to the average funds available for investment attributable to those years. Investment returns on overseas deposits are allocated to the year of account which funded these deposits.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

2 Accounting policies (continued)

Realised gains and losses on investments carried at current value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the end of the previous calendar year, together with the reversal of unrealised gains and losses recognised in earlier calendar years in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting of business. All investment return is considered to arise on such funds.

(xi) Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with HM Revenue & Customs.

No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

(xii) Net operating expenses

Net operating expenses consist of acquisition costs, Lloyd's charges and processing. The Syndicate is charged a managing agent fee at a rate of 0.75% of stamp capacity with all necessary and reasonable expenses incurred in the administration of the Syndicate being charged to the Syndicate. Where expenses do not relate solely to Syndicate 2007, they are allocated between other Novae managed syndicates or other Novae group companies on such a basis as may be equitable for each type of expense.

Where expenses do not relate to any specific year of account they may be apportioned between years of account on a basis which reflects the benefit obtained by each year of account from each type of expense. Where expenses are incurred jointly between the Syndicate and other Novae group companies, they may be apportioned to the Syndicate as appropriate.

Profit-related remuneration of certain underwriting and non-underwriting employees was charged to the Syndicate on the closing year. Profit-related remuneration relating to the directors is not charged to the Syndicate.

3 Risk Management

As a consequence of the 2014 year of account reinsuring to close into the 2015 year of account, the residual risks to the members on the closed year have been minimised. The risk disclosure requirements of FRS 102 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.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

4 Reinsurance to close premium payable, net of reinsurance

	£m	2014 year of account £m
Gross reported outstanding claims	589.6	
Less: reinsurance recoveries anticipated	(194.1)	
Net reported outstanding claims		395.5
Provision for gross incurred but not reported claims	293.5	
Less: reinsurance recoveries anticipated	(56.6)	
Provision for net incurred but not reported claims		236.9
Bad debt provision		1.0
Claims handling expense provision		12.6
Reinsurance premium to close the 2014 account		646.0

5 Analysis of result between pure and prior year

	Pure year of account £m	Prior year of account £m	2014 year of account £m
Net earned premium	604.7	(6.1)	598.6
Net claims incurred	(343.8)	(5.8)	(349.6)
Net operating expenses	(225.4)	(13.7)	(239.1)
Result before investment return	35.5	(25.6)	9.9
Investment return	6.8	14.5	21.3
Profit/loss on exchange	3.9	(4.6)	(0.7)
Profit for the 2014 closing year of account	46.2	(15.7)	30.5

Net operating expenses includes currency translation gains/losses

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

6 Segmental analysis

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

2014 Year of Account	Gross premiums written £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Result before investment return £m
Direct insurance:						
Marine, aviation and transport	61.3	61.3	(30.7)	(30.0)	(0.8)	(0.2)
Fire and other damage	149.9	149.9	(51.0)	(69.0)	(11.5)	18.4
Third party liability	131.0	131.0	(80.8)	(46.2)	(5.8)	(1.8)
Motor (other classes)	14.5	14.5	(11.4)	(5.8)	1.2	(1.5)
Credit and suretyship	41.2	41.2	(22.6)	(14.9)	0.6	4.3
Miscellaneous	3.5	3.5	(0.9)	(2.0)	(2.5)	(1.9)
Direct insurance	401.4	401.4	(197.4)	(167.9)	(18.8)	17.3
Reinsurance acceptances	273.2	273.2	(187.3)	(71.2)	(22.1)	(7.4)
Total	674.6	674.6	(384.7)	(239.1)	(40.9)	9.9

The analysis above have been prepared in accordance with the requirements of Schedule 3 of *The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008: Insurance Companies* and does not necessarily reflect how the Board of NSL presents and uses information in its management of the Syndicate.

Geographical origin of gross direct insurance premiums written

An analysis of gross direct insurance premiums written by reference to the location where the insurance contract was concluded:

	2014 year of account £m
United Kingdom	401.4

The Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the United Kingdom.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

7 Net operating expenses	2014 year of account £m
Acquisition costs	165.4
Administrative expenses	64.1
Standard personal expenses	9.6
	239.1

8 Investments	2014 year of account £m
Other shares and variable yield securities	16.8
Debt securities and other fixed income securities	424.3
Participation in investment pools	99.2
Overseas deposits	71.3
	611.6

9 Debtors	2014 year of account £m
Arising out of direct insurance operations	14.1
Arising out of reinsurance operations	27.3
Other debtors	(0.2)
	41.2

All debtors, with the exception of £26k, are due within a year.

10 Amounts due to members

	2014 year of account £m
Profit for the 2014 closing year of account	30.5
Transfers from members' personal reserve funds in calendar years 2014, 2015 and 2016	(0.8)
Amounts due to members at 31 December 2016	29.7

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

11 Creditors

	2014 year of account £m
Arising out of direct insurance operations	16.1
Arising out of reinsurance operations	20.9
Other creditors	2.1
	39.1

All creditors, with the exception of £0.2m, are due within a year.

12 Related parties

Relevant information regarding related parties as they affect the 2014 closed year of account is detailed in note 24 of the annual accounts on pages 54 to 55.

13 Cash and cash equivalents

	2014 year of account £m
Cash at bank and in hand	56.4
Deposits with credit institutions	-
Bank overdrafts	-
Total cash and cash equivalents	56.4

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

14 Movement in cash & cash equivalents, portfolio investments and financing

	At 1 January 2014 £m	Cash flow £m	Changes to market value and currencies £m	At 31 December 2016 £m
Cash and cash equivalents	-	56.4	-	56.4
Financial investments	-	611.6	-	611.6
Total portfolio investments	-	668.0	-	668.0

SUMMARY OF 7 YEAR RESULTS - UNAUDITED

	2008	2009	2010	2011	2012	2013	2014
Syndicate allocated capacity (£m)	360.000	360.000	525.000	575.000	575.000	575.000	575.000
Number of underwriting members	18	2	1	1	1	3	3
Net premiums net of brokerage (£m)	192.877	190.101	380.771	423.511	381.252	415.089	433.136

Results for illustrative share of £10,000

	£	£	£	£	£	£	£
Gross premium	9,781	9,855	11,155	11,211	10,393	10,601	11,732
Net premiums	7,080	7,070	9,501	9,911	9,147	9,569	10,411
Premiums for the reinsurance to close the previous year of account	3,616	4,702	10,302	8,643	9,282	9,536	9,175
Net claims	(3,560)	(3,108)	(6,733)	(5,281)	(4,931)	(4,823)	(5,506)
Premiums for the reinsurance to close the year of account	(4,702)	(5,272)	(9,645)	(9,474)	(9,507)	(9,225)	(9,750)
Profit / (loss) on exchange	5	53	(39)	(8)	(151)	(69)	1
Syndicate operating expenses	(2,397)	(2,469)	(3,003)	(3,162)	(2,959)	(3,348)	(3,991)
Balance on technical account	42	976	383	629	881	1,640	340
Investment return	408	357	434	196	203	98	370
Profit before personal expenses	450	1,333	817	825	1,084	1,738	710

Standard personal expenses

Managing agent fee	(75)	(75)	(75)	(75)	(75)	(75)	(75)
Managing agent's profit commission	(52)	(206)	-	-	-	(237)	(109)
Lloyd's central fund	(39)	(41)	(44)	(44)	(21)	(42)	(44)
Lloyd's subscription	(39)	(41)	(44)	(44)	(41)	(42)	(44)
	(205)	(363)	(163)	(163)	(137)	(396)	(170)
Profit after standard personal expenses	245	970	654	662	947	1,342	438

Percentage applicable for an illustrative share of £10,000

	%	%	%	%	%	%	%
Gross premiums	97.8	98.5	111.6	112.1	103.9	106.0	117.3
Net premiums	70.8	70.7	95.0	99.1	91.5	95.7	104.1
Balance on technical account to gross premiums	0.4	9.9	3.4	5.6	8.5	15.5	7.4

Gross and net premiums and syndicate operating expenses are inclusive of brokerage and commission costs unless otherwise stated. Profit commission is calculated on a fully non-aligned basis and charged across the participation for this exhibit.