Registered number: 3985522

MAP EQUITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

MAP EQUITY LIMITED

COMPANY INFORMATION

DIRECTORS	A Kong C J Smelt R K Trubshaw
COMPANY SECRETARY	B S McAuley
REGISTERED NUMBER	3985522
REGISTERED OFFICE	Fitzwilliam House 10 St. Mary Axe London EC3A 8EN
INDEPENDENT AUDITOR	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

MAP EQUITY LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

All financial statements prepared on or after the 31 December 2013 are required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to present at Strategic Report prepared by the board of directors. The Strategic Report covers the business review, principal risks and uncertainties, and financial key performance indicators.

BUSINESS REVIEW

The principal activity of the Company is that of an ultimate holding company for a Managing Agent at Lloyd's of London, Managing Agency Partners Ltd ("MAP"). The syndicates under management by MAP are Syndicates 2791 and 6103. Syndicate 6103 is a special purpose reinsurance syndicate hosted by Syndicate 2791.

The Group's turnover has fallen by 3.4% from £19,541,000 in 2014 to £18,871,000 in 2015. The profit after tax has increased, due to a decrease in expenses, by 8.0% from £7,948,000 to £8,587,000.

The Group's net assets have increased by 7.6% from £24,113,000 to £25,938,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk for the Company is a loss in the value of its investment in MAP and the principal risk for MAP is that Syndicate 2791 and Syndicate 6103 make losses preventing them from remitting profit commission to the Agency. The Group mitigates this risk by planning to at least break even in the event of no profit commission being received. The fortunes of the Company closely follow those of MAP and the risk disclosures below relate to the Group as a whole.

Credit risk
Financial instruments consist of cash and cash equivalent type investments. To minimise any credit risk, the Group has an investment policy of only placing cash deposits with large institutions that have a low credit risk.

Liquidity risk
The Group actively manages its cash resources to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its business.

Foreign currency risk
The Group's reporting functional currency is Sterling. The principal foreign currency exposure arises from the receipt of profit commission in US Dollars from the syndicates. To minimise the exposure the profit pool liability is settled in the same currency in which it is received. The balance of undistributed US Dollars is monitored and, if appropriate, the exposure may be hedged using forward exchange rate contracts to fix the monetary asset in Sterling.

Operational risk
Operational risk is the risk of potential adverse financial and reputational issues arising due to inadequate or failed internal processes, people, systems or from external events. The internal risk assessment process has been developed to assess the potential impact, and probability, of certain events and a system of internal controls has been implemented to mitigate the identified risks. These controls are monitored by Senior Management and the Board and the effectiveness is validated through both the ongoing risk assessment and the internal audit process.

Regulatory risk
The Company is required to comply with the requirements of the Prudential Regulation Authority and Lloyd's of London. Regulatory risk is the risk of financial and reputational loss owning to a breach of regulatory requirements or failure to respond to regulatory change. The Company has a Director of Risk and Assurance, and two assistants, who monitors regulatory developments and assess their impact on agency policy.

FINANCIAL KEY PERFORMANCE INDICATORS

The following financial Key Performance Indicators ('KPI') relate to MAP, which determines the performance of the Group.

MAP measures its performance using two principal KPIs that together cover the vast proportion of turnover. The first KPI looks at the future underlying profitability of its two managed syndicates. The profit commission received from the syndicates is directly correlated to the profitability of these syndicates.

The second KPI looks at the amount of underwriting capacity on Syndicate 2791. MAP receives a yearly managing agency fee that is set as a percentage (0.55%) of capacity. The managing agency fee is calculated to at least cover the MAP element of all expenses and therefore ensure the Agency breaks even before profit commission.

Underlying profitability of Syndicates

Year of Account	Syndicate 2791 Result % of capacity	Syndicate 6103 Result % of capacity
2012 (closed)	11.7	25.5
2013 (closed)	13.3	38.1
2014[1]	4 - 9	13 - 23
2015[2]	4.9	10.1

[1] Open year, therefore result is only forecast as a range
[2] Business plan forecast midpoint

For each of the underwriting years of account an expected range for the result is calculated and updated each quarter until the anticipated closure date 36 months from inception. After the underwriting year of account has closed a final result is known. Profit commission is booked in line with the stated accounting policy (note 1). For the current reporting period the majority of MAPs' profit commission is derived from the 2013 underwriting year.

Both syndicates are forecasting profits in 2013 and 2014; therefore it is highly probable MAP will also be profitable over the year.

Underwriting capacity

The underwriting capacity for 2015 YOA and 2016 YOA is as follows:

	Year of Account	
	2015 (£m)	2016 (£m)
Syndicate 2791	399.5	400.0
Syndicate 6103	12.5	14.0

Capacity varies each year due to the forecast rating environment in which the syndicates operate and it can be equated to the appetite of the syndicates to underwrite insurance. MAP receives fees from Syndicate 2791 and profit commission from both syndicates. Syndicate 6103 as a special purpose syndicate does not pay managing agency fees.

This report was approved by the board on 13 June 2016 and signed on its behalf.

B S McAuley
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIVIDENDS

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £6,280,000 (2014: £6,870,000).

The profit for the year attributable to the owners of the Company, after tax and non-controlling interests, amounted to £7,654,000 (2014: £7,221,000).

On 10 April 2015 the directors made an interim dividend payment of £5,974,000 (2014: £6,191,000) to the ordinary shareholders of MAP Equity Limited in respect of the period 31 December 2015. A retained profit of £1,605,000 (2014 retained profit: £827,000) has been transferred to reserves.

On 14 March 2016 the directors proposed an interim dividend of $49.87 and £1.25 per ordinary 'A' and 'B' share The dividend was paid on 24 March 2016.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS

The directors who served during the year and their interests in the Group's issued share capital were:

	Ordinary A shares of £1 each		Ordinary B shares of £1 each	
	31/12/15	*1/1/15*	**31/12/15**	*1/1/15*
A Kong	**22,000**	*22,000*	**-**	*-*
C J Smelt	**5,000**	*5,000*	**2,500**	*2,500*
R K Trubshaw	**33,000**	*33,000*	**-**	*-*

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

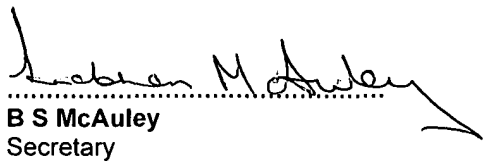
EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events affecting the Group since the year end.

AUDITORS

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 13 June 2016 and signed on its behalf.



B S McAuley
Secretary

Fitzwilliam House
10 St. Mary Axe
London
EC3A 8EN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

We have audited the financial statements of MAP Equity Limited for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes. 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".

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the 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. This report is made solely to the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

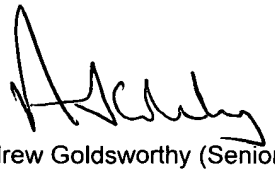
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Goldsworthy (Senior statutory auditor)

for and on behalf of
Mazars LLP

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 17 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	*2014 £000*
Turnover	2	**18,871**	*19,541*
Gross profit		**18,871**	*19,541*
Administrative expenses		**(8,013)**	*(9,088)*
Impairment of own shares		**(105)**	-
Operating profit	6	**10,753**	*10,453*
Interest receivable and similar income	5	**25**	*22*
Interest payable and expenses	4	**(1)**	-
Profit before taxation		**10,777**	*10,475*
Tax on profit	7	**(2,190)**	*(2,527)*
Profit for the year		**8,587**	*7,948*
Investment in own shares		**71**	-
Other comprehensive income for the year		**71**	-
Total comprehensive income for the year		**8,658**	*7,948*
Non-controlling interests		**1,004**	*727*
Owners of the parent Company		**7,654**	*7,221*
		8,658	*7,948*

All amounts relate to continuing operations.

The notes on pages 16 to 29 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note		2015 £000		*2014 £000*
Fixed assets					
Tangible Fixed Assets	9		**335**		*177*
			335		*177*
Current assets					
Debtors	12	**24,936**		*23,744*	
Cash at bank and in hand		**12,929**		*11,730*	
		37,865		*35,474*	
Current liabilities					
Creditors: amounts falling due within one year	13	**(9,946)**		*(8,019)*	
Net current assets			**27,919**		*27,455*
Total assets less current liabilities			**28,254**		*27,632*
Creditors: amounts falling due after more than one year	14		**(2,316)**		*(3,519)*
Net assets			**25,938**		*24,113*
Capital and reserves					
Called up share capital	16		**250**		*250*
Investment in own shares			**(1,727)**		*(1,798)*
Retained earnings			**24,820**		*23,211*
Equity attributable to owners of the parent Company			**23,343**		*21,663*
Non-controlling interests			**2,595**		*2,450*
			25,938		*24,113*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 June 2016.

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A Kong
Director

The notes on pages 15 to 29 form part of these financial statements.

MAP EQUITY LIMITED
REGISTERED NUMBER:3985522

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note		2015 £000		*2014 £000*
Fixed assets					
Investments	11		**2,693**		*2,693*
			2,693		*2,693*
Current assets					
Debtors	12	**2**		*10*	
Cash at bank and in hand		**1,328**		*936*	
		1,330		*946*	
Current liabilities					
Creditors: amounts falling due within one year	13	**(19)**		*(12)*	
Net current assets			**1,311**		*934*
Total assets less current liabilities			**4,004**		*3,627*
Net assets			**4,004**		*3,627*
Capital and reserves					
Called up share capital	16		**250**		*250*
Investment in own shares			**(1,727)**		*(1,798)*
Share based payment reserve			**2,435**		*2,435*
Retained earnings			**3,046**		*2,740*
			4,004		*3,627*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 June 2016.

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A Kong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital	Investment in own shares	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2015	250	(1,798)	23,211	21,663	2,450	24,113
Comprehensive income for the year						
Profit for the year	-	-	7,764	7,764	823	8,587
Purchase of shares	-	(34)	-	(34)	-	(34)
Share impairment	-	105	-	105	-	105
NCI share of dividend waiver expense	-	-	(181)	(181)	181	-
Other comprehensive income for the year	-	71	(181)	(110)	181	71
Total comprehensive income for the year	-	71	7,583	7,654	1,004	8,658
Contributions by and distributions to owners						
Dividends	-	-	(5,974)	(5,974)	-	(5,974)
Dividends to NCI	-	-	-	-	(859)	(859)
Total transactions with owners	-	-	(5,974)	(5,974)	(859)	(6,833)
At 31 December 2015	250	(1,727)	24,820	23,343	2,595	25,938

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital	Investment in own shares	Retained earnings	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2014	250	(1,798)	22,362	20,814	2,439	23,253
Comprehensive income for the year						
Profit for the year	-	-	7,221	7,221	727	7,948
NCI share of dividend waiver expense	-	-	(181)	(181)	181	-
Other comprehensive income for the year	-	-	(181)	(181)	181	-
Total comprehensive income for the year	-	-	7,040	7,040	908	7,948
Contributions by and distributions to owners						
Dividends	-	-	(6,191)	(6,191)	-	(6,191)
Dividends to NCI	-	-	-	-	(897)	(897)
Total transactions with owners	-	-	(6,191)	(6,191)	(897)	(7,088)
At 31 December 2014	250	(1,798)	23,211	21,663	2,450	24,113

The notes on pages 15 to 29 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital	Investment in own shares	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2015	250	(1,798)	2,435	2,740	3,627
Comprehensive income for the year					
Profit for the year	-	-	-	6,280	6,280
Purchase of shares	-	(34)	-	-	(34)
Share impairment	-	105	-	-	105
Other comprehensive income for the year	-	71	-	-	71
Total comprehensive income for the year	-	71	-	6,280	6,351
Contributions by and distributions to owners					
Dividends	-	-	-	(5,974)	(5,974)
Total transactions with owners	-	-	-	(5,974)	(5,974)
At 31 December 2015	250	(1,727)	2,435	3,046	4,004

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital	Investment in own shares	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2014	250	(1,798)	2,435	2,061	2,948
Comprehensive income for the year					
Profit for the year	-	-	-	6,870	6,870
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,870	6,870
Contributions by and distributions to owners					
Dividends	-	-	-	(6,191)	(6,191)
Total transactions with owners	-	-	-	(6,191)	(6,191)
At 31 December 2014	250	(1,798)	2,435	2,740	3,627

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000	*2014 £000*
Cash flows from operating activities		
Profit for the financial year	**8,587**	*7,948*
Adjustments for:		
Depreciation of tangible assets	**161**	*153*
Interest paid	**1**	-
Interest received	**(25)**	*(22)*
Taxation	**2,190**	*2,527*
(Increase) / decrease in debtors	**(1,417)**	*105*
Increase in creditors	**981**	*517*
Net fair value losses/gains recognised in P&L	**105**	-
Corporation tax	**(2,223)**	*(2,640)*
Net cash generated from operating activities	**8,360**	*8,588*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(318)**	*(193)*
Interest received	**25**	*22*
Net cash from investing activities	**(293)**	*(171)*
Cash flows from financing activities		
Dividends paid	**(5,974)**	*(6,191)*
Interest paid	**(1)**	-
Dividends paid to non controlling interests	**(859)**	*(898)*
Purchase of own shares	**(34)**	-
Net cash used in financing activities	**(6,868)**	*(7,089)*
Net increase / (decrease) in cash and cash equivalents	**1,199**	*1,328*
Cash and cash equivalents at beginning of year	**11,730**	*10,402*
Cash and cash equivalents at the end of year	**12,929**	*11,730*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**12,929**	*11,730*
	12,929	*11,730*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. Information on the impact of first-time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies.

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Legal status

MAP Equity Limited is a private company limited by shares and registered in England and Wales. The registered office, which is also the principal place of business, can be found on the Company Information page at the front of these accounts.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover consists principally of underwriting agency fees and profit commission from managed Lloyd's syndicates. Underwriting agency fees represent net fee income receivable from members participating on the Company's managed syndicates.

Profit commission is derived from the managed syndicates. The percentage applicable to the syndicates' profit varies by syndicate year of account (YOA) and is set out in MAP's managing agency agreement between it and each capital provider. Profit commission is payable by the syndicate capital providers when a YOA closes, most usually 36 months after inception. Until the year closes the final quantum of profit commission receivable by MAP is uncertain. The uncertainty in profit commission receivable is greatest the more immature a syndicate YOA is and it reduces as the year matures towards 36 months. The profit commission is recognised in these financial statements on a prudent basis in line with Application Note G of FRS5 – Reporting the Substance of Transactions. More specifically the accrual for each year is made as follows:

Year 1 – Currently 2015 YOA
The ultimate outcome has a very wide range of uncertainty – therefore no profit commission is accrued.

1. ACCOUNTING POLICIES (continued)

Year 2 - Currently 2014 YOA
There is less uncertainty as insurance policies come off risk and information on insurance reserves becomes clearer – therefore 50% of the profit commission reported in the last Lloyd's interim syndicate auditor reviewed half year return is used for the accrual.

Year 3 – Currently 2013 YOA
Where the final syndicate result is known full profit commission is accrued, based on the syndicate's financial statements. Where the final syndicate result is unknown, full profit commission is taken based on the latest mid point estimate of the syndicate result submitted to Lloyd's. Any changes to the profit commission mid point estimate, and the figure finally received on formal closure, is booked on the date the syndicate financial statements are approved by MAP.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

L/Term Leasehold Property	-	20% straight line
Fixtures & fittings	-	33% straight line
Office equipment	-	50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

1.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in own shares are measured at cost less accumulated impairment.

1. ACCOUNTING POLICIES (continued)

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

1. ACCOUNTING POLICIES (continued)

1.11 Share based payments

Where shares or options are awarded to employees, the fair value of the shares or options at the date of grant is charged to the Income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income statement is charged with fair value of goods and services received.

1.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.13 Interest receivable/payable

Interest receivable or payable is accounted for on an accruals basis.

1. ACCOUNTING POLICIES (continued)

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. TURNOVER

All turnover relates to the Group's principal acitivity and comprises underwriting agency fees, profit commission and management charges levied for administering MAP Capital Limited ('MCL'), a corporate underwriting member which participates on the managed Syndicates 2791 and 6103. Directors have interests in MCL (see note 20)

All turnover arose in the UK and the management charges were negotiated on arm's length basis.

	2015 £000	2014 £000
Underwriting fees	2,333	2,564
2013 YOA (2012 YOA) Profit commission	12,384	10,592
2014 YOA (2013 YOA) Profit commission	4,079	6,310
Management charges	75	75
	18,871	19,541

3. STAFF COSTS

	2015 £000	2014 £000
Details of staff costs are shown below:		
Wages and salaries	4,379	4,362
Social security costs	557	546
Other pensions costs	598	572
Other staff costs	489	440
Profit related remuneration	7,774	6,758
Social security costs on profit related remuneration	943	933
HMRC settlement	-	655
	14,740	14,266

Of the total staff costs of £14,740,000 (2014: £14,266,000) a total of £5,165,000 (2014: £5,080,000) was recharged to Syndicate 2791, which is under management by the Group's managing agency, MAP. Profit related remuneration relates wholly to MAP is not recharged to either managed syndicate.

Profit related remuneration is charged to the Statement of comprehensive income on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
The average monthly number of employees, including the directors, during the year was as follows:		
Administration	**21**	*21*
Underwriting	**23**	*23*
Claims	**4**	*4*
	48	*48*

	2015 £000	2014 £000
Included in gross staff costs are directors' emoluments as follows:		
Salaries	**697**	*671*
Profit related remuneration	**3,034**	*3,057*
Company pension scheme contributions	**22**	*28*
Private health insurance	**6**	*5*
	3,759	*3,761*

Of the total directors' emoluments, £3,034,000 (2014: £3,057,000) relates to profit related remuneration, of which £645,000 is not payable until the closure of 2014 syndicate year of account (2014: £814,000 in respect of the 2013 syndicate year of account). Of the balance of the total directors' emoluments, £619,000 (2014: £620,000) was recharged to Syndicate 2791. Profit related remuneration is not recharged to either managed syndicate.

During the year retirement benefits accrued to 1 director (2014 - 2) in respect of defined contribution pension schemes.

	2015 £000	2014 £000
Included in the gross directors' emoluments above are amounts paid in respect of the highest paid director as follows:		
Salary	**312**	*304*
Profit related remuneration	**1,902**	*1,988*
Medical healthcare policy	**2**	*2*
	2,216	*2,294*

Within the profit related remuneration of the highest paid director, £405,000 is not payable until the closure of the 2014 syndicate year of account (2014: £732,000 related to the 2013 syndicate year of account).

4. INTEREST PAYABLE

	2015 £000	*2014 £000*
Other interest payable	1	-
	1	-

5. INTEREST RECEIVABLE

	2015 £000	*2014 £000*
Bank interest receivable	25	*22*
	25	*22*

6. OPERATING PROFIT

	2015 £000	*2014 £000*
The operating profit is stated after charging the following items		
Depreciation	161	*153*
Operating lease rentals for land and buildings	496	*440*
Hire of plant and equipment	22	*20*
Foreign exchange (gain)	(965)	*(461)*
Auditor's remuneration for:		
Current year audit for Company's annual accounts	9	*10*
Current year audit for the Subsidiaries' annual accounts	28	*23*
Prior year audit accrual adjustment for the Subsidiaries	-	*1*
Current year audit by auditor's associate for the Employee Share Trust	4	*4*

A total of £147,000 (2014: £138,000) in respect of depreciation and £419,000 (2014: £410,000) in respect of operating lease rentals for land and buildings were recharged to Syndicate 2791. Services provided by BWCI Trust Company Limited in relation to the Employee Share Trust totalled £6,000 (2014: £12,000) for the year.

7. TAXATION

	2015 £000	*2014 £000*
Corporation tax		
Current tax on profits for the year	**1,966**	*2,593*
Total current tax	**1,966**	*2,593*
Deferred tax		
Origination and reversal of timing differences	**224**	*(66)*
Total deferred tax	**224**	*(66)*
Taxation on profit on ordinary activities	**2,190**	*2,527*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2014 - lower than)* the standard rate of corporation tax in the UK of 20.25% *(2014 - 21.5%)*. The differences are explained below:

	2015 £000	*2014 £000*
Profit on ordinary activities before tax	**10,777**	*10,475*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	**2,182**	*2,252*
Effects of:		
Permanently disallowed relief on HMRC settlement	**-**	*141*
Capital allowances for year in excess of depreciation	**(4)**	*(23)*
Adjustments to tax charge in respect of prior periods	**-**	*154*
Current year expenses not deductible	**308**	*546*
Prior year expenses now deductible	**(514)**	*(427)*
Adjustment due to change in tax rate in period	**(19)**	*(34)*
Adjustment due to differential in tax rate used by Employee Share Trust	**13**	*(11)*
Income tax on surplus of Employee Share Trust	**-**	*(5)*
Total current tax	**1,966**	*2,593*

8. DIVIDENDS

	2015 £000	*2014 £000*
Interim dividend paid on 9 April 2015 $39.07 and £4.58 per ordinary 'A' and 'B' share USD Rate: 1.4820	**5,974**	*6,191*

In accordance with FRS 102 Section 9, the Employee Share Trust is included in the consolidated financial statements and therefore the dividends paid to the Employee Share Trust are eliminated and only dividends paid externally to the Group are shown above.

During 2015 the trustee of the Employee Share Trust waived its right to £1,762,000 (2014: £1,825,000) of the dividend.

On 14 March 2016 the directors proposed an interim dividend of $49.87 and £1.25 per ordinary 'A' and 'B' share. All dividends were paid on 24 March 2016. The trustee of the Employee Share Trust waived its rights to its entire dividend of $2,955,000 and £74,000

9. TANGIBLE FIXED ASSETS

Group

	L/Term Leasehold Property £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 January 2015	**32**	**238**	**1,456**	**1,726**
Additions	**175**	**84**	**60**	**319**
At 31 December 2015	**207**	**322**	**1,516**	**2,045**
Depreciation				
At 1 January 2015	**2**	**238**	**1,309**	**1,549**
Charge owned for the period	**33**	**13**	**115**	**161**
At 31 December 2015	**35**	**251**	**1,424**	**1,710**
At 31 December 2015	**172**	**71**	**92**	**335**
At 31 December 2014	*30*	*-*	*147*	*177*

10. PRINCIPAL SUBSIDIARIES

The Company is the largest company in the Group for which consolidated accounts are prepared. The Group structure can be summarised as follows:

Company name	Country of incorporation	Percentage shareholding	Description
Direct holdings			
Managing Agency Partners Holdings Limited	United Kingdom	90%	Intermediate holding company
Indirect holdings			
Managing Agency Partners Limited	United Kingdom	90%	Managing Agent at Lloyd's of London

11. FIXED ASSET INVESTMENTS

Investments at the year end comprise an investment in a subsidiary, Managing Agency Partners Holdings Limited ('MHL'), a holding equivalent of circa 10% of both the issued share capital and the economic interest. In the year ended 31 December 2015, MHL made a profit after tax of £6,855,000 (2014: £7,152,000) with a retained profit, after dividends paid, of £10,000 (2014: £5,000). This resulted in an aggregate of capital and reserves of £2,864,000 (2014: 2,854,000) at the end of the year. The investment in MHL comprises 250,000 shares directly owned by the Company and 2,002 shares owned by the Employee Share Trust. MHL holds 100% of the shares in Managing Agency Partners Limited.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2015	**2,693**
At 31 December 2015	**2,693**
Net book value	
At 31 December 2015	**2,693**
At 31 December 2014	*2,693*

12. DEBTORS

	Group 2015 £000	*Group 2014 £000*	Company 2015 £000	*Company 2014 £000*
Prepayments and accrued income	**4,329**	*6,800*	**-**	*-*
	4,329	*6,800*	**-**	*-*
Due within one year				
Amounts owed by group undertakings	**-**	*-*	**-**	*9*
Other debtors	**499**	*199*	**-**	*-*
Prepayments and accrued income	**19,824**	*16,236*	**2**	*1*
Deferred taxation	**284**	*509*	**-**	*-*
	24,936	*23,744*	**2**	*10*

13. CREDITORS: Amounts falling due within one year

	Group 2015 £000	*Group 2014 £000*	Company 2015 £000	*Company 2014 £000*
Trade creditors	**-**	*52*	**-**	*-*
Amounts owed to group undertakings	**-**	*-*	**4**	*-*
Corporation tax	**1,311**	*1,568*	**-**	*-*
Taxation and social security	**178**	*159*	**-**	*-*
Other creditors	**7,372**	*5,502*	**4**	*3*
Accruals and deferred income	**1,085**	*738*	**11**	*9*
	9,946	*8,019*	**19**	*12*

14. CREDITORS: Amounts falling due after more than one year

	Group 2015 £000	*Group 2014 £000*	Company 2015 £000	*Company 2014 £000*
Profit related remuneration	**1,627**	*2,740*	**-**	*-*
Accruals and deferred income	**689**	*779*	**-**	*-*
	2,316	*3,519*	**-**	*-*

15. DEFERRED TAXATION

Group

	Deferred tax £000
At 1 January 2015	**509**
Charged to the profit or loss	**(225)**
At 31 December 2015	**284**

The deferred tax asset is made up as follows:

	Group 2015 £000	*Group 2014 £000*	Group 2015 £000	*Company 2014 £000*
Accelerated capital allowances	**(15)**	*(25)*	**-**	*-*
Profit related remuneration (2014 YOA payable in 2017)	**304**	*-*	**-**	*-*
Profit related remuneration (2013 YOA payable in 2016)	**-**	*514*	**-**	*-*
Adjustment for prior year tax rate change	**(5)**	*20*	**-**	*-*
	284	*509*	**-**	*-*

16. SHARE CAPITAL

	2015 £000	*2014 £000*
Authorised		
150,000 Ordinary A shares of £1 each	**150**	*150*
350,000 Ordinary B shares of £1 each	**350**	*350*
	500	*500*
Allotted, called up and fully paid		
75,000 Ordinary A shares of £1 each	**75**	*75*
175,000 Ordinary B shares of £1 each	**175**	*175*
	250	*250*

"A" shareholders are entitled to one vote per share. "B" shareholders have no entitlement to vote. Both share classes have identical rights in respect of dividend payments.

17. EMPLOYEE SHARE TRUST

The Company is a party to an Employee Share Trust ('EST') which, on 31 December 2015, held the following number of shares in MEL:

	2015	*2014*
'A' Shares	**15,000**	*15,000*
'B' Shares	**42,247**	*41,947*
	57,247	*56,947*

The EST also holds 2,002 'C' Shares (2014: 2,002) in the subsidiary, Managing Agency Partners Holdings Limited. These shares are held for investment purposes.

During 2015 the EST purchased 300 'B' shares from "Good Leaver" employees at a cost of £34,000 (£107 per share).

The distribution of shares held by the EST is at the discretion of the directors and all expenses of the trust are borne by the Company.

18. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme, the MAP Group Personal Pension scheme, for its directors and employees. The Group's contribution to the scheme for 2015 totalled £598,000 (2014: £572,000) of which £526,000 (2014: £494,000) was recharged to Syndicate 2791. The assets of the scheme are held separately from those of the Group in an independently administered fund.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £000	*Group 2014 £000*	**Company 2015 £000**	*Company 2014 £000*
Not later than 1 year	**636**	*337*	**-**	*-*
Later than 1 year and not later than 5 years	**1,663**	*1,673*	**-**	*-*
Later than 5 years	**-**	*555*	**-**	*-*
Total	**2,299**	*2,565*	**-**	*-*

20. RELATED PARTY TRANSACTIONS

The directors of MEL provide underwriting capacity to the Group's managed Syndicates via an unaligned corporate vehicle, MAP Capital Limited ('MCL'), and a limited liability partnership, Nomina 208 LLP. The directors and their related party interests are as follows:

	2015 YOA MCL* voting rights %	**2015 Capacity on 2791 ** £000**	**2015 Capacity on 6103 ** £000**	*2014 YOA MCL* voting rights %*	*2014 Capacity on 2791 ** £000*	*2014 Capacity on 6103 ** £000*
A Kong	**6**	**1,910**	**98**	*6*	*2,150*	*231*
C J Smelt	**2**	**1,553**	**83**	*2*	*1,750*	*188*
R K Trubshaw	**12**	**5,630**	**277**	*12*	*6,350*	*682*

*MCL is an unaligned corporate member that provides underwriting capacity to Syndicates 2791 and 6103.
**Participation via Nomina 208 LLP and MCL, both unaligned corporate members.

All transactions between MAP Equity group and the corporate capital vehicles, in which the directors and their related parties have an interest, are made on an arm's length basis. Profit commission and Managing Agent's fees are identical to all other capital providers.

21. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.