

Company registration number: 06975098

Syndicates Limited

Report and Financial Statements 31 December 2015



Syndicates Limited

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Syndicates Limited

Company Information

Directors

A G Burgess
J R H Evans (appointed 22 June 2016)
Nomina plc (appointed 22 June 2016)

Company Secretary

Hampden Legal Plc

Registered Office

18 Pine Grove
Totteridge
London
N20 8LB

Auditors

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

Syndicates Limited

Report of the Directors

The Directors present their Report together with the Financial Statements of the Group and the Company for the year ended 31 December 2015.

Principal activities

The Company is a corporate partner in Nomina No 018 LLP, a limited liability underwriting member of Lloyd's (Note 14).

Results and dividends

The results of the Group for the year are set out on pages 7 to 8 of the Financial Statements. No dividends were paid in the year (2014: £nil).

Directors

The Directors who served at any time during the year were as follows:

A G Burgess

Directors' Responsibilities Statement

The Directors are responsible for preparing the Report of the Directors, the Strategic Report and the Financial Statements in accordance with applicable laws 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 Group and Company Financial Statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 Company 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 Group and Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Syndicates Limited

Report of the Directors (continued)

Auditors

i. PKF Littlejohn LLP has signified its willingness to continue in office as auditors.

ii. Disclosure of information to the Auditors:

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by:



Hampden Legal Plc
Secretary

Syndicates Limited

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2015.

Business review and future developments

The Financial Statements incorporate the annual accounting results of the syndicates on which the Group participates for the 2013, 2014 and 2015 years of account, as well as any prior run-off years.

The results of the Group for the year are set out in the Profit and Loss Account.

Key performance indicators

The Directors monitor the performance of the Group by reference to the key performance indicators of the underlying Lloyd's limited liability member.

Other performance indicators

As a result of the nature of this Group the majority of its activities are carried out by the syndicates in which it participates. The Group is not involved directly in the management of the syndicates' activities, including employment of syndicate staff, as these are the responsibility of the relevant managing agent. Each managing agent will also have responsibility for the environmental activities of each syndicate, although by their nature, insurers do not produce significant environmental emissions. As a result, the Directors of the Company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Financial risk management objectives and policies

As a supporter of corporate member of Lloyd's, the majority of the risks to this Group's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed in Note 4, these risks are mostly managed by the managing agent of the syndicate. The Group's role in managing this risk is limited to selection of syndicate participations and monitoring performance of the syndicates. The Group is also directly exposed to these risks, but they are not considered material compared to the syndicate risk for the assessment of the assets, liabilities, financial position and profit or loss of the Group.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by:



Hampden Legal Plc
Secretary

Syndicates Limited

Independent Auditor's Report

Independent Auditor's Report to the Members of Syndicates Limited

We have audited the Financial Statements of Syndicates Limited for the year ended 31 December 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Shareholders' Equity, the Company Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement 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".

This report is made solely to the 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 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 Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements, sufficient to give reasonable assurance that the 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 Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Report of the Directors and Strategic 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 Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and 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.

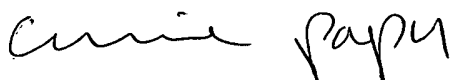
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the 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 Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Carmine Papa (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
27 September 2016

1 Westferry Circus
Canary Wharf
London
E14 4HD

Syndicates Limited

Consolidated Profit and Loss Account Technical Account – General Business for the year ended 31 December 2015

	Note	2015 £	2014 £
Premiums written			
Gross premiums written	5,6	1,173,875	1,161,565
Outward reinsurance premiums		(208,526)	(199,778)
Net premiums written		<u>965,349</u>	<u>961,787</u>
Change in the provision for unearned premiums	7		
Gross provision		(41,911)	(31,989)
Reinsurers' share		4,892	(4,662)
Net change in the provision for unearned premiums		<u>(37,019)</u>	<u>(36,651)</u>
Earned premiums, net of reinsurance		928,330	925,136
Allocated investment return transferred from the non-technical account		11,816	2,356
Other technical income, net of reinsurance		-	-
Total technical income		<u>940,146</u>	<u>927,492</u>
Claims paid			
Gross amount	(521,610)	(511,821)	
Reinsurers' share	103,365	99,476	
Net claims paid	<u>(418,245)</u>	<u>(412,345)</u>	
Change in the provision for claims			
Gross amount	(9,434)	(8,907)	
Reinsurers' share	(19,656)	(6,385)	
Change in the net provision for claims	7 <u>(29,090)</u>	<u>(15,292)</u>	
Claims incurred, net of reinsurance		(447,335)	(427,637)
Changes in other technical provisions, net of reinsurance		3,200	-
Net operating expenses	8 (418,731)	(418,731)	(405,336)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>77,280</u>	<u>94,519</u>

The Notes are an integral part of these Financial Statements.

Syndicates Limited
Consolidated Profit and Loss Account
Non - Technical Account
for the year ended 31 December 2015

	Note	2015 £	2014 £
Balance on technical account for general business		77,280	94,519
Investment income	9	33,128	37,314
Unrealised gains on investments	9	2,931	3,232
Investment expenses and charges	9	(10,873)	(8,932)
Unrealised losses on investments	9	(10,915)	(7,792)
Allocated investment return transferred to the general business technical account		(11,816)	(2,356)
Other income		-	-
Other charges		(18,399)	(70,696)
Goodwill on bargain purchase	14	6,291	-
Profit/(loss) on ordinary activities before taxation	10	67,627	45,289
Tax on profit/(loss) on ordinary activities	11	(11,779)	(12,446)
Profit/(loss) for the financial year		<u>55,848</u>	<u>32,843</u>
Profit/(loss) attributable to:			
Equity holders of the parent company		53,547	30,726
Non-controlling interests		2,301	2,117
		<u>55,848</u>	<u>32,843</u>

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2015

		2015 £	2014 £
Profit/(loss) for the financial year		<u>55,848</u>	<u>32,843</u>
Other comprehensive income:			
Currency translation differences		7,066	10,465
Tax on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		<u>7,066</u>	<u>10,465</u>
Total comprehensive income for the financial year		<u>62,914</u>	<u>43,308</u>
Total comprehensive income attributable to:			
Equity holders of the parent company	17	60,613	40,982
Non-controlling interests		2,301	2,326
		<u>62,914</u>	<u>43,308</u>

All amounts relate to continuing operations.

The Notes are an integral part of these Financial Statements.

Syndicates Limited

Consolidated Balance Sheet as at 31 December 2015

		31 December 2015			31 December 2014		
	Note	Syndicate participation £	Corporate £	Total £	Syndicate participation £	Corporate £	Total £
Assets							
Intangible assets	12	-	1,246	1,246	-	959	959
Investments							
Financial investments	13	1,254,178	-	1,254,178	1,233,060	-	1,233,060
Deposits with ceding undertakings		96	-	96	407	-	407
		1,254,274	-	1,254,274	1,233,467	-	1,233,467
Reinsurers' share of technical provisions							
Provision for unearned premiums	7	70,447	-	70,447	49,828	-	49,828
Claims outstanding	7	303,063	-	303,063	319,620	-	319,620
Other technical provisions		3,200	-	3,200	10,977	-	10,977
		376,710	-	376,710	380,425	-	380,425
Debtors							
Arising out of direct insurance operations							
- Policyholders	12	-	-	12	532	-	532
- Intermediaries		228,439	-	228,439	220,690	-	220,690
Arising out of reinsurance operations		464,855	-	464,855	483,142	-	483,142
Other debtors	15	150,235	596,877	747,112	139,690	596,877	736,567
		843,541	596,877	1,440,418	844,054	596,877	1,440,931
Other assets							
Cash at bank and in hand		54,513	190,544	245,057	62,690	88,236	150,926
Other		101,859	-	101,859	101,797	-	101,797
		156,372	190,544	346,916	164,487	88,236	252,723
Prepayments and accrued income							
Accrued interest		1,990	-	1,990	2,211	-	2,211
Deferred acquisition costs	7	192,647	-	192,647	153,428	-	153,428
Other prepayments and accrued income		5,264	-	5,264	5,405	-	5,405
		199,901	-	199,901	161,044	-	161,044
Total assets		2,830,798	788,667	3,619,465	2,783,477	686,072	3,469,549

The Notes are an integral part of these Financial Statements.

Syndicates Limited
Consolidated Balance Sheet
as at 31 December 2015

31 December 2015				31 December 2014		
Note	Syndicate participation £	Corporate £	Total £	Syndicate participation £	Corporate £	Total £
Liabilities and shareholders' funds						
Capital and reserves						
Called up share capital	16	-	300,050	-	300,050	300,050
Share premium account		-	-	-	-	-
Profit and loss account	17	-	252,799	-	192,186	192,186
Shareholders' funds – attributable to equity holders of the parent company		-	552,849	-	492,236	492,236
Non-controlling interest		7,064	(3,070)	4,793	(820)	3,943
Total equity		7,064	549,779	4,793	491,416	496,179
Technical provisions						
Provision for unearned premiums - gross	7	588,633	-	588,633	528,136	528,136
Claims outstanding – gross	7	1,673,515	-	1,673,515	1,657,988	1,657,988
Other technical provisions		-	-	-	-	-
		2,262,148	-	2,262,148	2,186,124	2,186,124
Provisions for other risks and charges						
Deferred taxation	18	-	70,798	-	68,964	68,964
Other		-	-	-	-	-
		-	70,798	-	68,964	68,694
Deposits received from reinsurers						
		1,373	-	1,373	266	266
Creditors						
Arising out of direct insurance operations		39,954	-	39,954	34,263	34,263
Arising out of reinsurance operations		193,118	-	193,118	202,497	202,497
Other creditors including taxation and social security	19	325,865	103,995	429,860	335,020	399,665
		558,937	103,995	662,932	571,780	636,425
Accruals and deferred income						
		1,276	64,095	65,371	20,544	81,591
Total liabilities		2,823,734	238,888	3,062,622	2,778,714	2,973,370
Total liabilities and shareholders' funds		2,830,798	788,667	3,619,465	2,783,477	3,469,549

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 September 2016 and signed on its behalf by:

J R H Evans
Director

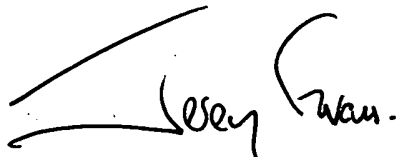
Company registration number: 06975098

The Notes are an integral part of these Financial Statements.

Syndicates Limited
Company Balance Sheet
as at 31 December 2015

	Note	2015 £	2014 £
Assets			
Fixed assets			
Investments			
Investment in subsidiary undertakings	14	-	-
Current assets			
Amounts owed by shareholders		165,172	193,155
Other debtors	15	596,877	596,877
Cash at bank		172,256	70,085
		<u>934,305</u>	<u>860,117</u>
Creditors: amounts falling due within one year			
Amounts owed to shareholders		(295,803)	(295,803)
Deferred taxation	18	(28,712)	(21,337)
Other creditors and accruals	19	(14,855)	(3,113)
		<u>(339,370)</u>	<u>(320,253)</u>
Net current assets / (liabilities)		<u>594,935</u>	<u>539,864</u>
Total assets less current liabilities		<u>594,935</u>	<u>539,864</u>
Creditors: amounts falling due after one year			
Deferred taxation	18	(42,086)	(47,627)
Other creditors	19	-	-
		<u>(42,086)</u>	<u>(47,627)</u>
Net assets / (liabilities)		<u>552,849</u>	<u>492,237</u>
Shareholders' funds			
Capital and reserves			
Called up share capital	16	300,050	300,050
Profit and loss account		252,799	192,187
Total shareholders' funds		<u>552,849</u>	<u>492,237</u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 September 2016 and signed on its behalf by:



J R H Evans
Director

Company registration number: 06975098

The Notes are an integral part of these Financial Statements.

Syndicates Limited

Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2015

	Note	Called up share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 January 2014		50	151,204	151,254	2,780	154,034
Profit/(loss) for the financial year	17	-	30,726	30,726	2,117	32,843
Other comprehensive income	17	-	10,256	10,256	209	10,465
Payments made to non-controlling interests		-	-	-	(1,163)	(1,163)
Proceeds from the issue of shares		300,000	-	300,000	-	300,000
At 31 December 2014		300,050	192,186	492,236	3,943	496,179
At 1 January 2015		300,050	192,186	492,236	3,943	496,179
Profit/(loss) for the financial year	17	-	53,547	53,547	2,301	55,848
Other comprehensive income	17	-	7,066	7,066	-	7,066
Payments made to non-controlling interests		-	-	-	(2,250)	(2,250)
Proceeds from the issue of shares		-	-	-	-	-
At 31 December 2015		300,050	252,799	552,849	3,994	556,843

Company Statement of Changes in Shareholders' Equity for the year ended 31 December 2015

	Note	Called up share capital £	Profit and loss account £	Total £
At 1 January 2014		50	98,577	98,627
Profit/(loss) for the financial year		-	93,610	93,610
Other comprehensive income		-	-	-
Dividends paid	21	-	-	-
Proceeds from the issue of shares		300,000	-	300,000
At 31 December 2014		300,050	192,187	492,237
At 1 January 2015		300,050	192,187	492,237
Profit/(loss) for the financial year		-	60,612	60,612
Other comprehensive income		-	-	-
Dividends paid	21	-	-	-
Proceeds from the issue of shares		-	-	-
At 31 December 2015		300,050	252,799	552,849

The Notes are an integral part of these Financial Statements.

Syndicates Limited

Consolidated Cash Flow Statement for the year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit/(loss) on ordinary activities before tax	67,627	45,289
Deduction of (profit)/loss attributed to syndicate transactions	(24,498)	(26,013)
Distribution/(collection) of closed year result from/(to) syndicates	133,990	(82,661)
Profit/(loss) excluding syndicate transactions	177,119	(63,385)
Adjustments for:		
(Increase)/decrease in debtors	-	(152,911)
Increase/(decrease) in creditors	(73,922)	(252,636)
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	8,056	65,786
Amortisation of goodwill/(release of negative goodwill)	(6,291)	-
Investment income	2,317	37,314
Realised/unrealised (gains)/losses on investments	-	-
Income tax paid	(2,175)	24,790
Net cash inflow/(outflow) from operating activities	105,104	(341,042)
Cash flows from investing activities		
Investment income	(2,317)	(37,314)
Purchase of syndicate capacity	(479)	(959)
Proceeds from sale of syndicate capacity	-	-
Purchase of investments	-	-
Proceeds from sale of investments	-	-
Acquisition of subsidiaries, net of cash acquired	-	-
Net cash inflow/(outflow) from investing activities	(2,796)	(38,273)
Cash flows from financing activities		
Equity dividends paid	-	-
Issue of shares	-	300,000
Net cash inflow/(outflow) from financing activities	-	300,000
Net increase/(decrease) in cash and cash equivalents	102,308	(79,315)
Cash and cash equivalents at beginning of year	88,236	167,551
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	190,544	88,236
Cash and cash equivalents comprise:		
Cash at bank and in hand	190,544	88,236
Other financial investments	-	-
Cash and cash equivalents	190,544	88,236

The Group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The Notes are an integral part of these Financial Statements.

Syndicates Limited

Notes to the Financial Statements for the year ended 31 December 2015

1. General information

The Company is a private company limited by shares that was incorporated in England and Wales and whose registered office is 18 Pine Grove, Totteridge, London, N20 8LB. The Group participates in insurance business as an underwriting member of various syndicates at Lloyd's.

2. Accounting policies

Basis of preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006, not to present the Company Profit and Loss Account as part of these Financial Statements. The profit or loss of the Parent Company for the year is shown in the Company Statement of Changes in Shareholders' Equity on page 12.

The Directors do not consider the Company to be a financial institution under FRS 102.

Transition to FRS 102 and FRS 103

These Financial Statements for the year ended 31 December 2015 are the first Financial Statements that comply with FRS 102 and FRS 103. The date of transition is 1 January 2014 and the comparative figures have been restated accordingly. The transition has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on the opening Balance Sheet and Profit and Loss Account are explained below and in the notes.

FRS 102: Reduced disclosure exemptions for the Company

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as far as the Company standalone disclosures are concerned, as permitted by FRS 102:

- i. The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) as far as the Company Cash Flow Statement is concerned, as the Consolidated Cash Flow Statement includes the Company's cash flows;
- ii. The requirements of Section 33 Related Party Disclosures paragraph 33.7, for the Company.

Going concern

The Group participates as an underwriting member of Lloyd's. Its underwriting is supported by Funds at Lloyd's, either made available by the Company directly or by its members. The Directors are of the opinion that the Group and the Company have adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in the preparation of these Financial Statements.

Basis of consolidation, goodwill and investments in subsidiaries

The Group Financial Statements consolidate the Financial Statements of the Company and its subsidiary undertakings made up to 31 December 2015.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding or partnership participation of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Parent Company's Financial Statements, investments in subsidiaries are stated at cost and are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value to be impaired.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

2. Accounting policies (continued)

Basis of consolidation, goodwill and investments in subsidiaries (continued)

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and recorded as goodwill. Following initial recognition, goodwill is amortised over a period of five years. Goodwill is assessed for impairment annually and any impairment is charged to the Profit and Loss Account in the year the impairment is identified. Reversals of impairments are recognised when the reasons for impairment no longer apply. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is negative goodwill and this is recognised in the Consolidated Balance Sheet. Following initial recognition, negative goodwill is released to the Consolidated Non-Technical Account over a period of five years.

Uniform Accounting Policies are used for all Group companies. Profits or losses on intra-Group transactions are eliminated on consolidation.

Basis of accounting

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation through profit and loss of certain financial instruments held at fair value through profit or loss.

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period, reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Group participates.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the Balance Sheet as "Syndicate participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these Financial Statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

General business

i. Premiums

Premiums written comprise the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the Group participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

ii. Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the Balance Sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each syndicate is determined by the relevant managing agent.

iii. Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

iv. Reinsurance premiums

Managing agents enter into reinsurance contracts on behalf of syndicates, in the normal course of business, in order to limit the potential losses arising from certain exposures. Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

2. Accounting policies (continued)

v. Claims incurred and reinsurers' share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's 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. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators 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 time as the exposure period recedes. In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

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 provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. However, 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.

vi. Unexpired risks provision

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the Balance Sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant managing agent.

vii. Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

2. Accounting policies (continued)

vii. Closed years of account (continued)

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Group has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

viii. Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result, any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

ix. Net operating expenses (including acquisition costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Group participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date.

x. Distribution of profits and collection of losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd's continues to require membership of syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

xi. Financial assets and financial liabilities

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

Debtors/creditors arising from insurance/reinsurance operations shown in the Balance Sheet include the totals of all the syndicates' outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes 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 the syndicate after deducting all of its liabilities.

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 liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through profit or loss.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

2. Accounting policies (continued)

xi. Financial assets and financial liabilities (continued)

De-recognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicates, despite having retained some significant risks and rewards of ownership, have 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 in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicates estimate the fair value by using a valuation technique.

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, i.e. using the effective interest method.

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.

xii. Investment return

Investment return comprises all investment income, realised investment gains and losses, movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the fair value at that date.

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 business.

xiii. Basis of currency translation

The presentational and functional currency of the Group is Pound Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Pound Sterling at the rates of exchange at the Balance Sheet date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction. FRS 103 states that insurance assets and liabilities (unearned premiums and deferred acquisition costs), that were previously considered non-monetary items, are now required to be treated as monetary items. This is a change in accounting policy from 1 January 2014. These assets and liabilities have been retranslated at period end to the functional currency at the closing rate.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in the Statement of Other Comprehensive Income. All other exchange differences are reported within the Profit and Loss Account, Non-Technical Account (or the Technical Account in respect of Life syndicates).

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

2. Accounting policies (continued)

Reinsurance at corporate level

Where considered applicable by the Directors, the Group may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2 (iv) and (v) above.

Taxation

The Group is taxed on its results including its share of underwriting results declared by the syndicates. These are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these Financial Statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these Financial Statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

Intangible assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible assets and amortised over a five year period beginning in the year following the purchase of the syndicate participation.

The intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Profit and Loss Account for the period.

Cash and cash equivalents and cash flow statement

Cash and cash equivalents include deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and cash in hand.

The Group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from syndicates at Lloyd's.

Share capital

Ordinary share capital is classified as equity. The difference between fair value of the consideration received and the nominal value of the share capital being issued, is taken to the share premium account. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of taxes, from the proceeds.

Dividend distributions to shareholders

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the Statement of Changes in Shareholders' Equity.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

3. Key accounting judgements and estimation uncertainties

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 4.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Group looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Group only, and do not include estimates and judgements made in respect of the syndicates.

Purchased syndicate capacity:

Estimating value in use:

Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is five years. This is on the basis that this is the life over which the original value of the capacity acquired is used up.

Assessing indicators of impairment:

In assessing whether there have been any indicators of impairment assets, the Directors consider both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Recoverability of receivables:

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers are all considered.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

4. Risk management

This section summarises the financial and insurance risks the Group is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's syndicates.

Risk background

The syndicate's activities expose it to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the managing agent prepares a Lloyd's Capital Return ("LCR") for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the syndicate's management of risks.

The Group manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Group considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Group relies on advice provided by the members' agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates.

The Directors do not consider the Group to be a financial institution under FRS 102, on the basis that the Group itself does not undertake the business of effecting or carrying out insurance contracts. Therefore there is no requirement to discuss financial risks arising from syndicate investment activities. The analysis below provides details of the financial risks the Group is exposed to from syndicate insurance activities as required by FRS 103. Note 7 provides further analysis of sensitivities to reserving and underwriting risks.

Syndicate risks

i. Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligation when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

ii. Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, which are neither past due nor impaired are as follows:

2015	AAA	AA	A	BBB or lower	Not rated	Total
	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	96	96
Reinsurers share of claims outstanding	7,541	66,735	215,849	2,139	10,799	303,063
Reinsurance debtors	32,583	202,767	65,526	1,193	31,172	333,241
Insurance debtors	-	-	-	-	-	-
	40,124	269,502	281,375	3,332	42,067	636,400

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

4. Risk management (continued)

Syndicate risks (continued)

ii. Credit risk (continued)

2014	AAA	AA	A	BBB or lower	Not rated	Total
	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	386	-	21	407
Reinsurers share of claims outstanding	9,069	76,803	218,591	2,399	12,758	319,620
Reinsurance debtors	20,105	225,786	74,257	2,734	14,155	337,037
Insurance debtors	-	-	-	-	-	-
	29,174	302,589	293,234	5,133	26,934	657,064

Syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, with reference to their due date or impaired are as follows:

2015	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year	Impaired	Total past due or impaired
	£	£	£	£	£	£
Deposits with ceding undertakings	96	-	-	-	-	96
Reinsurers share of claims outstanding	302,959	74	24	6	-	303,063
Reinsurance debtors	331,339	1,056	421	335	90	332,241
Insurance debtors	300,305	3,406	2,965	3,841	(246)	310,271
	934,699	4,536	3,410	4,182	(156)	946,671

2014	Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year	Impaired	Total past due or impaired
	£	£	£	£	£	£
Deposits with ceding undertakings	407	-	-	-	-	407
Reinsurers share of claims outstanding	316,580	128	79	34	2,799	319,620
Reinsurance debtors	333,745	1,124	1,090	961	117	337,037
Insurance debtors	293,559	3,511	3,961	1,096	(376)	301,751
	944,291	4,763	5,130	2,091	2,540	958,815

iii. Interest rate and equity price risk

Interest rate risk and equity price risk are the risks that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

iv. Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities by currency:

2015	GBP	USD	EUR	CAD	Other	Total
	£	£	£	£	£	£
	converted	converted	converted	converted	converted	converted
Total assets	694,394	1,674,145	165,112	180,099	117,048	2,830,798
Total liabilities	(1,024,982)	(1,426,076)	(169,155)	(115,585)	(87,936)	(2,823,734)
Surplus/(deficiency) of assets	(330,588)	248,069	(4,043)	64,514	29,112	7,064

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

4. Risk management (continued)

Syndicate risks (continued)

iv. Currency risk (continued)

2014	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ Converted
Total assets	671,318	1,616,855	184,349	192,780	118,175	2,783,477
Total liabilities	(1,015,632)	(1,385,494)	(167,175)	(129,356)	(81,057)	(2,778,714)
Surplus/(deficiency) of assets	(344,314)	231,361	17,174	63,424	37,118	4,763

The impact of a 5% change in exchange rates between GBP and other currencies would be £16,883 on shareholders' funds (2014: £17,454).

Group risks

i. Investment, credit, liquidity and currency risks

The significant risks faced by the Group are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Group to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US dollars or a combination of the two. The Group is exposed to movements in the US dollar between the Balance Sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii. Regulatory risks

The Group is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Group is able to support.

iii. Operational risks

As there are relatively few transactions actually undertaken by the Group there are only limited systems and operational requirements of the Group and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Group's key decision making and the fact that the majority of the Group's operations are conducted by syndicates, provides control over any remaining operational risks.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

5. Class of business

2015	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Net operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	54,903	52,922	(25,710)	(25,972)	(2,541)	(1,301)
Motor – third party liability	6,566	6,209	(4,246)	(2,494)	414	(117)
Motor – other classes	86,023	80,546	(57,127)	(26,373)	(1,176)	(4,130)
Marine, aviation and transport	101,856	105,536	(38,199)	(43,548)	(11,621)	12,168
Fire and other damage to property	299,171	269,540	(93,328)	(104,611)	(46,356)	25,245
Third party liability	204,102	188,893	(158,968)	(73,989)	11,064	(33,000)
Credit and suretyship	41,184	31,018	(12,877)	(14,954)	(2,980)	207
Legal expenses	2,415	3,200	(1,133)	(1,680)	(39)	348
Assistance	-	-	-	-	-	-
Miscellaneous	6,376	5,284	(3,116)	(1,680)	(239)	249
Total direct	802,596	743,148	(394,704)	(295,301)	(53,474)	(331)
Reinsurance inwards	371,279	388,816	(136,340)	(123,430)	(66,451)	62,595
Total	1,173,875	1,131,964	(531,044)	(418,731)	(119,925)	62,264

2014	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Net operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	52,319	54,137	(23,005)	(26,876)	(2,650)	1,606
Motor – third party liability	4,721	4,972	(3,212)	(1,865)	(99)	(204)
Motor – other classes	77,279	75,903	(52,321)	-	1,063	24,645
Marine, aviation and transport	106,603	113,000	(49,942)	-	(8,755)	54,303
Fire and other damage to property	280,152	241,695	(83,170)	-	(39,110)	119,415
Third party liability	168,133	186,209	(140,291)	-	5,887	51,805
Credit and suretyship	42,591	28,836	(17,321)	-	(28)	11,487
Legal expenses	3,517	3,359	(1,294)	-	(43)	2,022
Assistance	-	-	-	-	-	-
Miscellaneous	4,036	3,357	(2,219)	-	(16)	1,122
Total direct	739,351	711,468	(372,775)	(28,741)	(43,751)	266,201
Reinsurance inwards	422,214	418,108	(147,953)	(376,595)	(67,598)	(174,038)
Total	1,161,565	1,129,576	(520,728)	(405,336)	(111,349)	92,163

6. Geographical analysis

	2015 £	2014 £
Gross premium written in:		
United Kingdom	778,020	720,885
Other EU Member States	686	604
Rest of the World	23,890	17,862
Total direct gross premium written	802,596	739,351

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

7. Technical provisions

Movement in claims outstanding	Gross £	Reinsurance £	2015 Net £	Gross £	Reinsurance £	2014 Net £
At 1 January	1,657,988	319,620	1,338,368	1,613,991	319,931	1,294,060
Acquired on acquisition	-	-	-	-	-	-
Movement of reserves	9,434	(19,656)	29,090	8,907	(6,385)	15,292
Other movements	6,093	3,099	2,994	35,090	6,074	29,016
At 31 December	1,673,515	303,063	1,370,452	1,657,988	319,620	1,338,368

Movement in unearned premiums	Gross £	Reinsurance £	2015 Net £	Gross £	Reinsurance £	2014 Net £
At 1 January	528,136	49,828	478,308	486,763	66,610	420,153
Acquired on acquisition	-	-	-	-	-	-
Movement of reserves	41,911	4,892	37,019	31,989	(4,662)	36,651
Other movements	18,586	15,727	2,859	9,384	(12,120)	21,504
At 31 December	588,633	70,447	518,186	528,136	49,828	478,308

Movement in deferred acquisition costs	2015 Net £	2014 Net £
At 1 January	153,428	120,428
Acquired on acquisition	-	-
Movement in deferred acquisition costs (Note 8)	35,165	26,375
Other movements	4,054	6,625
At 31 December	192,647	153,428

Included within other movements are foreign exchange movements in restating the opening balances and the effect of the 2012 and prior years' technical provisions being reinsured to close into the 2013 year of account (2014: 2011 and prior years' technical provisions being reinsured to close into the 2012 year of account), to the extent where the Group's syndicate participation portfolio has changed between those two years of account.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

7. Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity

As described in Note 4 the majority of the risks to the Group's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with the Group's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Group arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

The key assumptions underlying the amounts carried by the Group arising from insurance contracts are:

- the net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the Balance Sheet date;
- the net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the Balance Sheet date, including appropriate allowance for anticipated losses in excess of the unearned premium;
- the claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the Balance Sheet date;
- the potential ultimate result of run-off year results has been accurately estimated by the managing agents; and
- the values of investments and other assets and liabilities are correctly stated at their realisable values at the Balance Sheet date.

There have been no changes to these assumptions in 2015.

The amounts carried by the Group arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Group's pre-tax profit/loss by £46,417 (2014: £46,257);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profit/loss by £83,676 (2014: £82,899);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profit/loss by £68,523 (2014: £66,918).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

The historical gross and net claims development is as follows:

Claims development - Gross

	After 12 months £	After 24 months £	After 36 months £	Profit/(loss) on RITC received £
Underwriting pure year				
2011	380,227	609,577	613,813	29,835
2012	406,392	613,682	614,515	25,669
2013	336,976	581,904	597,643	
2014	325,467	560,504		
2015	303,174			

Claims development - Net

	After 12 months £	After 24 months £	After 36 months £	Profit/(loss) on RITC received £
Underwriting pure year				
2011	315,734	511,717	509,538	46,373
2012	336,878	517,583	521,260	39,822
2013	292,712	508,099	515,619	
2014	280,218	488,914		
2015	265,689			

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

8. Net operating expenses	2015	2014
	£	£
Acquisition costs	326,330	299,824
Change in deferred acquisition costs (Note 7)	(35,165)	(26,375)
Administrative expenses	127,566	131,887
Loss/(profit) on exchange	-	-
	<u>418,731</u>	<u>405,336</u>
9. Investment return	2015	2014
	£	£
Investment income	19,361	20,956
Dividend income	1,272	1,811
Interest on cash at bank	3,197	2,962
Other interest and similar income	2,229	3,149
Realised gains on investments	7,069	8,436
Investment income	<u>33,128</u>	<u>37,314</u>
Investment management expenses	(1,472)	(2,003)
Realised losses on investments	(9,401)	(6,929)
Investment expenses and charges	<u>(10,873)</u>	<u>(8,932)</u>
Unrealised gains and losses, net	(7,984)	(4,560)
Total investment return	<u>14,271</u>	<u>23,822</u>

Analysed as follows:

	Investments at fair value through profit or loss 2015 £	Investments available for sale 2015 £	Total 2015 £	Investments at fair value through profit or loss 2014 £	Investments available for sale 2014 £	Total 2014 £
Realised gains and losses	(2,831)	499	(2,332)	1,527	(20)	1,507
Unrealised gains and losses	(7,912)	(72)	(7,984)	(4,692)	132	(4,560)
Other relevant income	(9)	-	(9)	(26)	-	(26)
	<u>(10,752)</u>	<u>427</u>	<u>(10,325)</u>	<u>(3,191)</u>	<u>112</u>	<u>(3,079)</u>
Interest and similar income, net of expenses			24,596			26,901
Total investment return			<u>14,271</u>			<u>23,822</u>

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

10. Profit/(loss) on ordinary activities before taxation	2015 £	2014 £
This is stated after charging/(crediting):		
Key management personnel remuneration	-	-
Auditor's remuneration – Company audit	2,000	-
Auditor's remuneration – Other group entity audit	72	74
Amortisation of syndicate capacity	192	-
Amortisation of goodwill/(release of negative goodwill)	-	-
Interest on bank loan and overdrafts	-	-
Interest on other loans	-	-
The Company has no employees		

The audit fee of £4,500 in 2014 was paid on behalf of the Company by a third party.

11. Taxation	2015 £	2014 £
Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) of the year	11,557	2,214
Adjustment in respect of previous years	(39)	2,553
Foreign tax	-	-
Total current tax	11,518	4,767
Deferred tax:		
Origination and reversal of timing differences	261	7,679
Change in tax rate	-	-
Total deferred tax	261	7,679
Tax on profit/(loss) on ordinary activities	11,779	12,446

Factors affecting tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20.00% (2014: 20.00%). The differences are explained below:

Profit/(loss) on ordinary activities before tax	67,627	45,289
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2014: 20.00%)	13,525	9,058
Effects of:		
Adjustment in respect of previous years	-	-
Group relief claimed	-	-
Income not taxable	-	-
Permanent differences	-	-
Foreign tax	(2,745)	(3,845)
Rate change adjustments	999	7,233
Tax on charge/(credit) for the year	11,779	12,446

The results of the Group's participation on the 2013, 2014 and 2015 years of account and the calendar year movement on 2012 and prior run-offs will not be assessed to tax until the year ended 31 December 2016, 2017 and 2018 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

12. Intangible assets	2015			2014		
	Negative Goodwill £	Syndicate Capacity £	Total £	Negative Goodwill £	Syndicate Capacity £	Total £
Cost						
At 1 January	-	119,995	119,995	-	119,036	119,036
Additions	-	479	479	-	959	959
Disposals	-	-	-	-	-	-
Acquired with acquisition	-	7,864	7,864	-	-	-
At 31 December	-	128,338	128,338	-	119,995	119,995
Amortisation						
At 1 January	-	119,036	119,036	-	119,036	119,036
Provided during the year	-	192	(6,099)	-	-	-
Disposals	-	7,864	7,864	-	-	-
Acquired with acquisition	-	-	-	-	-	-
At 31 December	-	127,092	127,092	-	119,036	119,036
Net book value						
At 31 December 2015 / 2014	-	1,246	1,246	-	959	959
At 31 December 2014 / 2013	-	959	959	-	-	-

13. Financial investments

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: prices based on recent transactions in identical assets.

Level 3: priced determined using a valuation technique.

Financial investments Syndicate	Financial investments held at fair value through profit or loss				Held at amortised cost £	Total £
	Level 1 £	Level 2 £	Level 3 £	Total £		
2015						
Shares and other variable yield securities and units in unit trusts	68,800	115,652	21,485	205,937	-	205,937
Debt securities and other fixed income securities	260,176	444,394	216,266	920,836	-	920,836
Participation in investment pools	3,308	5,601	10,562	19,471	-	19,471
Loans and deposits with credit institutions	78,561	18,886	9,899	107,346	-	107,346
Derivatives	23	-	547	570	-	570
Other investments	-	-	18	18	-	18
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	410,868	584,533	258,777	1,254,178	-	1,254,178
Cost				1,257,037	-	1,257,037

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

13. Financial investments (continued)

Financial investments Syndicate	Financial investments held at fair value through profit or loss				Held at amortised cost £	Total £
	Level 1 £	Level 2 £	Level 3 £	Total £		
2014						
Shares and other variable yield securities and units in unit trusts	35,791	88,997	20,045	144,833	-	144,833
Debt securities and other fixed income securities	225,461	463,615	254,097	943,173	-	943,173
Participation in investment pools	4,871	4,264	14,110	23,245	-	23,245
Loans and deposits with credit institutions	84,468	23,917	11,970	120,355	-	120,355
Derivatives	58	-	1,378	1,436	-	1,436
Other investments	-	-	18	18	-	18
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	350,649	580,793	301,618	1,233,060	-	1,233,060
Cost				1,184,158	-	1,184,158
						Total £
						1,184,158
Financial investments Group Corporate	Financial investments held at fair value through profit or loss				Held at amortised cost £	Total £
	Level 1 £	Level 2 £	Level 3 £	Total £		
2015						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Fair value	-	-	-	-	-	-
Cost				-	-	-
						Total £
						-
Financial investments Group Corporate	Financial investments held at fair value through profit or loss				Held at amortised cost £	Total £
	Level 1 £	Level 2 £	Level 3 £	Total £		
2014						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Fair value	-	-	-	-	-	-
Cost				-	-	-
						Total £
						-

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

14. Investments in subsidiary undertakings - Company

The Company's fixed asset investments represents unlisted investments in subsidiary undertakings stated at cost adjusted for any impairment. The subsidiary undertakings, all of which are included in the consolidation, are as follows:

Entity	Ownership share by the Group	Nature of business	2015 £	2014 £
Nomina No 018 LLP	100% / 98%	Lloyd's corporate member	-	-

Nomina No 018 LLP is registered in England and Wales.

On 1 January 2015 the Company acquired the remaining 2% corporate partnership of Nomina No 018 LLP, bringing its total corporate partnership share to 100%. No consideration was paid.

The total adjustment required to the book values of the assets and liabilities of Nomina No 018 LLP in order to present the net assets at fair values and in accordance with group accounting principles was £6,291, details of which are set out below. The purchase has been accounted for as an acquisition.

The whole of the negative Goodwill of £6,291 has been taken to the profit and loss account in 2015, rather than amortised in line with the amortisation of the intangible assets acquired (Note 12), as the amount is not material.

	Carrying value £	Adjustments £	Fair value £
Intangible assets	-	7,864	7,864
Investments	-	-	-
Reinsurers' share of technical provisions	-	-	-
Debtors	-	-	-
Other assets	-	-	-
Prepayments and accrued income	-	-	-
Technical provisions	-	-	-
Provisions for other risks and charges	-	(1,573)	(1,573)
Deposit received from reinsurers	-	-	-
Creditors	-	-	-
Accruals and deferred income	-	-	-
Net assets acquired	-	6,291	6,291
Purchase consideration satisfied by:			
Cash and cash equivalents	-	-	-
Goodwill / (negative goodwill)	-		(6,291)

The adjustment to Intangible assets represents the fair value of the capacity from the latest auctions prices at the date of acquisition.

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

15. Other debtors

	2015			2014		
	Syndicate participation £	Corporate £	Total £	Syndicate participation £	Corporate £	Total £
Group						
Amounts due from shareholders	-	-	-	-	-	-
Funds at Lloyd's	-	596,877	596,877	-	596,877	596,877
Deferred tax asset (Note 18)	-	-	-	-	-	-
Other	150,235	-	150,235	139,690	-	139,690
	<u>150,235</u>	<u>596,877</u>	<u>747,112</u>	<u>139,690</u>	<u>596,877</u>	<u>736,567</u>

Funds at Lloyd's ("FAL") represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Group's underwriting activities as described in the Accounting Policies. The Group retains the rights to the economic benefit of these assets. Where FAL is comprised of financial investments, to meet Lloyd's requirements these investments will usually be the equivalent of Level 1 as defined in Note 13. The Group has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission, and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Group's liabilities in respect of its underwriting. The Group's underwriting is supported by assets made available to it by the shareholders of the Group.

	2015 Total £	2014 Total £
Company		
Funds at Lloyd's	596,877	596,877
Deferred tax asset (Note 18)	-	-
Other debtors	-	-
	<u>596,877</u>	<u>596,877</u>

16. Share capital

Allotted, called-up and fully paid

	2015		2014	
	Issued	Value £	Issued	Value £
Ordinary £1 shares	300,050	300,050	300,050	300,050

17. Profit and loss account

	2015			2014		
	Syndicate participation £	Corporate £	Total £	Syndicate participation £	Corporate £	Total £
Group						
Retained profit/(loss) brought forward	-	192,186	192,186	-	151,204	151,204
Reallocate distribution	-	-	-	-	-	-
Profit/(loss) and other comprehensive income for the financial year	-	60,613	60,613	-	40,982	40,982
Retained profit/(loss) carried forward	<u>-</u>	<u>252,799</u>	<u>252,799</u>	<u>-</u>	<u>192,186</u>	<u>192,186</u>

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

17. Profit and loss account (continued)

The result for each underwriting year of account is generated over a three year period. These Financial Statements, which cover the period from 1 January 2015 to 31 December 2015, show movements in the first twelve months of the 2015 year of account, the second twelve months of the 2014 year of account and the final twelve months of the 2013 year of account.

Future cash flows will arise when profits/(losses) are distributed/(collected) by Lloyd's after each year of account has closed. Subject to certain conditions, Lloyd's can allow the partial early release of some profits or in the event of an expected loss require advance funding prior to the year of account closing.

18. Deferred taxation assets/(liabilities)

	2015	2014
	£	£
Group		
Opening balance	(68,964)	(61,285)
Acquired on acquisition	(1,573)	-
Profit and loss account (charge)/credit	(261)	(7,679)
Other comprehensive income (charge)/credit	-	-
Closing balance	<u>(70,798)</u>	<u>(68,964)</u>
	2015	2014
	£	£
Company		
Opening balance	(68,964)	(48,128)
Profit and loss account (charge)/credit	(1,834)	(20,836)
Closing balance	<u>(70,798)</u>	<u>(68,964)</u>

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within Other debtors (Note 15).

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

19. Other creditors including taxation and social security

	2015			2014		
	Syndicate participation £	Corporate £	Total £	Syndicate participation £	Corporate £	Total £
Group						
Amounts due to subsidiary undertakings	203,364	(203,364)	-	233,371	(233,371)	-
Corporation tax	-	11,557	11,557	-	2,213	2,213
Amounts due to shareholders	-	295,802	295,802	-	295,803	295,803
Other creditors	122,501	-	122,501	101,649	-	101,649
	<u>325,865</u>	<u>103,995</u>	<u>429,860</u>	<u>335,020</u>	<u>64,645</u>	<u>399,665</u>

	2015 Total £	2014 Total £
Company		
Falling due within one year		
Corporation tax	11,557	2,213
Accruals	<u>3,298</u>	<u>900</u>
	<u>14,855</u>	<u>3,113</u>
Falling due after one year		
Long term loans	-	-
Other creditors	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

20. Financial liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical liabilities.

Level 2: prices based on recent transactions in identical liabilities.

Level 3: priced determined using a valuation technique.

Financial liabilities Syndicate	Financial liabilities held at fair value through profit or loss				Held at amortised cost £	Total £
	Level 1 £	Level 2 £	Level 3 £	Total £		
2015						
Borrowings	-	-	-	-	-	-
Derivative liabilities	47	-	810	857	-	857
Financial liabilities classified as held for sale	-	-	-	-	-	-
Fair value	<u>47</u>	<u>-</u>	<u>810</u>	<u>857</u>	<u>-</u>	<u>857</u>

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

20. Financial liabilities (continued)

Financial liabilities Syndicate	Financial liabilities held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
	£	£	£	£	£	£
2014						
Borrowings	-	-	-	-	-	-
Derivative liabilities	55	-	260	315	-	315
Financial liabilities classified as held for sale	-	-	-	-	-	-
Fair value	55	-	260	315	-	315

All other financial liabilities of the syndicate participation, including creditors arising out of direct insurance operations, creditors arising out of reinsurance operations and other creditors, are measured at amortised cost.

Financial liabilities – Group and Company Corporate

All corporate financial liabilities are measured at amortised cost.

21. Dividends	2015	2014
	£	£

Equity dividends declared and paid

22. Transition to FRS 102 and FRS 103

This is the first year that syndicates on which the Group participates and the Group and the Company have presented their results under FRS 102 and FRS 103. The previous Financial Statements under previous UK GAAP were for the period ended 31 December 2014. The date of transition to FRS 102 and FRS 103 was 1 January 2014. As a consequence, syndicates and the Group were required to amend their accounting policies to ensure compliance with FRS 102 and FRS 103.

The following changes to accounting policies for some syndicates have resulted in restatement to previously reported amounts in respect to foreign exchange particularly in relation to:

- Where a syndicate has changed their functional currency from Pounds Sterling; and
- Where a syndicate may have not previously treated deferred acquisition costs and unearned premium reserves as monetary items.

In accordance with FRS 102, the applicable comparative figures in the primary statements and notes have been restated to reflect 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:

Reconciliation of profit/(loss) for the financial year

	Group Restated 2014	Company Restated 2014
	£	£
Profit/(loss) for the financial year 2014 as previously reported	44,338	94,967
Effect of change in foreign exchange accounting policy	(11,495)	(1,357)
Restated profit/(loss) for the financial year 2014	32,843	93,610

Reconciliation of shareholders' funds

	Group Restated 2014	Company Restated 2014
	£	£
Closing shareholders' funds as previously reported at 31 December 2014	493,593	493,594
Effect of change in foreign exchange accounting policy	(1,357)	(1,357)
Restated closing shareholders' funds at 31 December 2014	492,236	492,237

Syndicates Limited

Notes to the Financial Statements (continued) for the year ended 31 December 2015

23. Related party transactions

The Company has claimed the exemptions available under FRS 102 – Section 33 “Related Party Disclosures”, specifically paragraph 33.1A. As a result, disclosures need not be given of transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

Nomina plc, a director of the Company, provides administration services to the Group. Nomina plc charged fees totalling £3,650. (2014: £3,650) for providing these services.

24. Ultimate controlling party

The Company is controlled by A G Burgess.

25. Syndicate participation

The principal syndicates or members' agent pooling arrangements (“MAPA”) in which the Company participates as an underwriting member are as follows:

Syndicate or MAPA number	Managing agent	2016 Allocated capacity £	2015 Allocated capacity £	2014 Allocated capacity £	2013 Allocated capacity £
33	Hiscox Syndicates Limited	120,050	120,050	120,050	114,048
218	ERS Syndicate Management Limited	56,873	55,293	69,116	69,116
386	QBE Underwriting Limited	57,029	57,029	66,811	66,811
510	Tokio Marine Kiln Syndicates Limited	181,570	181,570	181,570	181,570
557	Tokio Marine Kiln Syndicates Limited	17,569	17,569	17,569	17,569
609	Atrium Underwriters Limited	174,456	174,456	174,456	174,456
727	S A Meacock & Company Limited	32,511	32,511	32,511	32,511
958	Canopus Managing Agents Limited	-	39,993	37,831	47,560
1200	Argo Managing Agency Limited	28,484	23,458	23,458	23,458
1729	Asta Managing Agency Limited	31,782	26,485	-	-
1910	Asta Managing Agency Limited	35,193	-	-	-
2010	Cathedral Underwriting Limited	61,236	61,236	69,984	69,984
2014	Pembroke Managing Agency Limited	80,000	80,000	77,793	-
2121	Argenta Syndicate Management Limited	10,522	9,353	9,353	7,794
2525	Asta Managing Agency Limited	29,840	25,200	25,200	25,200
2526	AmTrust at Lloyd's Limited	-	-	-	70,292
2791	Managing Agency Partners Limited	119,460	119,460	135,352	153,705
4444	Canopus Managing Agents Limited	42,154	-	-	-
5820	ANV Syndicates Limited	47,935	47,935	47,935	47,935
6103	Managing Agency Partners Limited	8,288	7,400	18,374	25,274
6104	Hiscox Syndicates Limited	22,095	25,730	25,730	25,730
6105	Ark Syndicate Management Limited	-	32,388	32,388	10,250
6106	Amlin Underwriting Limited	-	-	-	22,669
6107	Beazley Furlong Limited	17,673	17,673	17,673	17,673
6110	Pembroke Managing Agency Limited	-	-	-	54,913
6111	Catlin Underwriting Agencies Limited	66,757	60,147	61,089	57,525
6113	Barbican Managing Agency Limited	-	-	34,239	34,239
6117	Asta Managing Agency Limited	52,772	38,923	58,958	-
7217	Members' Agents Pooling Arrangement	22,889	21,685	19,276	19,276
7227	Members' Agents Pooling Arrangement	3,256	1,737	-	-