SYNDICATE 6103

Report and Financial Statements
31 December 2015

MAP

Underwriting at Lloyd's

CONTENTS

CHAIRMAN'S REPORT

Another excellent result, but the rapid deterioration in market conditions has meant that, as Richard says, the Syndicate is now effectively in hibernation. However things can change very quickly and the SPS structure remains a very efficient vehicle for capital providers to participate in well-priced catastrophe reinsurance when the time is right.

D E S Shipley

Chairman

11 March 2016

SYNDICATE 6103

Underwriting Year Distribution Accounts
2013 Closed Year of Account
31 December 2015

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Managing Agent
Managing Agency Partners Limited (MAP)

Directors
C E Dandridge (Non-executive)
J D Denoon Duncan
H R Dumas (Non-executive) (resigned 10 November 2015)
A S Foote (Non-executive)
A Kong
B S McAuley
A J T Milligan (Non-executive) (appointed 10 November 2015)
D E S Shipley (Non-executive Chairman)
C J Smelt
R J Sumner
R K Trubshaw (Active Underwriter)

Company Secretary
B S McAuley

Managing Agent's Registered Office
Fitzwilliam House
10 St. Mary Axe
London
EC3A 8EN

Managing Agent's Registration
Registered in England; number: 03985640

SYNDICATE

Active Underwriter
R K Trubshaw

Registered Auditors
Ernst & Young LLP, London

The managing agent presents its report on the 2013 year of account of Syndicate 6103 as closed at 31 December 2015.

These financial statements have been prepared under the 2008 Regulations and in accordance with the Syndicate Accounting Byelaw (No.8 of 2005) and applicable accounting standards in the United Kingdom. Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and Financial Reporting Standard 103 'Insurance Contracts' (FRS 103) have been applied to the extent that they are relevant for a proper understanding of the underwriting year accounts. Separate annual accounts under UK GAAP on the calendar year results are available to all the syndicate's members (see pages 22 to 45).

UNDERWRITER'S REPORT

2013 Year of Account

Capacity £41.2 million

All the syndicate's business was written by way of a 30% quota share of all US property catastrophe business (other than terrorism and retrocession business) written by Syndicate 2791. Worldwide business may be written, as long as the predominant exposure is the United States.

The 2013 year has closed with a profit of £15.7m after all members' personal expenses, equivalent to 38.1% of Stamp capacity, compared with the forecast range of 29% to 39%. The closing rate of exchange was US$1.47:£1. The RITC is with Syndicate 2791; following the commutation of the quota share reinsurance contract there will be no outstanding residual liability.

Utilisation of capacity

The final utilisation was 52% at closing rates of exchange. The syndicate purchased US$10m of high excess Industry Loss Warranty reinsurance (down from $20m in 2012), costing 3.9% of gross premium income.

Performance review

We were reasonably optimistic heading into 2013, and raised the Stamp from £31.5m to £41.2m. However, despite some corrective action on Superstorm Sandy affected accounts the majority of our business came under competitive pressure. This intensified as the year progressed, as the Capital Markets, faced with the prospect of low yields on their core activities, increasingly viewed our sector as an opportunistic play to write uncorrelated exposure at seemingly attractive margins. Faced with this strategic threat, much of the traditional market responded by price-matching and offering broader coverage, such that, outside the peak zones, significant volumes of business failed to meet our minimum technical margins. At the same time the latest proprietary model release adopted by many in the market reversed much of the uplift initiated by the 2011 version, making us even more relatively uncompetitive. As it happens 2013 was a benign loss year, with a closing ultimate net loss ratio of only 7.5%.

Analysis of premium written by syndicate classification

	Gross written £'000	Net written £'000
Property reinsurance	20,162	19,393

Investment Return

The investment return for the period was £0.6m. The average annual return on assets held over the last three years is 1.5%.

The syndicate operates on a funds withheld basis vis-à-vis Syndicate 2791, from which it accepts its business; the contract between the syndicates provides that the investment return receivable by Syndicate 6103 follows that achieved by Syndicate 2791 on its own funds, principally the Credit for Reinsurance Trust Fund in respect of the US dollar balances. Where there have been creditors balances (arising out of Sterling funds advanced on behalf of the syndicate), the contract specifies that the cost to Syndicate 6103 is the relevant month's six-month duration Treasury Bill rate plus 1.5% per annum be used.

The Effect of Exchange Rates on the 2013 Distribution Account

As these accounts are reported over the three consecutive years from 2013 the effect of the GBP:US dollar exchange rate has moved from an average of 1.56 during 2013 to a closing rate of 1.47 and this has resulted in a profit of £1.1m over the three year period as further set out in note 8.

2014 Year of Account Forecast

Given the lack of any significant catastrophic events in 2013, the market took a marked downwards turn into 2014. We estimate average price reductions to be around 20%, often accompanied by broader terms and conditions. Anticipating this we took the decision to scale back the percentage cession from Syndicate 2791 to 20% and reduced the Stamp to £30m. No reinsurance was purchased.

Our projected gross volume is projected to be some 28% less than that written in 2013, after taking into account the reduced cession, and the utilisation right down to 35%.

Despite these headwinds, the lack of significant cat activity means that the syndicate will generate a reasonably healthy bottom line result. Our forecast range is a profit of 15% to 25% on Stamp Capacity after all expenses.

2014 Year of Account Forecast

An estimate of the 2014 underwriting result as at 36 months is set out below:

	£'000
Stamp capacity	29,988
Gross premiums written	10,236
Net premiums written	10,236
Claims incurred – net of reinsurance	(1,710)
Net operating expenses	(512)
Investment return	186
Profit commission	(1,215)
Personal expenses	(102)
Estimate of profit for the year of account after personal expenses	6,883

Assumptions underlying the 2014 Estimated Result:

(i) Syndicate expenses, incurred in the calendar year 2016 to be charged to the 2014 year of account, will continue the pattern of previous years as refined by current budgets.
(ii) Exchange rates at 31 December 2016 will not be materially different from those at 31 December 2015.
(iii) Investment returns attributable to 2014 during 2016 = 1% for US dollar and 0.5% for all other currencies.
(iv) Claims will be paid in line with our expected development patterns.

2015 Overview

The downwards slide in terms and conditions continued, such that we took the decision to halve the percentage cession to 10%, and reduce the Stamp to £12.5m. No reinsurance was purchased.

Gross volume has fallen from £10.2m in 2014 to £4.8m in 2015, largely mirroring the cession drop. Cat activity continues to be relatively light, although considerable amounts of business remain on risk until July 1st 2016.

2016 Trading Conditions

The Syndicate is effectively in hibernation: should there be a shift in market conditions we would likely seek to gear it back up to historic levels, but in the meantime it is only a nominal spend for the host Syndicate 2791. We are down to a core reinsurance book of mainly Regional carriers, on many of which we enjoy long-standing relationships, which have proved profitable throughout the cycle. It is pleasing to note that since its inception in 2007 the Syndicate has generated over £87m of profit for its members at an average return on Stamp capacity of 34%. There is no intention to gamble this legacy away.

Seven Year Summary of Closed Years of Account

	2007	2008	2009	2010	2011	2012	2013
Syndicate allocated capacity (£m)	42.7	39.5	39.4	33.7	28.8	31.5	41.2
Number of Underwriting Members	1,028	955	1,033	931	859	909	997
Aggregate net premiums (£m)	17.3	17.1	31.0	19.7	19.6	24.8	19.4
Results for illustrative share of £10,000	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Utilisation of capacity at premium income monitoring rates of exchange	45.5	41.2	62.1	60.5	72.3	84.1	48.8
Gross premiums written (% of illustrative share)	40.6	43.3	78.7	58.5	67.8	85.3	48.9
Net premiums (% of illustrative share)	40.6	43.3	78.7	58.5	67.8	78.8	47.0
Profit (% of gross premiums)	100.4	17.7	78.2	65.0	30.1	29.9	77.9
Results for illustrative share of £10,000	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums	4,062	4,332	7,870	5,850	6,783	8,526	4,889
Net premiums	4,062	4,332	7,870	5,850	6,783	7,881	4,702
Reinsurance to close from an earlier year of account	–	–	–	–	–	–	–
Net claims	(81)	(3,076)	(678)	(1,028)	(3,825)	(3,285)	(328)
Reinsurance to close	81	(397)	18	(76)	(146)	(1,273)	(47)
Underwriting profit	**4,062**	**859**	**7,210**	**4,746**	**2,812**	**3,323**	**4,327**
Acquisition costs	–	–	–	–	–	–	–
Other syndicate operating expenses, excluding personal expenses	(348)	(263)	(460)	(346)	(398)	(486)	(289)
Reinsurers' and profit commissions	–	–	–	–	–	–	–
Exchange movement on foreign currency translation	658	139	54	(159)	(85)	35	255
Net investment income	314	142	423	260	87	117	143
Illustrative personal expenses:							
Managing agent's fee	–	–	–	–	–	–	–
Profit commission	(606)	(112)	(1,076)	(699)	(375)	(443)	(627)
Other personal expenses	–	–	–	–	–	–	–
Profit after illustrative personal expenses and illustrative profit commission	**4,080**	**765**	**6,151**	**3,802**	**2,041**	**2,546**	**3,809**

Individual capital assessment

For the 2013 Year of account the syndicate was required to produce an Individual Capital Assessment (ICA) under the Individual Capital Adequacy Standards (ICAS) regime which set the capital required to be held by the members of the syndicate. From 1 January 2016 the ICAS regime changed to Solvency II and the ICA altered to a Solvency Capital Requirement (SCR). For these underwriting year accounts the capital detailed is that which was required to be provided by the members of the 2013 Year of Account.

The capital set by each syndicate is required to reflect the risks contained within each business. Lloyd's reviews and through its Capital and Planning Group approves these assessments to ensure syndicate ICAs are appropriate and consistent across the market. Lloyd's requires an uplift to syndicate ICA's to provide a margin to meet its own financial strength, licence and ratings objectives. An ICA including the margin is known as the Economic Capital Requirement (ECR) and Lloyd's allocates the ECR required down to each individual member.

The syndicate capital assessment for the 2013 Year of Account was established using our internal Solvency II model which has been run within the ICA regime as prescribed by Lloyd's. The internal model uses sophisticated mathematical models reflecting key risks within the syndicate. The risks are principally Insurance (catastrophes, pricing and reserving), Market (equity, liquidity, currency, interest rate and spread), Credit (brokers, investment and reinsurance) and Operational.

The following table sets out the syndicate's ECR

2013 Approved Capital

Lloyd's economic capital requirement (ECR)

	Prospective year 2013 £m
6103	99.5

ECR capital is provided by the members of the syndicate as a mixture syndicate retained profits plus additional contributed assets held and managed by Lloyd's of London, known as Funds at Lloyd's or FAL.

Future developments & important events since the end of the financial year

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

Disclosure of Information to the Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

R K Trubshaw
Active Underwriter
Managing Agency Partners Limited
11 March 2016

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ('the Lloyd's Regulations') require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

The managing agent must prepare the syndicate underwriting year accounts which give a true and fair view of the result of the closed year of account.

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

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these underwriting year accounts.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the Lloyd's Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

to the Members of Syndicate 6103 – 2013 Closed Year of Account

We have audited the syndicate underwriting year accounts for the 2013 year of account of syndicate 6103 ('the syndicate') for the three years ended 31 December 2015 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the related notes 1 to 16 and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law, the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'.

This report is made solely to the syndicate's members, as a body, in accordance with the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an 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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 9, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate underwriting year accounts

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate underwriting year accounts. In addition, we read all the financial and non-financial information in the Syndicate 6103 Underwriting Year Distribution Accounts to identify material inconsistencies with the audited syndicate underwriting year accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the profit for the 2013 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) requires us to report to you if, in our opinion:

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Ben Gregory (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 March 2016

INCOME STATEMENT TECHNICAL ACCOUNT – GENERAL BUSINESS

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

	Note	2013 £'000
Syndicate allocated capacity		41,243
Earned premiums, net of reinsurance:		
Gross premiums written	*3*	20,162
Outward reinsurance premiums		(769)
Net premiums written		19,393
Allocated investment return transferred from the non-technical account		588
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(1,354)
Reinsurance to close premium payable, net of reinsurance	*4,5*	(193)
Net operating expenses	*6*	(3,779)
Balance on the technical account – general business	*9*	14,655

INCOME STATEMENT NON-TECHNICAL ACCOUNT

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

	Note	2013 £'000
Balance on the general business technical account		14,655
Investment income	*10*	588
Allocated investment return transferred to general business technical account		(588)
US dollar functional currency exchange gains and losses	*8*	3
Profit for the 2013 closed year of account excluding other comprehensive income		14,658

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2013 £'000
Profit for the 2013 closed year of account excluding other comprehensive income		14,658
Exchange differences on foreign currency translation	*8*	1,050
Profit for the 2013 closed year of account including other comprehensive income being profit distributed to members		15,708

STATEMENT OF FINANCIAL POSITION

2013 Closed Year of Account as at 31 December 2015

	Note	2013 £'000
Assets		
Debtors	*11*	21,781
Total assets		21,781
Liabilities		
Amounts due to members	*12*	15,708
Reinsurance to close premium payable to close the account – gross amount	*5*	98
Other creditors	*13*	5,975
Total liabilities		21,781

The financial statements on pages 11 to 20 were approved by the Board of Managing Agency Partners Limited on 11 March 2016 and were signed on its behalf by:

R K Trubshaw
Active Underwriter

R J Sumner
Finance Director

11 March 2016

STATEMENT OF CASH FLOWS

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

	Note	2013 £'000
Net cash inflow from operating activities	*14*	(98)
Cash flows from Investing activities	*14*	98
Cash flows from financing activities		–
		–
Cash flows were invested as follows:		
Increase in cash holdings		–
Increase in deposits		–
Net portfolio investment	*15*	–
Net investment of cash flows		–

The syndicate operates on a funds withheld basis. Consequently there are no movements in cash, portfolio investments and financing.

1.1 Basis of Preparation and Statement of Compliance

These financial statements have been prepared under the 2008 Regulations and in accordance with the Syndicate Accounting Byelaw (No.8 of 2005) and applicable accounting standards in the United Kingdom. Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and Financial Reporting Standard 103 'Insurance Contracts' (FRS 103) have been applied to the extent that they are relevant for a proper understanding of the underwriting year accounts.

The Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) requires the aggregation of movements in each of the three calendar years' for any Underwriting Year account. For 2013's Underwriting Year Distribution Account each calendar year result is aggregated using the relevant years' average rate for each item in the income statement.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2013 year of account which has been closed by reinsurance to close at 31 December 2015; consequently the statement of financial position represents the assets and liabilities of the 2013 year of account and the income statement and the statement of cash flows reflect the transactions for that year of account during the three year period until closure.

As each syndicate year of account is a separate annual venture, comparatives are not required to be disclosed.

An RITC is a reinsurance which closes a year of account and transfers the responsibility for discharging all the liabilities that attach to that year of account (and any year of account closed into that year) plus the right to any income due to the closing year of account into an open year of account of the same or a different syndicate in return for a premium.

Effective at each year-end 31 December, the RITC process means that all assets and liabilities have been transferred to a reinsuring year of account. To this extent, the risks that the syndicate is exposed to in respect of the reported financial position and financial performance are significantly less than those relating to the open years of account as disclosed in the syndicate Annual Accounts. Accordingly, these underwriting year accounts do not include the associated risk disclosures required by section 34 of FRS 102 and section 4 of FRS 103. Full disclosures relating to these risks are provided in the main Annual Accounts of the Syndicate. In addition, certain other disclosure requirements under FRS 102 and FRS 103, such as the disclosure of a Statement of Changes in Members' Balances, have not been provided as we believe they are not required for a proper understanding of the underwriting year accounts.

The functional currency is US dollars but the financial statements are prepared in sterling which is the presentational currency of the syndicate and rounded to the nearest £'000. As permitted by FRS 103 the syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

Syndicate 6103 operates on a funds withheld basis with Syndicate 2791 which cedes business under a quota-share treaty to Syndicate 6103.Syndicate 2791 is also managed by the managing agent, MAP. Syndicate 6103 holds no cash or investments. All the syndicate's funds are held by Syndicate 2791 which makes payments of liabilities on Syndicate 6103's behalf. Debtors and creditors between the syndicates are grossed up in the syndicate statement of financial position and upon the closure of each year of account, normally after 36 months, the assets and liabilities of that closing year are netted off as part of the commutation settlement with Syndicate 2791.

1.2 Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. It should however be noted that upon Reinsurance to Close (RITC) the uncertainties are transferred to the accepting year of account of Syndicate 2791.

The following are the Syndicate's key sources of estimation uncertainty:

Insurance contract technical provisions (reinsurance to close premium payable)

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson methods and individual reserving at contract level.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported (IBNR) at the statement of financial position date based on statistical methods.

1.2 Judgements and Key Sources of Estimation Uncertainty *continued*

Insurance contract technical provisions (reinsurance to close premium payable) *continued*

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

The two most critical assumptions 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 for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. In addition where losses are not settled until several years after the expiration of the policy in question, the estimates are considered to be more volatile and consequently are subjected to additional management judgemental prudence adjustments. The methods used, and the estimates made, are reviewed regularly.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements. The main assumption underlying these estimates is that past premium development can be used to project future premium development.

Estimates include an element of judgement with regard to the level of claims affected future premiums receivable by the syndicate. The methods used for assessing future premiums generally involve projecting from past experience, based on the development of claims and the related inwards premiums receivable against these claims. The directors consider the estimates of gross future premium are fairly stated on the basis of the information available currently to them. However, the ultimate receivable will vary as a result of subsequent information or events and this may result in significant adjustments. The estimated premium income in respect of facility contracts, for example binding authorities and lineslips, includes an estimate of the underlying business attaching to each facility at the statement of financial position date.

Expense provisions – Unallocated loss adjustment provisions and legal provisions

Estimates of future expenses to be incurred in respect of settlement transaction costs and administrating or adjusting expenses in respect of claim provisions are made at each statement of financial position date if applicable. The main assumptions underlying these provisions are direct claim administration costs are as budgeted, inflation rates will be in line with historical rates and claim payment patterns reflect historical experience by line of business. Expense provisions are also made in respect of legal disputes anticipated to be incurred in the normal course of business defending the syndicate position. These provisions are based on historical average costs or direct individual case estimates.

Changes in assumptions, quantum or complexity of future claims can affect the value of these provisions.

2. Accounting Policies

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium.

Insurance contracts

An insurance contract (including inwards reinsurance contract) is defined as a contract containing significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause the syndicate to pay significant additional benefits in any scenario. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year of account. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified. Premiums are treated as fully earned and are disclosed before the deduction of taxes or duties levied on them.

2. Accounting Policies *continued*

Acquisition costs

The syndicate is not charged with acquisition costs and has no deferred acquisition costs.

Reinsurance premium ceded

Outwards reinsurance purchased consists of high excess Industry Loss Warranty (ILW) contracts. Initial excess of loss premiums are accounted for in the year of inception. Premiums ceded to reinstate reinsurance cover or additional premiums payable on loss are recognised when they may be assessed with reasonable certainty.

Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to close premium payable

The reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported) net of estimated collectable reinsurance recoveries relating to the closed year of account.

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

Future unallocated loss adjustment expenses

An accrual for all future unallocated loss adjustment expenses ('ULAE') is made if applicable. The ULAE is comprised of those costs which are related to the settlement of earned claims but which are not directly attributable to individual claims. ULAE expenses are undiscounted and include the expenses of managing the run-off of the business on the basis the business is a going concern. Costs of administration of the reinsurance programme are included in the gross ULAE. Separate reserves are established for each year of account.

Legal provisions

The syndicate may be subject to legal disputes, in the normal course of business. Provisions for such events and their related costs are recognised where there is an expected present obligation relating to a past event or evidence exists of the requirement for a general provision that can be measured reliably and it is probable that an outflow of economic benefit will be required to settle an obligation.

Insurance receivables and payables

Insurance receivables and payables are recognised when due and measured on initial recognition at the fair value of the consideration received. They are derecognised when the obligation is settled, cancelled or expired.

Bad debt

Bad debts are provided for only where specific information becomes available to suggest a debtor may be unable or unwilling to settle its debts to the syndicate. Specific information may be directly attributed to the debtor company or may be indirect information from a rating agency or other source. The provision is calculated on a case by case basis.

Foreign currency translation

Financial reporting Standard 102 requires each entity to identify its functional currency and a presentational currency. The functional currency is identified as the currency of the primary economic environment in which the entity operates. The functional currency of this Syndicate is US dollars as the majority of the underwriting business, cash flows and expenses are in US dollars. We have chosen to maintain our presentational currency as Sterling as the Syndicate is based in the UK, complies with UK reporting standards and to enable simpler comparisons to other Lloyds's insurance syndicates.

The Syndicate records transactions in four settlement currencies being Sterling, US dollars, Canadian dollars and Euros and when reported these currencies are translated in the income statement at the average rates of exchange for each calendar year of the 36 month period respectively. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

As permitted by FRS103, the Syndicate has continued with its existing accounting policy to treat non-monetary assets and liabilities arising from insurance contracts (which include items such as unearned premiums and deferred acquisition costs) the same as monetary assets and liabilities. Consequently all assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date or if appropriate at the forward contract rate.

Exchange differences from Sterling, Canadian dollars and Euros arising from the retranslation of opening balances and between average and year-end rates to the functional currency are included in the general business non-technical account.

Exchange differences from the functional currency (US dollars) arising from the retranslation of opening balances and between average and year-end rates to the presentational currency are included in the statement of comprehensive income.

NOTES TO THE ACCOUNTS

continued

2 Accounting Policies *continued*

Foreign currency translation continued

All other exchange differences are within operating expenses.

Where Canadian dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where US dollars relating to the profit or loss of a closed underwriting account are bought or sold by the syndicate on behalf of the members on that year, any exchange profit or loss accrues to those members.

The following rates of exchange to Sterling have been used in the preparation of these accounts.

	Year end rate		Average rates during	
	2015	2015	2014	2013
USD	1.47	1.53	1.65	1.56
CAD	2.05	1.95	1.82	1.61
EUR	1.36	1.38	1.24	1.18

Investments

The syndicate does not hold any investments or derivatives.

Investment return

Investment return comprises an allocation, calculated on the monthly average of the Total Funded Paid Experience balance with Syndicate 2791 (equivalent to the premiums received, claims paid, ceding commission, interest expenses and income). This return is equal to the rate of investment return on its Credit for Reinsurance Fund for US dollar denominated balances achieved by Syndicate 2791 on its invested funds during the relevant month. Interest on other currency positive balances is credited at rates achieved by Syndicate 2791 on those currencies for the relevant month.

If the average balance is negative, an interest expense is calculated on the monthly average at the relevant currency six month duration Treasury Bill rate plus 1.5%. The whole of the return is treated as investment income

Allocation of investment return

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments are generated by insurance related assets.

Operating expenses

All current and future syndicate expenses at the statement of financial position date, including audit fees, are charged to and borne by Syndicate 2791 for which the syndicate is charged a ceding commission of 5% of gross premiums written. Personal expenses (Lloyd's subscriptions and central fund), which are charged to Syndicate 2791 are covered by an overriding commission of 1% of gross premiums written.

Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the statement of financial position under the heading 'debtors'. No provision has been made for any overseas tax payable by members on underwriting results.

Profit commission

Profit commission is charged by the managing agent at a rate of 15%. This is charged to the syndicate as incurred on an earned basis but does not become payable until after the year of account closes, normally at 36 months.

3. Segmental Analysis

All the syndicate's business, as set out in the technical account, is classified as reinsurance accepted and all premiums were concluded in the UK. The geographical destination of the reinsurance premiums is the USA.

4. Movement in Underwriting Reserves

The following table reconciles the reinsurance to close in the Income Statement to the Statement of Financial Position:

	Reserves at average rates £'000	Exchange to closing rate £'000	Closing RITC £'000
2013 pure			
Change in three year period	(193)	95	(98)
	(193)	95	(98)

5. Reinsurance to Close Premium Payable

	2013 pure £'000
Gross and net outstanding claims	27
Provision for gross and net claims incurred but not reported	71
Net premium for reinsurance to close	98

The reinsurance to close is effected to the 2014 year of account of Syndicate 2791.

6. Net Operating Expenses

	£'000
Outwards profit commission	(2,586)
Other administrative expenses	(1,193)
	(3,779)

Other administrative expenses comprise Lloyd's subscriptions, central fund contributions and the ceding commission payable to Syndicate 2791 in accordance with the terms of the contract. All other syndicate expenses, including audit fees, are charged to and borne by Syndicate 2791 for which the syndicate is charged a ceding commission of 5% of gross premiums written. Personal expenses are also charged to Syndicate 2791 but these are covered by an equivalent charge of 1% of gross premiums written.

7. Staff Numbers and Costs

All staff are employed by the managing agent. No recharge of payroll costs or in respect of directors' remuneration is made specifically to the syndicate – all such charges are made to Syndicate 2791 and covered by the ceding commission. Profit related remuneration in respect of all directors and staff is wholly paid and borne by the managing agent.

8. Exchange Gains and Losses

Exchange differences on foreign currency translation arise as follows:

	£'000
On 2013 balances brought forward at 1 January 2015: from opening to closing rates	1,043
On transactions during 2015: from average to year end rates	10
	1,053
Represented by:	
US dollar functional currency exchange gains and losses	3
Exchange differences on foreign currency translation	1,050
	1,053

9. Balance on the Technical Account – General Business

All income and expenses relate to the 2013 pure year of account.

10. Investment Income

	£'000
Investment income	588

11. Debtors

	£'000
Arising out of reinsurance operations	21,482
Members' agents' fees advances	299
	21,781

12. Amounts Due to Members

	£'000
Profit for the 2013 closed year of account due to members at 31 December 2015	15,708

13. Other Creditors

	£'000
Arising out of reinsurance operations	2,534
Profit commissions	2,772
Inter-syndicate loans	669
	5,975

14. Reconciliation of Operating Profit to Net Cash Inflow

	£'000
Operating profit on ordinary activities for the closed year of account	15,708
(Increase) in debtors, prepayments and accrued income	(21,781)
Increase in creditors, accruals and deferred income	5,975
Net cash inflow from operating activities	(98)
Net reinsurance to close premium payable	98
Net cash inflow	–

15. Movement in Opening and Closing Portfolio Investments Net of Financing

The syndicate has no portfolio investments and consequently there are no movements in cash, portfolio investments and financing.

16. Related Parties

All the syndicate's transactions, including the reinsurance to close, are with or via Syndicate 2791, which is also managed by the managing agent, MAP.

All business ceded by Syndicate 2791 is accepted on an arm's length basis and the main terms of the reinsurance contract are set out in the Report of the Directors of the Managing Agent.

The managing agent, MAP, is a wholly owned subsidiary of Managing Agency Partners Holdings Limited, the equity of which is 90.1% owned by MAP Equity Limited, a company that is owned by an employee share trust and the staff of the managing agency and syndicate.

The following transactions between the syndicates occurred for the 2013 year of account:

	£'000
Premiums ceded	19,393
Paid claims recovered	(1,354)
Ceding commission	(991)
Overriding commission	(202)
Investment income receivable	588
Reinsurance to close premium	(193)

The balance owed by Syndicate 2791 to Syndicate 6103 at the end of the period is £15.7m and will be settled through the distribution process.

16. Related Parties *continued*

The directors' interests in the ordinary share capital of MAP Equity Limited, which has an issued share capital of 250,000 £1 shares, at the statement of financial position date were as follows:

	A Shares (voting)	B Shares (non-voting)
R K Trubshaw	33,000	–
A Kong	22,000	–
J D Denoon Duncan	–	8,333
B S McAuley	–	13,500
C J Smelt	5,000	2,500
R J Sumner	–	10,000

Messrs. Shipley, Denoon Duncan, Kong, Trubshaw, Sumner, Smelt and Ms McAuley, or their related parties, participate on Syndicate 6103 via a dedicated, but unaligned to the managing agent, corporate member Nomina No. 208 LLP.

Nomina No. 208 LLP commenced underwriting on the 2007 year of account. For the 2013 year of account Nomina No. 208 LLP provided £1.47m of capacity on Syndicate 6103 representing 3.6% of capacity. MAP has no direct interest in the share capital of Nomina No. 208 LLP.

Messrs. Shipley, Kong, Trubshaw, Sumner and Smelt, or their related parties, also participate on Syndicate 6103 via MAP Capital Limited (MCL) which commenced underwriting on the 2013 year of account. For the 2013 year of account MCL provided £2.7m of capacity on Syndicate 6103 representing 6.6% of capacity.

Profit commission of £2.8m (at closing rates of exchange) is due to MAP in respect of the profit of the 2013 closed year.

There are no other transactions or arrangements requiring disclosure.

SYNDICATE 6103

Annual Report and Accounts
31 December 2015

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Managing Agent
Managing Agency Partners Limited (MAP)

Directors
C E Dandridge (Non-executive)
J D Denoon Duncan
H R Dumas (Non-executive) (resigned 10 November 2015)
A S Foote (Non-executive)
A Kong
B S McAuley
A J T Milligan (Non-executive) (appointed 10 November 2015)
D E S Shipley (Non-executive Chairman)
C J Smelt
R J Sumner
R K Trubshaw (Active Underwriter)

Company Secretary
B S McAuley

Managing Agent's Registered Office
Fitzwilliam House
10 St. Mary Axe
London
EC3A 8EN

Managing Agent's Registration
Registered in England; number: 03985640

SYNDICATE

Active Underwriter
R K Trubshaw

Registered Auditors
Ernst & Young LLP, London

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

The principal activity of the syndicate is that of writing reinsurance business.

This annual report is prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ('the 2008 Regulations').

The syndicate commenced underwriting for the 2007 year of account. For all years its business was written by way of a 30% quota share, (except for a 40% quota share in 2009, a 20% quota share in 2014 and currently a 10% quota share in 2015), of all US property catastrophe business (other than terrorism and retrocession business) written by Syndicate 2791. Worldwide business may be written, as long as the predominant exposure is the United States.

The syndicate is charged a 5% ceding commission and an overriding commission of 1% of gross premiums written under the contract, to cover administration expenses, Lloyd's levies and subscriptions borne by Syndicate 2791. The syndicate does not pay any brokerage costs. A profit commission of 15% of any underwriting profit is payable to the managing agent. The syndicate has not purchased any reinsurance protection in 2014 or 2015. The maximum net exposure appetite is managed to 125% of capacity, after reinstatement premium, in any one of Lloyd's mandated Realistic Disaster Scenarios.

During 2015, the syndicate has accepted premiums amounting to £4.7m (2014: £8.9m) and paid ceding commission of £0.2m (2014: £0.4m) and overriding commission of £13k (2014: £18k) to Syndicate 2791. All the syndicate's funds are held by Syndicate 2791 which makes payments of liabilities on the syndicate's behalf. The syndicate has been credited with £0.2m (2014: £0.8m) in respect of interest on funds held by Syndicate 2791. The rates of interest credited on credit balances to the syndicate are those achieved by Syndicate 2791 on its own funds and the rates charged on debit balances are relevant currency six month duration Treasury Bills rates +1.5%.

UNDERWRITER'S REPORT

A Review of the Calendar Year Result

These financial statements are prepared focusing on the calendar year results under UK Generally Accepted Accounting Practice (GAAP) for insurance companies.

The 2015 calendar year produced an annually accounted profit of £3.7m (2014: £9.2m) on net earned premiums of £5.1m (2014: £9.6m). All the syndicate's business comprises US property catastrophe risks. The net combined ratio was 30.7% (2014: 13.1%).

Movement on underwriting years of account during the 2015 calendar year

	2013 £'000	2014 £'000	2015 £'000	**Total £'000**	2014 £'000
Gross written premium	57	30	4,636	**4,723**	8,943
Net premium earned	57	707	4,311	**5,075**	9,634
Net claims incurred	34	186	(874)	**(654)**	829
Operating expenses	(12)	(137)	(754)	**(903)**	(2,090)
Investment income	165	64	(4)	**225**	835
US dollar functional currency exchange gains and losses	4	2	1	**7**	9
Annual accounted profit	248	822	2,680	**3,750**	9,217
Currency translation differences	902	378	109	**1,389**	1,644
Total comprehensive income	**1,150**	**1,200**	**2,789**	**5,139**	10,861
As previously reported	14,558	5,627	–	**20,185**	17,343
Cumulative pure year result	**15,708**	**6,827**	**2,789**	**25,324**	28,204
Net annual accounting ratios:					
Claims ratio				**12.9%**	(8.6)%
Expense ratio				**17.8%**	21.7%
Combined ratio				**30.7%**	13.1%

UNDERWRITER'S REPORT *continued*

A Review of the Calendar Year Result *continued*

The written premium in the calendar year all falls within the property reinsurance classification maintained by the syndicate.

	2015 Gross written £'000	**2015 Net written £'000**	2014 Gross written £'000	2014 Net written £'000
Property reinsurance	**4,723**	**4,723**	8,943	8,943

There are no non-financial key performance indicators relevant to the specific circumstances of this syndicate.

2015 Overview

The downwards slide in terms and conditions continued, such that we took the decision to halve the percentage cession to 10%, and reduce the Stamp to £12.5m. No reinsurance was purchased for the 2015 year of account.

In consequence our gross premium was half of that earned in 2014, although given the absence of any meaningful catastrophic activity the year was once again profitable.

2016 Trading Conditions

The Syndicate is effectively in hibernation: should there be a shift in market conditions we would likely seek to gear it back up to historic levels, but in the meantime it is only a nominal spend for the host Syndicate 2791. We are down to a core reinsurance book of mainly Regional carriers, on many of which we enjoy long-standing relationships, which have proved profitable throughout the cycle. It is pleasing to note that since its inception in 2007 the Syndicate has generated over £87m of profit for its members at an average return on Stamp capacity of 34%. There is no intention to gamble this legacy away.

FINANCIAL REPORT

Investment Return

The investment return is represented by the syndicate's share of income earned by Syndicate 2791 on balances (underwriting, non-technical and statement of financial position funding) received or paid on Syndicate 6103's behalf. Income receivable or chargeable is calculated monthly on average balances actually received or paid by Syndicate 2791 at relevant rates for each currency, as set out in the reinsurance agreement.

The investment return contributed £0.2m (2014: £0.8m) to the annual result.

The syndicate undertakes no lending of securities and does not undertake exchange rate management.

Currency Translation Differences

Whilst virtually all of the syndicate's assets are held in US dollars the results are published in Sterling. The result of this is that changes in the £:US dollar exchange rate can alter the reported Sterling results. However, capital providers receive distributions virtually all in US dollars only, therefore the accounting exchange movement booked has no effect on the currency distributions to capital providers.

The accounting exchange profit for the year is £1.4m (2014: £1.6m). This principally reflects the US dollar strengthening against Sterling from the opening rate of 1.56 to the current year end rate of 1.47 as further set out in note 10.

Reinsurance

During the period no outwards reinsurance has been purchased.

FINANCIAL REPORT *continued*

Solvency Capital Requirement

The Syndicate is required to produce a Solvency Capital Assessment (SCR) which sets the capital required to be held by the members of the syndicate for the prospective underwriting year. Lloyd's syndicate SCR's are combined to provide the basis of the Lloyd's internal model which the Prudential Regulatory Authority approved in December 2015.

The capital set by each syndicate is required to reflect the risks contained within each business. Lloyd's reviews and through its Capital and Planning Group approves these assessments to ensure syndicate SCRs are appropriate and consistent across the market. Lloyd's requires an uplift to syndicate SCR's to provide a margin to meet its own financial strength, licence and ratings objectives. An SCR including the margin is known as the Economic Capital Requirement (ECR) and Lloyd's allocates the ECR required down to each individual member.

The syndicate current capital assessment has been established using our internal Solvency II model which has been run within the capital regime as prescribed by Lloyd's. The internal model uses sophisticated mathematical models reflecting key risks within the syndicate. The risks are principally Insurance (catastrophes, pricing and reserving), Market (equity, liquidity, currency, interest rate and spread), Credit (brokers, investment and reinsurance) and Operational.

The following table sets out the syndicate's ECR

	Prospective year 2016 £m	Prospective year 2015 £m
6103	35.1	30.8

ECR capital is provided by the members of the syndicate as a mixture of syndicate own funds (retained profits) set under Solvency II regulations plus additional contributed assets held and managed by Lloyd's of London, known as Funds at Lloyd's or FAL.

Future developments & important events since the end of the financial year

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

Research and development

The Syndicate has not participated in any research and development activity during the period.

RISK MANAGEMENT

We have established a risk management framework whose primary objective is to protect the syndicate from events which negatively impact current and future returns. Further information is disclosed in note 20 to the financial statements.

Principal Risks and Uncertainties

Syndicate 6103 accepts business under a funds withheld reinsurance contract with Syndicate 2791. The majority of the principal risks applying to Syndicate 6103 are managed within Syndicate 2791.

Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover, that the frequency or severity of insured events will be higher than expected, or that estimates of claims subsequently prove to be insufficient. Underwriting strategy is agreed by the Board and set out in the Syndicate Business Plan which is submitted to Lloyd's each year. Processes are in place to identify, quantify and manage aggregate exposures and technical prices within each of our underwriting classes. Reinsurance may be purchased, where appropriate to our risk appetite and to reduce the retained financial impact of catastrophic loss. Reserves set are subject to stress testing and independent review.

Credit risk

Credit risk is the risk of default or the inability of one or more of the syndicate's reinsurers or brokers to settle their debts as they fall due. For the 2013 year of account, the syndicate has purchased reinsurance placed with security that meets the criteria agreed by the Board. Use is made of independent rating agencies. Business is only accepted through accredited Lloyd's brokers who are reviewed by the Agency's Security Committee.

Liquidity risk

This is the risk that the syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. Liquidity management forms an important part of the financial management practices of the syndicate. Cash flow projections and budgetary controls are maintained and reported upon to the Board.

RISK MANAGEMENT *continued*

Principal Risks and Uncertainties *continued*

Market risk

Market risk is the potential adverse financial impact of changes in value of financial instruments caused by fluctuations in foreign currency, interest rates or equity prices. The potential impact of market risk elements is reported to the Board and the potential financial impact of changes in market value is monitored through the capital setting process.

Foreign currency exchange risk

We operate from the United Kingdom but all our premiums and claims are settled in currencies other than Sterling. Our reported financial results are denominated in Sterling and are therefore affected by the exchange rate against Sterling of our main currency assets (US dollars, Euros and Canadian dollars). The syndicate will settle its surplus assets in US dollars as each underwriting year closes or earlier if a solvency transfer is approved. We do not therefore seek to hedge the US dollar exposure. Other currencies are tracked against Sterling to ensure the amount of exposure is monitored and if needed appropriate action taken.

Interest rate risk

Interest rate risk is the potential adverse financial impact of changes in value of assets and liabilities caused by rising and falling market interest rates. For example debt and fixed income securities are exposed to actual fluctuations or changes in market perception of current or future interest rates. Exposure to interest rate risk is monitored through the use of Value-at-Risk analysis, scenario testing, stress testing and duration reviews. Interest rate risk is managed by matching of assets and liabilities to within five years.

Operational risk

Operational risk is the potential adverse financial and reputational impact of inadequate or failed internal processes, people and systems or from external events. An 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 risks. These controls have been monitored by Senior Management and the Board whilst their ongoing effectiveness is validated through both the ongoing risk assessment and internal audit process.

Regulatory risk

The agency is required to comply with the requirements of the Prudential Regulation Authority (PRA), the Financial Conduct Authority (FCA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The agency has a director of risk and assurance who monitors regulatory developments and assesses the impact on agency policy. She is supported by two assistants who carry out a compliance monitoring programme.

CORPORATE GOVERNANCE

Directors and Directors' Interests

The Directors of the managing agent who served during the year ended 31 December 2015 together with their participations on the syndicate were as follows:

	2015 year of account £'000	2014 year of account £'000
C E Dandridge	**-**	–
J D Denoon Duncan*	**25**	61
H R Dumas (Non-executive) (resigned 10 November 2015)	**-**	–
A S Foote (Non-executive)	**-**	–
A Kong*	**98**	231
B S McAuley*	**39**	98
A J T Milligan (Non-executive) (appointed 10 November 2015)	**-**	–
D E S Shipley (Non-executive Chairman)*	**168**	413
C Smelt*	**83**	188
R J Sumner*	**52**	135
R K Trubshaw (Active Underwriter)*	**277**	682

*Participate via Nomina 208 LLP, an unaligned corporate member and/or MAP Capital Limited.

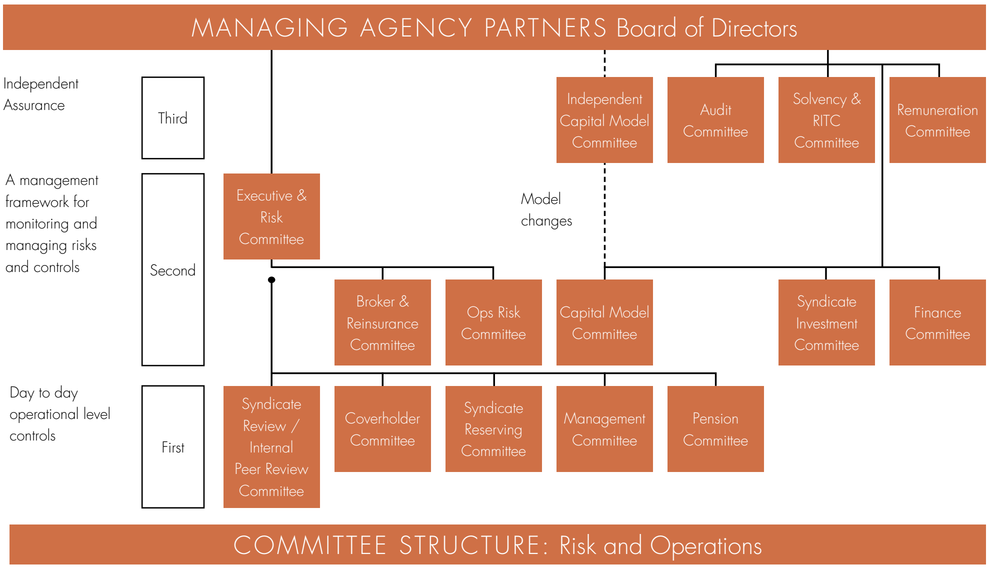
The total capacity of the 2015 year of account of the syndicate was £12.46m (2014: £29.99m).

CORPORATE GOVERNANCE *continued*

Governance Framework

The directors recognise the critical importance of having efficient and effective risk management systems in place. The Managing Agent has established a risk management function for the Syndicate with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A risk management framework which sets out the risk profiles for the Syndicate, risk management, control and business conduct standards for the Syndicate's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Syndicate. The board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate goals, and specify reporting requirements. Significant emphasis is placed on assessment and documentation of risks and controls, including the articulation of 'risk appetite'.

MAP operates a three lines of defence approach to the overall governance of its operations. The first line of defence is the day to day operational level controls; the second line of defence being a framework for monitoring and managing risks and controls; and the third being independent challenge through oversight committees independent of the Executive or assurance review through the Internal Audit Function. This is depicted in the following Committee Structure diagram:



Reappointment of Auditors

Ernst & Young LLP are deemed to be reappointed as the syndicate's auditors.

Disclosure of Information to the Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

As permitted under the Syndicate Meetings (Amendment No.1) Byelaw (No.18 of 2000) MAP does not propose holding a Syndicate Annual General Meeting of the members of the Syndicate. Members may object to this proposal or the intention to reappoint the auditors within 21 days of the issue of these accounts. Any such objection should be addressed to B S McAuley, Compliance Director at the registered office of Managing Agency Partners Limited.

By order of the Board

R K Trubshaw
Active Underwriter
Managing Agency Partners Limited
London

B S McAuley
Secretary

11 March 2016

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the syndicate annual accounts in accordance with applicable law and regulations.

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

In preparing the syndicate annual accounts, the managing agent is required to:

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Syndicate 6103

We have audited the syndicate annual accounts of syndicate 6103 ('the syndicate') for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts',

This report is made solely to the syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 28, the managing agent is responsible for the preparation of syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate annual accounts

An audit involves obtaining evidence about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable assurance that the syndicate annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate annual accounts. In addition, we read all the financial and non-financial information in the Syndicate 6103 Annual Report and Accounts to identify material inconsistencies with the audited syndicate annual accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on syndicate annual accounts

In our opinion the syndicate annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

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

In our opinion the information given in the Managing Agent's Report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts.

Matters on which we are required to report by exception

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

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

Ben Gregory (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 March 2016

INCOME STATEMENT TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Earned premiums, net of reinsurance					
Gross premiums written	3		**4,723**		8,943
Outward reinsurance premiums			**–**		–
Net premiums written			**4,723**		8,943
Change in the provision for unearned premiums					
Gross amount	4	**352**		966	
Reinsurers' share	4	**–**		(275)	
Change in the net provision for unearned premiums			**352**		691
Earned premiums, net of reinsurance			**5,075**		9,634
Allocated investment return transferred from the non-technical account			**225**		835
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	3	**(708)**		(2,034)	
Reinsurers' share		**–**		–	
Net claims paid		**(708)**		(2,034)	
Change in the provision for claims					
Gross amount	3,5	**54**		2,863	
Reinsurers' share	5	**–**		–	
Change in the net provision for claims		**54**		2,863	
Claims incurred, net of reinsurance			**(654)**		829
Ceding and overriding commission		**(241)**		(464)	
Administrative expenses		**(662)**		(1,626)	
Net operating expenses	3,6		**(903)**		(2,090)
Balance on the technical account for general business			**3,743**		9,208

All operations are continuing.

INCOME STATEMENT NON-TECHNICAL ACCOUNT

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Balance on the general business technical account		**3,743**	9,208
Investment income	*8*	**225**	835
Allocated investment return transferred to general business technical account		**(225)**	(835)
US dollar functional currency exchange gains and losses		**7**	9
Profit for the financial year		**3,750**	9,217

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Profit for the financial year		**3,750**	9,217
Exchange differences on foreign currency translation	*10*	**1,389**	1,644
Total comprehensive income for the year		**5,139**	10,861

STATEMENT OF CHANGES IN MEMBERS' BALANCES

for the year ended 31 December 2015

Reconciliation of Members' Balances	2015 £'000	2014 £'000
Members' balances brought forward at 1 January	**28,204**	23,228
Profit for the financial year	**3,750**	9,217
Exchange rate difference – transfer from the Statement of Comprehensive Income	**1,389**	1,644
Payments of profit to members' personal reserve funds via Syndicate 2791 for the 2012 (2011) year of account	**(7,764)**	(5,646)
Members' agents fees for the 2012 (2011) year of account	**(255)**	(239)
Members' balances carried forward at 31 December	**25,324**	28,204

Members participate on syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a participation.

STATEMENT OF FINANCIAL POSITION ASSETS

at 31 December 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
Reinsurers' share of technical provisions					
Provision for unearned premiums	4	–		–	
Claims outstanding	5	–		–	
			–		–
Debtors					
Debtors arising out of reinsurance operations	11	36,543		57,127	
Other debtors	12	750		889	
			37,293		58,016
Total assets			37,293		58,016

STATEMENT OF FINANCIAL POSITION LIABILITIES

at 31 December 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
Capital and reserves					
Members' balances			25,324		28,204
Technical provisions					
Provision for unearned premiums	4	338		665	
Claims outstanding	5	953		5,119	
			1,291		5,784
Creditors					
Creditors arising out of reinsurance operations	13	5,054		15,698	
Other creditors	14	5,624		8,330	
			10,678		24,028
Total liabilities			37,293		58,016

The financial statements on pages 30 to 45 were approved by the Board of Managing Agency Partners Limited on 11 March 2016 and were signed on its behalf by:

R K Trubshaw
Active Underwriter

R J Sumner
Finance Director

11 March 2016

STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Note	2015 £000	2014 £'000
Operating profit on ordinary activities		**3,750**	9,217
Decrease in gross technical provisions		**(4,493)**	(3,900)
Decrease in reinsurers' share of gross technical provisions		**-**	273
Decrease in debtors		**20,723**	6,525
Decrease in creditors		**(13,350)**	(7,874)
Investment return		**(225)**	(835)
Exchange differences on foreign currency translation		**1,389**	1,644
Members' agents' fee advances		**(255)**	(239)
Net cash inflow from operating activities		**7,539**	4,811
Cash flows from investing activities			
Income accrued from Syndicate 2791		**225**	835
Cash flows from financing activities			
Payments of profits to members in respect of underwriting participations		**(8,048)**	(5,917)
Receipt of losses from members in respect of underwriting participations		**284**	271
Net Cash outflow from financing activities		**(7,764)**	(5,646)
Increase in cash and cash equivalents	*15*	**-**	–
Cash and cash equivalents at 1 January		**-**	–
Exchange differences on opening cash		**-**	–
Cash and cash equivalents at 31 December		**-**	–

1.1 Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The Syndicate transitioned from previously extant UK GAAP to FRS 102 and FRS 103 as at 1 January 2014. An explanation of how transition to FRS 102 and FRS 103 has affected the reported financial position and financial performance is given in Note 23.

The functional currency is US dollars but the financial statements are prepared in sterling which is the presentational currency of the Syndicate and rounded to the nearest £'000. As permitted by FRS 103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

The result for the year is determined on the annual basis of accounting in accordance with UK GAAP.

Syndicate 6103 operates on a funds withheld basis with Syndicate 2791. Syndicate 2791 is also managed by the managing agent, MAP. Syndicate 6103 holds no cash or investments. All the syndicate's funds are held by Syndicate 2791 which makes payments of liabilities on Syndicate 6103's behalf. Debtors and creditors between the syndicates are grossed up in the syndicate statement of financial position and upon the closure of each year of account, normally after 36 months, the assets and liabilities of that closing year are netted off as part of the commutation settlement with Syndicate 2791.

1.2 Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the Syndicate's key sources of estimation uncertainty:

Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson methods and individual reserving at contract level.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported (IBNR) at the statement of financial position date based on statistical methods.

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

The two most critical assumptions 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 for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. 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. In addition where contracts are yet to expire or where losses are not settled until several years after the expiration of the policy in question, the estimates are considered to be more volatile and consequently are subjected to additional management judgemental prudence adjustments. The methods used, and the estimates made, are reviewed regularly.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

1.2 Judgements and Key Sources of Estimation Uncertainty *continued*

Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements. The main assumption underlying these estimates is that past premium development can be used to project future premium development.

Estimates include an element of judgement with regard to the level of claims affected future premiums receivable by the syndicate. The methods used for assessing future premiums generally involve projecting from past experience, based on the development of claims and the related inwards premiums receivable against these claims. The directors consider the estimates of gross future premium are fairly stated on the basis of the information available currently to them. However, the ultimate receivable will vary as a result of subsequent information or events and this may result in significant adjustments.

In addition the most recent underwriting year estimates are considered to be more volatile and consequently are subjected to additional management judgemental prudence adjustments.

The estimated premium income in respect of facility contracts, for example binding authorities and lineslips, includes an estimate of the underlying business attaching to each facility at the statement of financial position date.

Expense provisions – Unallocated loss adjustment provisions and legal provisions

Estimates of future expenses to be incurred in respect of settlement transaction costs and administrating or adjusting expenses in respect of claim provisions are made at each statement of financial position date if applicable. The main assumptions underlying these provisions are direct claim administration costs are as budgeted, inflation rates will be in line with historical rates and claim payment patterns reflect historical experience by line of business.

Expense provisions are also made in respect of legal disputes anticipated to be incurred in the normal course of business defending the syndicate position. These provisions are based on historical average costs or direct individual case estimates.

Changes in assumptions, quantum or complexity of future claims can affect the value of these provisions.

2. Accounting Policies

Insurance contracts

An insurance contract (including inwards reinsurance contract) is defined as a contract containing significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause the syndicate to pay significant additional benefits in any scenario. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year of account. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified.

Differences between such estimates and actual amounts will be recorded in the period in which the actual amounts are determined.

Premiums are disclosed before the deduction of taxes or duties levied on them.

Unearned gross premiums

Written premiums are recognised evenly over the term of the contract for those contracts where the incidence of risk does not vary over the term. Contracts where the incidence of risk differs over the term are earned based on 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 statement of financial position date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Acquisition costs

The syndicate is not charged with acquisition costs and has no deferred acquisition costs.

Reinsurance premium ceded

Outwards reinsurance purchased consists of high excess Industry Loss Warranty (ILW) contracts. Initial excess of loss premiums are accounted for in the year of inception. Premiums ceded to reinstate reinsurance cover or additional premiums payable on loss are recognised when they may be assessed with reasonable certainty.

Unearned reinsurance premium

Reinsurance premiums paid to purchase high excess reinsurance contracts are earned evenly over the period at risk.

2. Accounting Policies *continued*

Claims provisions and related recoveries

Claims paid comprise claims and claim handling expenses paid during the period.

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. The provision for claims outstanding is assessed on an individual case and class basis, as appropriate, and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the statement of financial position date based on statistical methods. Separate reserves are established for each year of account.

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

Future unallocated loss adjustment expenses

An accrual for all future unallocated loss adjustment expenses ('ULAE') is made if applicable. The ULAE is comprised of those costs which are related to the settlement of earned claims but which are not directly attributable to individual claims. ULAE expenses are undiscounted and include the expenses of managing the run-off of the business on the basis the business is a going concern. Costs of administration of the reinsurance programme are included in the gross ULAE. Separate reserves are established for each year of account.

Legal provisions

The syndicate may be subject to legal disputes, in the normal course of business. Provisions for such events and their related costs are recognised where there is an expected present obligation relating to a past event or evidence exists of the requirement for a general provision that can be measured reliably and it is probable that an outflow of economic benefit will be required to settle an obligation.

Insurance receivables and payables

Insurance receivables and payables are recognised when due and measured on initial recognition at the fair value of the consideration received. They are derecognised when the obligation is settled, cancelled or expired.

Bad debt

Bad debts are provided for only where specific information becomes available to suggest a debtor may be unable or unwilling to settle its debts to the syndicate. Specific information may be directly attributed to the debtor company or may be indirect information from a rating agency or other source. The provision is calculated on a case by case basis.

Unexpired risks provision

A provision for unexpired risks may be made, if necessary, where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date exceed unearned premiums and premiums receivable, after the deduction of any deferred acquisition costs.

The assessment of whether an unexpired risk provision is required and if so its quantum is based on information available at the statement of financial position date which may include evidence of relevant previous claims experience on similar contracts. The assessment is not required to take into account of any new claims events occurring after the statement of financial position date as these are non-adjusting events.

The provision for unexpired risks is calculated by reference to classes of business, which are managed on a year of account basis, after taking into account relevant future investment return. The provision for unexpired risks is included in technical provisions in the statement of financial position.

Foreign currency translation

Financial reporting Standard 102 requires each entity to identify its functional currency and a presentational currency. The functional currency is identified as the currency of the primary economic environment in which the entity operates. The functional currency of this Syndicate is US dollars as the majority of the underwriting business, cash flows and expenses are in US dollars. We have chosen to maintain our presentational currency as Sterling as the Syndicate is based in the UK, complies with UK reporting standards and to enable simpler comparisons to other Lloyds's insurance syndicates.

The Syndicate records transactions in four settlement currencies being Sterling, US dollars, Canadian dollars and Euros and when reported these currencies are translated in the income statement at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

2. Accounting Policies *continued*

Foreign currency translation continued

As permitted by FRS103, the Syndicate has continued with its existing accounting policy to treat non-monetary assets and liabilities arising from insurance contracts (which include items such as unearned premiums and deferred acquisition costs) the same as monetary assets and liabilities. Consequently all assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date or if appropriate at the forward contract rate.

Exchange differences from the functional currency (US dollars) arising from the retranslation of opening balances and between average and year-end rates to the presentational currency are included in the statement of comprehensive income.

Exchange differences from Sterling, Canadian dollars and Euros arising from the retranslation of opening balances and between average and year-end rates to the functional currency are included in the general business non-technical account.

All other exchange differences are dealt with in the technical account and included within operating expenses.

The following rates of exchange have been used in the preparation of these accounts.

	2015		2014	
	Year end	**Average**	Year end	Average
USD	**1.47**	**1.53**	1.56	1.65
CAD	**2.05**	**1.95**	1.81	1.82
EUR	**1.36**	**1.38**	1.29	1.24

Investments

The syndicate does not hold any investments or derivatives.

Investment return

Investment return comprises an allocation, calculated on the monthly average of the Total Funded Paid Experience balance (equivalent to the premiums received, claims paid, ceding commission, interest expenses and income). This return is equal to the rate of investment return achieved by Syndicate 2791 on its invested funds during the relevant month and is equal to the gross return on its Credit for Reinsurance Fund for US dollar denominated balances. Interest on other currency positive balances is credited at rates achieved by Syndicate 2791 on those currencies for the relevant month.

If the average balance is negative, an interest expense is calculated on the monthly average at the relevant currency six month duration Treasury Bill rate plus 1.5%. The whole of the return is treated as investment income.

Allocation of investment return

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Operating expenses

All current and future syndicate expenses at the statement of financial position date, including audit fees, are charged to and borne by Syndicate 2791 for which the syndicate is charged a ceding commission of 5% of gross premiums written. Personal expenses (Lloyd's subscriptions and central fund), which are charged to Syndicate 2791 are covered by an overriding commission of 1% of gross premiums written.

Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the statement of financial position under the heading 'other debtors'.

No provision has been made for any overseas tax payable by members on underwriting results.

Profit commission

Profit commission is charged by the managing agent at a rate of 15%. This is charged to the syndicate as incurred on an earned basis but does not become payable until after the appropriate year of account closes, normally at 36 months.

3. Segmental Analysis

All the syndicate's business, as set out in the technical account, is classified as reinsurance accepted and all premiums were concluded in the UK.

The geographical situs of the risks reinsured is principally the USA.

4. Provision for Unearned premiums

	Gross £'000	Reinsurers' share £'000	Net £'000
At 1 January 2015	665	–	665
Premiums written in year	4,723	–	4,723
Premiums earned in year	(5,075)	–	(5,075)
Foreign Exchange	25	–	25
At 31 December 2015	**338**	**–**	**338**
At 1 January 2014	1,585	(273)	1,312
Premiums written in year	8,943	–	8,943
Premiums earned in year	(9,909)	275	(9,634)
Foreign Exchange	46	(2)	44
At 31 December 2014	**665**	**–**	**665**

5. Claims Outstanding

	Gross £'000	Reinsurers' share £'000	Net £'000
At 1 January 2015	5,119	–	5,119
Claims incurred in current underwriting year	654	–	654
Claims paid during year	(708)	–	(708)
RITC 2012 YOA commuted into Syn 2791	(4,250)	–	(4,250)
Foreign Exchange	138	–	138
At 31 December 2015	**953**	**–**	**953**
At 1 January 2014	8,099	–	8,099
Claims incurred in current underwriting year	(829)	–	(829)
Claims paid during year	(2,034)	–	(2,034)
RITC 2011 YOA commuted into Syn 2791	(445)	–	(445)
Foreign Exchange	328	–	328
At 31 December 2014	**5,119**	**–**	**5,119**

The movement in the net provisions for claims includes a release of £0.3m (2014: £1.7m). The large release last year was as a consequence of favourable development in Superstorm Sandy claims.

6. Net Operating Expenses

All syndicate expenses, including audit fees, are charged to and borne by Syndicate 2791 for which the syndicate is charged a ceding commission of 5% of gross premiums written. Personal expenses (Lloyd's subscriptions and central fund), which are charged to Syndicate 2791, are covered by an overriding commission of 1% of gross premiums written.

A profit commission of 15% of profits for each Underwriting Year of Account is payable to the managing agent.

7. Staff Numbers and Costs

All staff are employed by the managing agent. No recharge of payroll costs for staff or in respect of directors' remuneration is made specifically to the syndicate – all such charges are made to Syndicate 2791 and covered by the ceding commission as set out in note 6.

Any profit related remuneration in respect of all directors and staff is wholly paid and borne by the managing agent.

8. Investment Income

	2015 £'000	2014 £'000
Investment income	**225**	835

9. Calendar Year Investment Yield

	2015 £'000	2014 £'000
Average syndicate funds available for investment held by Syndicate 2791	**26,174**	30,267
Investment return	**225**	835
Analysis of calendar year investment yield by currency:		
US dollars	**0.9%**	2.7%

Other settlement currencies are immaterial.

The syndicate borrowed Sterling to cover its Sterling expenses and interest was paid at an average rate of 1.5% over six month duration Treasury Bills) (2014: 1.5%) during the year.

10. Exchange Differences on Foreign Currency Translation

Exchange differences on foreign currency translation arise as follows:	2015 £'000	2014 £'000
On balances brought forward: from opening to year end rates	**1,242**	1,123
On transactions during 2015: from average to year end rates	**154**	530
US dollar functional currency adjustment	**(7)**	(9)
	1,389	1,644

11. Debtors Arising Out of Insurance Operations

	2015 £'000	2014 £'000
Debtors arising out of reinsurance operations:		
Due within one year	**21,482**	27,321
Due after one year	**15,061**	29,806
	36,543	57,127

12. Other Debtors

	2015 £'000	2014 £'000
Members' agents fees advances:		
Due within one year	**299**	261
Due after one year	**451**	628
	750	889

13. Creditors Arising Out of Insurance Operations

	2015 £'000	2014 £'000
Creditors arising out of reinsurance operations:		
Due within one year	**2,533**	11,853
Due after one year	**2,521**	3,845
	5,054	15,698

14. Other Creditors

	2015 £'000	2014 £'000
Due within one year		
Profit commissions	**2,772**	1,415
Inter-syndicate loans	**669**	2,127
	3,441	3,542
Due after one year		
Profit commissions	**1,697**	3,562
Inter-syndicate loans	**486**	1,226
	2,183	4,788
	5,624	8,330

15. Movement in Opening and Closing Portfolio Investments Net of Financing

The syndicate has no portfolio investments and consequently there are no movements in cash, portfolio investments and financing.

16. Related Parties

All the syndicate's transactions, including the reinsurance to close, are with or via Syndicate 2791, which is also managed by the managing agent, MAP. All business ceded by Syndicate 2791 is accepted on an arm's length basis and the main terms of the reinsurance contract are set out in the Report of the Directors of the Managing Agent.

During 2015, the following transactions between the syndicates occurred:

	2015 £'000	2014 £'000
Premiums receivable	**4,723**	8,943
Paid claims	**(708)**	(2,034)
Ceding commission	**(228)**	(446)
Overriding commission	**(13)**	(18)
Net interest received	**225**	835
Reinsurance to close premium – 2013 (2012) year of account	**(193)**	(4,008)
Balance owed by Syndicate 2791 to Syndicate 6103 at the end of the period:		
Due within one year	**15,708**	8,019
Due after one year	**9,616**	20,185

Profit commission of £0.7m (2014: £1.6m) is due to the managing agent in respect of the results for this calendar year.

MAP is a wholly owned subsidiary of Managing Agency Partners Holdings Limited, the equity of which is 90.1% owned by MAP Equity Limited, a company that is owned by an employee share trust and the staff of the managing agency and syndicate.

The directors' interests in the ordinary share capital of MAP Equity Limited, which has an issued share capital of 250,000 £1 shares, during 2015, were as follows:

	A Shares (voting)	A Shares (non-voting)
R K Trubshaw	33,000	–
A Kong	22,000	–
J D Denoon Duncan	–	8,333
B S McAuley	–	13,500
C J Smelt	5,000	2,500
R J Sumner	–	10,000

Messrs. Shipley, Denoon Duncan, Kong, Trubshaw, Sumner, Smelt and Ms McAuley, or their related parties, participate on Syndicate 6103 via a dedicated, but unaligned to the managing agent, corporate member, Nomina No. 208 LLP. Nomina No. 208 LLP commenced underwriting on the 2007 year of account. For the 2015 year of account Nomina No. 208 LLP provided £0.6m (2014: £1.47m) of capacity on Syndicate 6103 representing 4.7% (2014: 4.9%) of capacity. MAP has no direct or indirect interest in Nomina No. 208 LLP.

16. Related Parties *continued*

Messrs. Shipley, Kong, Trubshaw, Sumner, and Smelt, or their related parties, also participate on Syndicate 6103 via MAP Capital Limited (MCL) which commenced underwriting on the 2013 year of account. For the 2015 year of account MCL provided £1.16m (2014: £1.85m) of capacity on Syndicate 6103 representing 9.3% (2014: 6.2%) of capacity.

There are no other transactions or arrangements requiring disclosure.

17. Funds at Lloyd's

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

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

18. Events After the Reporting Period

In accordance with the reinsurance contract with Syndicate 2791, the 2013 Year of Account will be commuted. An RITC will be effected with Syndicate 2791 and the reserves carried for the 2013 Year of Accounting (amounting to £0.1m) transferred to that syndicate in 2016.

19. Items not Disclosed in the Statement of Financial Position

The Syndicate has not been party to any arrangement which is not reflected in its statement of financial position.

20. Risk Management of Insurance Risk

This Syndicate is a Special Purpose Syndicate writing a single line of business, property catastrophe reinsurance on United States risks (excluding terrorism and retrocession business). Its insurance risk is principally related to pricing and to the measurement of catastrophe losses which have occurred and those to which the syndicate is currently exposed.

The Syndicate uses its own proprietary pricing models which set a technical price for each risk based on a required profitability margin. To mitigate against the potential for under-pricing of insurance risk these models are actively back tested against underwriting performance and by checking actual exposure to losses versus predicted loss exposure.

The other principal insurance risk the Syndicate is subject to, is that actual claims and benefit payments or the timing thereof, may differ from expectations. This is influenced by the frequency of claims, severity of claims and actual claims paid. Therefore, the objective of the syndicate is to ensure that sufficient reserves are available to cover these liabilities. The most significant claim risks arise from natural disasters. The claim risk exposure is mitigated by strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims.

The Syndicate further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Claim inflation risk for a short tail property catastrophe insurance syndicate such as Syndicate 6103 is mainly generated by "demand inflation" when following a loss demand for certain assets or trades results in higher pricing; this is mitigated by taking expected demand inflation into account when estimating insurance contract liabilities.

Risks written usually cover twelve months duration.

The Syndicate limits its exposure to uncertain loss by imposing maximum claim amounts on certain contracts as well as allowing the potential use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Syndicate's risk appetite as decided by management. While the syndicate may purchase reinsurance, it has not done so for the last two years. No claims have been made against previously purchased reinsurance.

The overall risk appetite aim is to limit the downside risk to a 125% ultimate loss on Stamp capacity following any one of the Lloyd's prescribed Realistic Disaster Scenarios (RDS). The downside risk takes into account the net of any reinsurance RDS loss and reinstatement premiums.

The Syndicate uses its own proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an event not modelled are greater than those arising from a modelled event.

20. Risk Management of Insurance Risk *continued*

As a further guide to the level of catastrophe exposure written by the Syndicate, the following table shows hypothetical claims arising for various realistic disaster scenarios based on the Syndicate's risk exposures at 1 January 2016:

RDS	Market Loss (insured) £m	Estimated Gross Claims £m	Estimated Net Claims £m
North East USA Hurricane	**71,110**	**17**	**16**
Pinellas specific (West Coast Florida Windstorm)	**101,460**	**16**	**15**
Gulf of Mexico Windstorm	**90,470**	**12**	**11**
Gulf/Caribbean Hurricane	**54,422**	**10**	**9**
Los Angeles Earthquake	**71,763**	**10**	**10**

Estimated net claims are net of reinstatement premiums. The Syndicate has no reinsurance at this date.

All of the Syndicates claims are geographically generated from the United States and the vast majority are payable in US dollars.

Key assumptions

The principal assumption underlying the claim estimates is that future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of individual and average claim costs, claim handling costs, claim inflation factors and underwriting year. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, judicial judgements, and legal delays in settlement. All business is in US dollars and therefore changes in currency may affect reported claims when converted to sterling but do not affect the payments in underlying currency.

Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit and members' balances.

The underlying sensitivity analysis is performed by underwriting year. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are not necessarily non–linear.

	2015 £'000	2014 £'000
Gross and net reserves (note 5)	**953**	5,119
Impact of 10% increase in gross and net reserves	**95**	512

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Claims development table

The following tables show the estimates of ultimate claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The ultimate claims estimates and cumulative payments are translated to sterling at the rate of exchange that applied to the Statement of Financial Position at the reporting date. Each prior year is restated at current exchange rates to provide a consistent view of changes to ultimate claims reserves.

In setting claims provisions the syndicate gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained may decrease. However, due to the uncertainty inherent in the estimation process, the actual overall claim provision may not always be in surplus.

This syndicate has Reinsured to Close all liabilities on 2012 and prior underwriting years to Syndicate 2791 and therefore Syndicate 6103's estimate of ultimate claims cease to change after 3 years for any year of account.

20. Risk Management of Insurance Risk *continued*

***Claims development table** continued*

Syndicate 6103 no longer has any exposure to liabilities reinsured out by Reinsurance to Close. Consequently, in accordance with FRS103, the claims development information disclosed is only for the most recent three years because there is no future uncertainty on reinsured prior years of account.

The ultimate claims are adjusted for the unearned proportion of claims, any unallocated future expense claims costs and cumulative payments to date to provide the reconciliation to the Syndicate's gross and net statement of financial position reserves and are also shown in note 5.

Gross and net claim triangles by year of account as at 31 December 2015

	2013 £'000	2014 £'000	2015 £'000	Total £'000
Estimate of Gross and Net Ultimate Claims				
12 months	4,105	2,318	1,105	
24 months	1,594	1,710		
36 months	1,558			
Total Ultimate losses	**1,558**	**1,710**	**1,105**	**4,373**
Less cumulative paid claims	(1,460)	(1,532)	(233)	(3,225)
Less unearned portion of ultimate losses	–	–	(195)	(195)
Gross and Net claims liabilities	**98**	**178**	**677**	**953**

In 2015, there has been an overall surplus in ultimate claims of £0.6m (2014:£3.8m) due primarily to a reduction in claims estimates as uncertainty around catastrophe exposure unwinds. 2014 included a reduction in respect of reserves required for Superstorm Sandy.

21. Risk Management of Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Although its reporting currency is Sterling, the syndicate's functional currency is US dollars and so its exposure to foreign exchange risk arises primarily with respect to transactions in Euro, Sterling and Canadian dollars. The exchange exposure is further limited by the syndicate making profit distributions in both Sterling and US dollars resulting in the actual exchange risk to members being between just those currencies converted to Sterling to make profit distributions.

In the case of Syndicate 6103 these currencies are Euro and Canadian dollars and, as shown in the table below, the quantum of Euro and Canadian dollar assets and liabilities is not significant.

The tables below set out the underlying currency exposure to the syndicate although it should be noted that profits are only paid out in sterling and US dollars:

31 December 2015	GBP £'000	USD £'000	EUR £'000	CAD £'000	Total £'000
Insurance and reinsurance receivables	–	36,520	–	23	**36,543**
Other assets	615	135	–	–	**750**
Total assets	**615**	**36,655**	**-**	**23**	**37,293**
Technical provisions	–	(1,291)	–	–	**(1,291)**
Insurance and reinsurance payables	–	(5,053)	–	(1)	**(5,054)**
Other creditors	(805)	(4,819)	–	–	**(5,624)**
Total liabilities	**(805)**	**(11,163)**	**-**	**(1)**	**(11,969)**
Members' balances by currency	**(190)**	**25,492**	**-**	**22**	**25,324**

If sterling was to weaken by 10% and 20% the impact on the above total converted sterling profit would be an increase of £2.8m and £6.4m respectively.

21. Risk Management of Currency Risk *continued*

31 December 2014	GBP £'000	USD £'000	EUR £'000	CAD £'000	Total £'000
Insurance and reinsurance receivables	11	57,057	1	58	57,127
Other assets	780	109	–	–	889
Total assets	791	57,166	1	58	58,016
Technical provisions	–	(5,784)	–	–	(5,784)
Insurance and reinsurance payables	–	(15,698)	–	–	(15,698)
Other creditors	(1,018)	(7,313)	–	1	(8,330)
Total liabilities	(1,018)	(28,795)	–	1	(29,812)
Members' balances by currency	(227)	28,371	1	59	28,204

If sterling was to weaken by 10% and 20% the impact on the above total converted sterling profit would be an increase of £3.1m and £7.1m respectively.

22. Other Risk Management Matters

Interest rate risk	**31 December 2015 £'000**	31 December 2014 £'000
Impact of 50 basis point increase on result	**(358)**	(353)

Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond. As interest rates rise, bond prices fall and vice versa, a bonds sensitivity to an increase in interest rates is magnified by its time to maturity.

Although the syndicate holds no investments it is exposed to interest rate risk by way of its share of the investment fund held on its behalf by Syndicate 2791.

For Syndcate 6103's investments held within Syndicate 2791 all are fixed income and are recorded at fair value. A sensitivity analysis is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit and members' balances of the effects of changes in interest rates on:

– Fixed rate financial assets; and

– Variable rate financial assets;

The first of these measures the impact on profit or loss for the year (for items recorded at fair value, through the income statement) and on members' balances (for available for sale investments) that would arise in a reasonably possible change in interest rates at the reporting date on financial instruments at the period end. The second of these measures the change in interest income or expense over the period of the year attributable to a reasonably possible change in interest rates, based on floating rate assets and liabilities held at the reporting date.

The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, the variables were altered on an individual basis.

It should be noted that movements in these variables are non-linear.

The method used for deriving sensitivity information and significant variables did not change from the previous period.

The Syndicate has no significant concentration of interest rate risk.

Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

22. Other Risk Management Matters *continued*

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Syndicate 6103 does not have exposure to price risk as there are no equities in the element of funds held by Syndicate 2791 on behalf of Syndicate 6103.

Liquidity risk

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

However, the Syndicate has no cash and investments and operates on a funds withheld basis with Syndicate 2791.

All the syndicate assets and liabilities are netted off as part of the commutation settlement when each year of account closes at 36 months.

Credit risk

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

All insurance debtors are balances with A rated Syndicate 2791.

There are no reinsurance recovery assets at the statement of financial position date.

23. Transition to FRS 102 and 103

	£'000
Profit for the year end 31 December 2014 under previous UK GAAP	9,208
Foreign Exchange	9
Profit for the year end 31 December 2014 under FRS 102 and FRS 103	9,217

The only change in accounting policies arising from the transition to FRS 102 and FRS 103 is as follows:

Foreign exchange

Under FRS 102, a foreign operation must be an entity. As a result, some foreign currency assets and liabilities no longer meet the definition of a foreign operation and exchange differences arising from the retranslation of these balances into the functional currency have to be recognised in the income statement rather than recognised in the Statement of Comprehensive Income. The impact of this is to increase profit for the financial year by £9k in 2014. There is no impact on total members' balance.

MAP

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