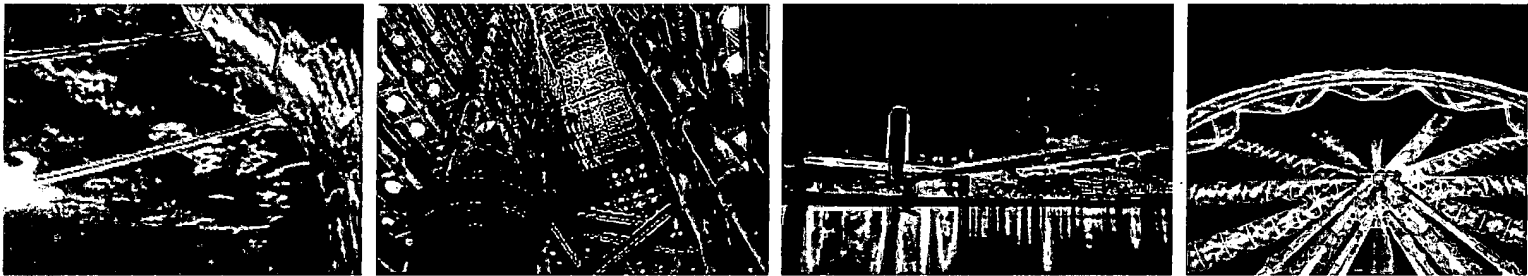


AEGIS MANAGING AGENCY LIMITED



Annual Report and Financial Statements

Year Ended 31 December 2018



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Report of the directors

The directors of the managing agent, AEGIS Managing Agency Limited ("the Company"), present their annual report and audited financial statements for the year ended 31 December 2018.

The Company is registered as a Lloyd's managing agency and is, through intermediate holding companies, a wholly owned subsidiary of Associated Electric & Gas Insurance Services Limited (AEGIS), incorporated in Bermuda.

1. Directors' report

Executive Directors		Non-Executive Directors	
J E Chambers	<i>Director</i>	T G S Busher	<i>(Non-Executive Chairman)</i>
D P Croom-Johnson	<i>Managing Director</i>	G Abel	
A J P Powell	<i>Active Underwriter</i>	C M Crane	
H Smeets-Flier	<i>Chief Financial Officer</i>	T Farrell	
G S G Tennyson	<i>Risk & Compliance Director</i>	C D Forbes	
M C Yeldham	<i>Director</i>	J G Gray	
		M L Onslow	
		W W von Schack	

The current directors are shown above. G Abel and T Farrell were both appointed on 4 June 2018. C M Crane was appointed on 6 December 2018. T G S Busher was appointed as Non-Executive Chairman on 1 January 2019. W R P Dalton resigned as Chairman and Non-Executive Director on 6 December 2018.

Results, proposed dividend and transfer to reserves

The Company made a profit on ordinary activities after taxation of £1.5 million in the year (2017: £11.0 million). There is no dividend proposed for the year ended 31 December 2018 (2017: £nil).

Going concern

Details regarding going concern can be found in the Notes to the Financial Statements (Note 1). The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future.

Use of financial instruments

In relation to the use of financial instruments, see the Strategic Report of the Directors on page 3.

Directors' indemnities

The Company has agreed to indemnify, to the extent permitted by law, each of the directors against any liability incurred by a director in respect of acts or omissions arising in the course of their office. The indemnities were in force throughout 2018 and remain so. Copies of the deeds of indemnity are available for inspection at the ultimate parent company's registered office.

Disclosure of information to auditor

Each director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent auditor

The auditor for the year ended 31 December 2018 was Deloitte LLP. They have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be re-appointed.

Report of the directors *continued*

2. Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the Board of Directors of AEGIS Managing Agency Limited and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D P Croom-Johnson', written over a horizontal line.

D P Croom-Johnson
Managing Director
29 May 2019

Strategic report of the directors

Principal activities and review of the business

The Company has responsibility for the management, conduct of the underwriting and all aspects of administration of Syndicate 1225, which has an allocated capacity of £330 million for the 2016 and 2017 years of account and £400 million for the 2018 year of account. There have been no significant changes in the Company's principal activities in the year under review. The Company will continue to act as sole managing agent for Syndicate 1225 in the foreseeable future.

Future development of the Syndicate

The Syndicate's underwriting capacity for 2019 will be increased from £400 million (2018) to £414 million. In what continues to be a challenging market place, our philosophy of capital preservation will continue. However, we are looking for disciplined profitable growth in those classes that still retain a prospective acceptable margin. We anticipate further success with regards to our digital product offerings; we will continue our strategy of multi-channelled distribution whilst continuing to deliver the excellence in underwriting and service that our clients and brokers have come to expect.

Following the triggering of article 50 of the Treaty of Lisbon on 29 March 2017, the Syndicate continues to monitor the ensuing negotiations and other developments. The operational impact of Brexit has been internally assessed and processes have been revised and implemented to ensure that the Syndicate can continue to place business in the European Economic Area (EEA) after the UK leaves the European Union (EU).

The Syndicate has commenced an on-boarding programme incorporated by the Lloyd's Brussels Subsidiary ("LBS") to incept business from 1 January 2019. The Syndicate will continue to work to minimise the impact to our stakeholders and to remediate where issues arise and take advantage of opportunities as they arise. Brexit has had little impact on the planned gross written premium for 2019. The Syndicate plans to write as per 2019 Syndicate Business Forecast approximately 10% (2018: 9%) of the Syndicate's total gross written premiums within the EEA and through the Europe distribution channel.

The annual income for the Company comprises a managing agency fee of 1% - 2.25% based on the underwriting capacity and profit commission on profits of the Syndicate. The Company made a profit on ordinary activities before taxation for the year of £2.4 million (2017: £13.6 million) and has net assets of £23.4 million (2017: £21.9 million).

Principal risks and uncertainties

The principal risk to the Company is that the profits and the underwriting capacity of Syndicate 1225 is reduced to a level where the profit commissions and agency fees received do not enable the Company to meet its liabilities and comply with the Lloyd's solvency requirements. The directors manage this risk by agreeing its risk appetite through the business planning process. This includes setting the type, nature and volume of risks to be written, pricing parameters, line sizes and retentions both on a risk and loss event basis.

The possibility of this risk occurring is deemed unlikely as the Company is able to maintain a buffer of net assets and net current assets in excess of the Lloyd's minimum requirements. The net asset solvency surplus at 31 December 2018 is £22.2 million (2017: £25.1 million) over and above the minimum of £1.2 million (2017: £0.99 million). The net current assets surplus at 31 December 2018 is £27.0 million (2017: £34.9 million) over and above the relevant recurring expenditure requirement of £2.0 million (2017: £1.6 million).

Use of financial instruments

The Company makes no use of financial instruments in the management of its risk exposures.

Approved by the Board of Directors of AEGIS Managing Agency Limited and signed on its behalf by:



D P Croom-Johnson
Managing Director
29 May 2019

Statement of total comprehensive income

(For the year ended 31 December 2018)

	Notes	2018 £000	2017 £000
Turnover	2	9,474	14,251
Administrative expenses	4, 5	(8,052)	(6,469)
		<u>1,422</u>	<u>7,782</u>
Other operating income	6	982	5,892
Operating profit		<u>2,404</u>	<u>13,674</u>
Interest payable		(44)	(70)
Profit on ordinary activities before taxation	4	<u>2,360</u>	<u>13,604</u>
Tax credit / (charge) on profit on ordinary activities	7	<u>(831)</u>	<u>(2,662)</u>
Profit on ordinary activities after taxation		<u>1,529</u>	<u>10,942</u>

The total comprehensive income relates entirely to continuing activities.

There were no recognised gains or losses other than those reported in the Statement of Total Comprehensive Income for the financial year.

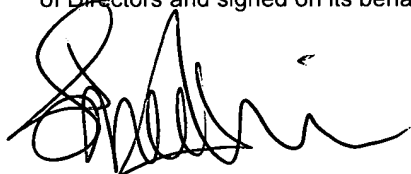
The notes on pages 7 to 13 form an integral part of these financial statements.

Balance sheet

(As at 31 December 2018)

	Notes	2018 £000	2017 £000
Tangible fixed assets			
Tangible fixed assets	8	<u>255</u>	<u>208</u>
		255	208
Current assets			
Debtors	9	43,757	50,333
Cash at bank and in hand		<u>95</u>	<u>82</u>
		43,852	50,415
Creditors: amounts falling due within one year	10	<u>(14,879)</u>	<u>(13,959)</u>
Net current assets		28,973	36,456
Total assets less current liabilities		29,228	36,664
Debtors: amounts falling due after more than one year	9	3,226	4,030
Creditors: amounts falling due after more than one year	10	<u>(9,046)</u>	<u>(18,815)</u>
Net assets		23,408	21,879
Capital and reserves			
Called up share capital	11	400	400
Profit and loss account		<u>23,008</u>	<u>21,479</u>
Total shareholder's funds		23,408	21,879

The financial statements of AEGIS Managing Agency Limited (registered number: 03413859) were approved by the Board of Directors and signed on its behalf by:



H Smeets-Flier
Chief Financial Officer
29 May 2019

The notes on pages 7 to 13 form an integral part of these financial statements.

Statement of changes in shareholder's funds

(For the year ended 31 December 2018)

2018

	Called up share capital	Profit and loss account	Total shareholder's funds
	£000	£000	£000
At 1 January 2018	400	21,479	21,879
Profit on ordinary activities after taxation	-	1,529	1,529
At 31 December 2018	400	23,008	23,408

2017

	Called up share capital	Profit and loss account	Total shareholder's funds
	£000	£000	£000
At 1 January 2017	400	10,537	10,937
Profit on ordinary activities after taxation	-	10,942	10,942
At 31 December 2017	400	21,479	21,879

The notes on pages 7 to 13 form an integral part of these financial statements.

Notes to the financial statements

(Forming part of the financial statements)

1. Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. A cash flow statement has not been prepared, as the Company is exempt under FRS 102, being a qualifying entity by virtue of being a subsidiary undertaking where 90% of the voting rights are within the group. The Company's financial statements are fully consolidated within the financial statements of the ultimate parent and controlling company, Associated Electric & Gas Insurance Services Limited (AEGIS), which are publically available and may be obtained at 1 Meadowlands Plaza, East Rutherford, NJ 07073.

AEGIS Managing Agency Limited is a private company limited by shares and incorporated under the laws of England and Wales under the Companies Act. The address of the registered office is given on page 17. The nature of the Company's operations and its principal activities are set out in the Strategic Report of Directors on page 3.

The Company has taken exemption from preparing consolidated financial statements under the Companies Act 2006 section 400, as the Company is a wholly owned subsidiary of a consolidated group.

Principal accounting policies

The following accounting policies have been applied consistently in the current and preceding year, in dealing with items which are considered material in relation to the Company's financial statements. There are no key assumptions concerning the future, and other key sources of estimation uncertainty to disclose at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover consists of agency fees receivable and profit commissions receivable. Agency fees are accrued based on 1% - 2.25% of the allocated capacity for the 2018 year of account. Profit commission is accrued in relation to the profits attributable to Lloyd's syndicate 1225 years of account. The Company's entire turnover is derived from Lloyd's Syndicate 1225.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided by the Company to write off the cost, less the estimated residual value, of tangible fixed assets on a straight-line basis at the following rates:

Fixtures, fittings and equipment	20.00% per annum
Computer equipment	33.33% per annum

Leases

Rentals payable under operating leases are taken to the profit and loss account on a straight-line basis over the lease term.

Pension scheme

The Company operates a defined contribution pension scheme. Differences between contributions payable in the current year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax, including UK corporation foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and law enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements *continued*

(Forming part of the financial statements)

1. Basis of preparation *continued*

Foreign exchange

Assets and liabilities in foreign currencies are translated to Pound Sterling at year-end rates. Income and expenditure is converted at the average rate of exchange during the year and all differences on the translation of foreign currency amounts are dealt with in the profit and loss account.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report of the Directors on page 3 and the Report of the Directors on pages 1 and 2. Its forecasts and projections, taking account of reasonably possible changes in trading performance, show that the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

2. Turnover

	2018 £000	2017 £000
Fees - managed Syndicate	6,500	5,153
Profit commission - managed Syndicate	2,974	9,098
	<u>9,474</u>	<u>14,251</u>

Turnover consists of net retained agency fees receivable and profit commissions receivable. Agency fees are accrued based on 1% - 2.25% of the allocated capacity for the 2018 year of account.

3. Principal risks and uncertainties

Please refer to the Strategic Report of the Directors on page 3.

4. Profit on ordinary activities before taxation

	2018 £000	2017 £000
Included within profit on ordinary before taxation activities are:		
Auditor's remuneration:		
- Audit of the financial statements	12	11
Non audit fees:		
- Taxation services	39	35
Depreciation	73	53
Operating lease charges	17	9
Foreign exchange (gain) / loss	<u>(1,335)</u>	<u>1,819</u>

Depreciation is shown gross of recharges. A proportion has been charged to the Syndicate and included in other operating income.

Notes to the financial statements *continued*

(Forming part of the financial statements)

5. Staff costs

Employees

At 31 December 2018 the Company employed 128 members of staff (2017: 122). The average number of employees including executive directors during the year was 123 (2017: 117) analysed as follows:

	2018	2017
Administration and finance	55	52
Underwriting and reinsurance	60	57
Claims	8	8
	<u>123</u>	<u>117</u>

Staff costs (including directors' remuneration)

	2018 £000	2017 £000
Wages and salaries	19,316	14,521
Social security costs	2,723	1,928
Other pension costs	1,580	1,483
	<u>23,619</u>	<u>17,932</u>
Recharged to the Syndicate	<u>(15,616)</u>	<u>(14,236)</u>
	<u>8,003</u>	<u>3,696</u>

Included within wages and salaries above is profit-related remuneration payable to staff of £6.1 million (2017: £2.4 million).

Directors' remuneration

	2018 £000	2017 £000
Emoluments	2,668	2,482
Pension contributions	3	6
	<u>2,671</u>	<u>2,488</u>

The majority of the directors' remuneration relates to services for the Syndicate and has been recharged to the Syndicate accordingly.

	2018 £000	2017 £000
Highest paid director's total emoluments	<u>669</u>	<u>612</u>

Three directors are accruing retirement benefits under a defined contribution pension scheme (2017: three) for an annual value of £86,000 (2017 Restated: £79,000).

Defined contribution pension scheme

The Company's contributions for the year are shown above. The assets for the scheme are held separately from those of the Company's in an independently administered fund. At 31 December 2018 no contributions had been prepaid (2017: £nil).

Notes to the financial statements *continued*

(Forming part of the financial statements)

6. Other operating income

	2018 £000	2017 £000
Use of assets	66	47
Quota share profit related income	916	5,843
Bank interest receivable	-	2
	<u>982</u>	<u>5,892</u>

7. Tax on profit on ordinary activities

a) Analysis of the tax (credit) / charge in the year

	2018 £000	2017 £000
Current year	344	1,621
Adjustment in respect of prior years	(317)	1,332
Total current taxation	<u>27</u>	<u>2,953</u>
Current year deferred tax movement	352	987
Prior year adjustment to deferred tax	452	(1,278)
Total deferred taxation	<u>804</u>	<u>(291)</u>
Taxation (credit) / charge on profit on ordinary activities	<u>831</u>	<u>2,662</u>

b) Factors affecting the tax (credit) / charge for the year

The tax assessed for the year is higher (2017: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	2,360	13,604
Profit on ordinary activities multiplied by the standard rate of corporation tax 2018 of 19%	448	2,619
Effects of:		
Adjustment to tax charge in respect of prior years and deferred tax	151	30
Deferred tax rate change	232	13
Taxation (credit) / charge on profit on ordinary activities	<u>831</u>	<u>2,662</u>

The Finance Act 2016, which provided for a reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was enacted during 2016.

Notes to the financial statements *continued*

(Forming part of the financial statements)

8. Tangible fixed assets

	Fixtures, fittings and equipment £000	Computer equipment £000	Total £000
Cost			
At 1 January 2018	182	111	293
Additions	1	196	197
Disposals	-	(81)	(81)
At 31 December 2018	183	226	409
Depreciation			
At 1 January 2018	(77)	(8)	(85)
Charge for the year	(33)	(36)	(69)
Disposals	-	-	-
At 31 December 2018	(110)	(44)	(154)
Net book value			
At 31 December 2018	73	182	255
At 31 December 2017	105	103	208

9. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	42,690	49,871
Amounts due from managed Syndicate	611	263
Deferred tax	3,226	4,030
Prepayments and accrued income	107	39
Corporation tax debtor	178	-
Other debtors	171	160
	46,983	54,363

Included in the above balance is an amount due after more than one year in relation to deferred tax £3.2 million (2017: 4.0 million). All other amounts fall due within one year.

Analysis of deferred taxation balance

	2018 £000	2017 £000
Accrued profit related remuneration	3,186	3,955
Depreciation in excess of capital allowances	40	75
Total deferred tax balances at year end	3,226	4,030

Notes to the financial statements *continued*

(Forming part of the financial statements)

10. Creditors

Analysis of amounts falling due within one year

	2018 £000	2017 £000
Other taxes and social security costs	2,193	502
Accruals and deferred income	12,686	8,965
Corporation tax liability	-	4,492
	<u>14,879</u>	<u>13,959</u>

Analysis of amounts falling due after more than one year

	2018 £000	2017 £000
Accruals and deferred income	9,046	14,565
Subordinated loan provided by ultimate parent company	-	1,500
Subordinated loan provided by the group company	-	2,750
	<u>9,046</u>	<u>18,815</u>

11. Called up share capital

	2018 £000	2017 £000
Allocated, called up and fully paid - 400,000 £1 ordinary shares	<u>400</u>	<u>400</u>

12. Related party disclosures

The Company has taken advantage of the exemption allowed by FRS 102 not to disclose related party transactions with its parent undertaking and fellow subsidiary undertakings. No contract existed at any time during the year in which a director or key manager was materially interested or which required disclosure as a related party transaction as defined under FRS 102 section 33.

13. Capital and operating lease commitments

	Plant and machinery 2018 £000	Other leases 2018 £000	Total 2018 £000	Total 2017 £000
Total non-cancellable operating lease commitments	-	1,299	1,299	1,443
Less: amounts due in more than one year	-	(752)	(752)	(889)
Operating lease commitment payable in the next year	<u>-</u>	<u>547</u>	<u>547</u>	<u>554</u>

There were no capital commitments at 31 December 2018 (2017: £nil) and no operating lease commitments due after more than five years.

14. Contingent liabilities

There were no contingent liabilities at 31 December 2018 (2017: £nil).

Notes to the financial statements *continued*

(Forming part of the financial statements)

15. Ultimate parent

The Company's immediate parent is AEGIS London Holdings Limited, incorporated in the United Kingdom, and the ultimate parent and controlling party is Associated Electric & Gas Insurance Services Limited (AEGIS), incorporated in Bermuda. AEGIS is both the largest and smallest group of undertakings for which group accounts are prepared. A copy of the group accounts may be obtained from 1 Meadowlands Plaza, East Rutherford, NJ 07073.

16. Subsequent events note for Brexit

The Syndicate has commenced writing EEA business for the 2019YOA on 01/01/2019 through the Lloyd's Brussels Subsidiary ("LBS"). The Syndicate plans to write as per 2019 Syndicate Business Forecast approximately 10% (2018: 9%) of the Syndicate's total gross written premiums within the EEA and through the Europe distribution channel. EEA business will no longer be processed as direct business but instead will be processed as reinsurance accepted business. For further details please refer to 'Future developments' within the Strategic report.

Independent auditor's report to the members of AEGIS Managing Agency Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AEGIS Managing Agency Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year ended December 2018;
- 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";
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in shareholder's funds; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of AEGIS Managing Agency Limited *continued*

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

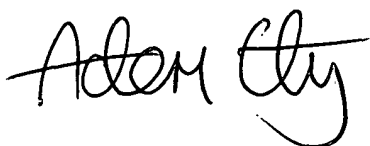
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of AEGIS Managing Agency Limited *continued*

Use of our report

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

A handwritten signature in black ink that reads "Adam Ely". The signature is written in a cursive, flowing style.

Adam Ely ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 May 2019

Administration

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