Registered Number: 307622

Directors' Report and Accounts 2016

British Reserve Insurance Company Limited

Directors: S C McGinn
S J Brimicombe
M J Churchlow
J M Dye

Secretary: R C Jack-Kee

Registered Office: 57 Ladymead, Guildford, Surrey, GU1 1DB

Registered Number: 307622

Strategic Report

The Directors present their Strategic Report for the year ended December 31, 2016.

Principal activities and review of the business

The Company is authorised to ~~underwrite~~ most classes of general insurance business. The Company is an FCA and PRA regulated insurer. The Company ceased underwriting musical instrument insurance in 2015 and other specialist insurance in 2009.

The underwriting of the Allianz Musical Instruments business started to move to Allianz Insurance plc in 2014. This transfer completed during 2015 and the Net Insurance Revenue for 2016 has reduced to £nil (2015: £3.8m). There is no unearned premium at December 31, 2016. The run-off of the claims related to this business will continue throughout 2017.

During 2009, it ceased to underwrite other specialist insurance. This business was 100% reinsured and hence there is no impact on the Company's profit. Allianz Re Dublin Limited took over the management of the Company's closed portfolio of London Market insurance business, previously handled by the Company and which is 100% reinsured to Allianz Re Dublin Limited. There are no plans to undertake additional business activities in 2017.

The results for the year are set out in the Income Statement on page 6. The profit for the year amounted to £0.4m (2015: £2.9m). At the year end, the Company had net assets of £9.4m (2015: £8.6m).

Principal risks and uncertainties

The principal risks facing the Company are Insurance risk and Financial risk.

The Company's policies in respect of the management of these risks and uncertainties are set out in Note 20 on page 25.

By order of the Board

J M Dye
Director

March 13, 2017

Directors' Report

The Directors present their Directors' Report and audited financial statement for the year ended December 31, 2016.

Results and Dividend

The results for the year are set out in the Statement of Comprehensive Income on page 6.

No interim ordinary dividend was paid for the year ended December 31, 2016 (2015: £31,000,000). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2016 (2015: £nil).

Financial instruments

The Company's policies in respect of its use of financial instruments are set out in Note 20 on page 25.

Directors

The names of the current Directors are shown on page 1. All served throughout this period save for S C McGinn who served from his appointment on October 7, 2016. N D Brettell resigned as a Director on April 30, 2016.

Going concern

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors' responsibility to the auditors

So far as the Directors are aware there is no relevant audit information of which the Company auditor is unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

R C Jack-Kee
Secretary

March 13, 2017

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law.

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 judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report
to the members of British Reserve Insurance Company Limited

We have audited the financial statements of British Reserve Insurance Company Limited for the year ended December 31, 2016 set out on pages 6 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report
to the members of British Reserve Insurance Company Limited

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

Salim Tharani (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

March 13, 2017

Statement of comprehensive income for the year ended December 31, 2016

	Notes	2016 £000	2015 £000
Gross earned premiums	3	(37)	3,769
Reinsurers' share of gross earned premiums	3	–	–
Net insurance revenue		(37)	3,769
Net realised gains		131	1,216
Currency gains/(losses)		6	124
Investment income	4	104	401
Other revenue		241	1,741
Total revenue		204	5,510
Gross insurance claims paid		(315)	(1,336)
Reinsurers' share of gross insurance claims paid		298	140
Gross change in insurance liabilities		94	693
Reinsurers' share of gross change in insurance liabilities		192	(300)
Net insurance claims		269	(803)
Commission		5	(60)
Other operating and administrative expenses	5	(1)	(947)
Other expenses		4	(1,007)
Total claims and expenses		273	(1,810)
Profit before tax		477	3,700
Income tax expense	7	(56)	(755)
Net profit for the year wholly attributable to the equity holders		421	2,945
Other comprehensive income			
Net change in fair value of available for sale financial assets		(99)	(1,129)
Net change in fair value of available for sale financial assets transferred to profit and loss		55	(318)
		(44)	(1,447)
Tax on fair value of available for sale financial assets movement	7	8	312
Other comprehensive income for the period, net of tax		(36)	(1,135)
Total comprehensive income for the period		385	1,810

The notes on pages 10 to 31 are an integral part of these financial statements

Balance sheet as at December 31, 2016

	Notes	2016 £000	2015 £000
Assets			
Deferred acquisition costs	8	-	-
Reinsurance assets	9	3,128	2,906
Accrued income	10	13	62
Available for sale financial assets	11	2,858	8,669
Insurance receivables	12	19	144
Other receivables	13	4	14
Cash and cash equivalents	14	12,925	6,255
Total assets		18,947	18,050
Equity and Liabilities			
Issued capital and reserves attributable to equity holders of the parent			
Share capital	15	5,000	5,000
Fair value reserve		(9)	27
Retained earnings		4,398	3,537
Total equity		9,389	8,564
Liabilities			
Insurance related payables		6	-
Deferred tax liability	7(e)	163	212
Insurance contracts liabilities	16	3,660	3,724
Tax payable	7(d)	120	498
Accruals and other payables	18	5,609	5,052
Total liabilities		9,558	9,486
Total liabilities and shareholders' equity		18,947	18,050

The notes on pages 10 to 31 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on March 13, 2017 and signed on its behalf by:

Jonathan Dye

J M Dye
Director

Statement of cash flows for the year ended December 31, 2016

	Notes	2016 £000	2015 £000
Cash generated from operations			
Cash generated from operating activities	19	6,994	6,175
Interest received		104	401
Income tax paid	7(c)	(475)	(1,043)
Net cash flow from operating activities		6,623	5,533
Net increase/(decrease) in cash and cash equivalents		6,623	5,533
Cash and cash equivalents at the beginning of the year		6,255	748
Effects of exchange rate changes on cash and cash equivalents		47	(26)
Cash and cash equivalents at the end of the year		12,925	6,255

The notes on pages 10 to 31 are an integral part of these financial statements

Statement of changes in equity for the year ended December 31, 2016

	Share capital £000	Fair value reserve £000	Retained earnings £000	Total £000
Balance as at January 1, 2015	5,000	1,162	31,592	37,754
Net change in fair value of available for sale	-	(1,129)	-	(1,129)
Net change in fair value of available for sale transferred to profit or loss	-	(318)	-	(318)
Tax on fair value of available for sale financial assets movement	-	312	-	312
Net profit for the year	-		2,945	2,945
Total recognised income for the year	-	(1,135)	2,945	1,810
Dividends paid during the year	-	-	(31,000)	(31,000)
Balance as at December 31, 2015	5,000	27	3,537	8,564
Net change in fair value of available for sale	-	(99)	-	(99)
Net change in fair value of available for sale transferred to profit or loss	-	55	-	55
Tax on fair value of available for sale financial assets movement	-	8	-	8
Net profit for the year	-	-	421	421
Foreign currency translation adjustment	-	-	440	440
Total recognised income for the year	-	(36)	861	825
Dividends paid during the year	-	-	-	-
Balance as at December 31, 2016	5,000	(9)	4,398	9,389

The notes on pages 10 to 31 are an integral part of these financial statements

Notes to the financial statements for the year ended December 31, 2016

1. Accounting Policies

1.1 Company and its operations

British Reserve Insurance Company Limited is registered in England and Wales and is authorised to transact most classes of general insurance business.

The registered office is 57 Ladymead, Guildford, Surrey, GU1 1DB, United Kingdom. The financial statements for the year ended December 31, 2016 were authorised for issue in accordance with a resolution of the Directors on March 13, 2017.

1.2 Statement of compliance

The financial statements of British Reserve Insurance Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

1.3 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Available for sale financial assets which have been prepared on a fair value basis.

The financial statements are compiled on a going concern basis.

1.4 Summary of significant accounting policies

British Reserve Insurance Company Limited has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to: insurance provisions, deferred acquisition costs, the ascertainment of fair values of financial assets and liabilities and the determination of impairment losses. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgements based on information and financial data that may change in the future periods.

Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce materially different results.

The significant accounting policies adopted in the presentation of the financial statements are set out in the following paragraphs.

Notes to the financial statements for the year ended December 31, 2016

1. Accounting Policies (continued)

(a) Income taxes
Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement, except to the extent that income taxes relating to items recognised directly in equity are recognised in equity

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date together with adjustments to tax payable in respect of prior years.

Deferred income tax is provided in full using the liability method and all temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of the deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment had been made to the relevant tax authorities.

(b) Reinsurance assets
The Company cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due from reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

(c) Fair value of financial assets and liabilities
Financial assets and liabilities are initially stated at fair value. Listed investments are stated at the bid market price at the close of business on the balance sheet date.

(d) Financial assets
The Company classifies its investments as available for sale financial assets.

All purchases of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. All sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counterparty.

All investments are initially recognised at fair value plus the transaction costs that are directly attributable to the acquisition of the investment. A financial asset shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

Available for sale financial assets after initial recognition are measured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported in equity is transferred to the income statement.

Notes to the financial statements for the year ended December 31, 2016

1. Accounting Policies (continued)

Impairments
The carrying value of all financial assets is reviewed for impairment whether events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has either fallen significantly below cost price or been below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the long term investment strategy of the Company.

For available for sale assets, a significant prolonged decline in the fair value indicates an impairment. For available for sale financial assets the impairment loss is the difference between its current fair value and its original cost.

(e) Insurance receivables
Insurance receivables are recognised in a manner consistent with the premium income recognition as detailed in the revenue recognition accounting policy (l). The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

(f) Fair value reserve
The fair value reserve relates to the change in fair values of available for sale financial assets.

(g) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less at the date of placement free of any encumbrances.

(h) Product classification
Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

(i) Insurance contracts liabilities

Insurance contract liabilities
Insurance contract liabilities are based on the estimated ultimate costs of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Significant delays can be experienced in the notification and settlement of certain type of claims, the ultimate cost of which cannot be known with certainty at the balance sheet date.

Provision for unearned premiums
The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the income statement in the order that revenue is recognised over the period of the risk.

Notes to the financial statements for the year ended December 31, 2016

1. Accounting Policies (continued)

Liability adequacy test
At each balance sheet date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition cost assets. In performing the test, current best estimates of future contractual cash flows, claims handling and policy administration expenses, as well as investment income from assets backing such liabilities, are used. Any inadequacy is immediately charged to the income statement by establishing an unexpired risk provision.

(j) Provision for other liabilities
A provision is recognised when the Company has a present legal or constructive obligation, as a result of a past event, which is probable, will result in an outflow of resources and when a reliable estimate of the obligation can be made. If the effect is material, the provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects a current market assessment for the time value of money and, where appropriate, the risk is specific to the liability.

The Company recognises the provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

(k) Revenue recognition

Premium income
Premiums written are recognised on policy inception and earned on a pro rata basis or for risks where a pro rata basis is inappropriate a basis consistent with the risk profile over the term of the related policy coverage.

Estimates of premiums written as at the balance sheet date but not yet processed, are assessed based on estimates from underwriting or past experience and are included in premiums earned, on a pro rata basis.

Investment income
Interest income is recognised in the income statement as it accrues, taking into account the effective yield of the assets or an applicable floating rate. Interest income includes the amortisation of any discount or premium.

Realised gains and losses recorded in the income statement
Realised gains and losses on available for sale financial assets are calculated as the difference between the net sales proceeds and the original or amortised cost. Realised gains and losses are recognised in the income statement when the sale transaction occurred.

(l) Claims
Claims incurred include all claim losses occurring during the year, whether reported or not, including the related handling costs and reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct expenses of the claims department and any part of the general administrative costs directly attributable to the claims function.

(m) Finance cost
Interest payable is recorded in the period in which it is incurred.

Notes to the financial statements for the year ended December 31, 2016

1. Accounting Policies (continued)

(n) Foreign currency translation
The Company's presentation and functional currency is Sterling. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non monetary items that are measured in terms of historical costs are translated using the exchange rate as at the date of initial transaction. Non monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement unless required to be taken to equity.

(o) Off setting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

(p) Current, non current disclosure
For each asset and liability line item amounts expected to be recovered or settled within twelve months after the balance sheet date will be classified as current at the balance sheet date and the remaining balance as non current.

2. Use of estimates, assumptions and judgements

The Company makes estimates assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates assumptions and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Claims liability arising from insurance contracts
Estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet claims provision. The primary technique adopted by management in estimating the costs of notified and IBNR claims is that of using past claim settlement trends to predict future claims settlement trends. Further details of the claims estimation process are described in note 17. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. Claims provisions are not discounted for the time value of money except for claims being settled by periodic payments.

The carrying value at balance sheet date for these insurance contracts is £3,660k (2015: £3,724k).

Notes to the financial statements for the year ended December 31, 2016

3. Net insurance revenue

	Note	2016 £000	2015 £000
(a) Gross written premiums			
Direct insurance		(37)	193
Total general insurance contracts premium revenue	16	(37)	193
Gross change in unearned premium provision	16	-	3,576
Total gross earned premiums		(37)	3,769
(b) Reinsurers' share of gross written premiums			
Direct insurance		-	-
Total reinsurers' share of general insurance contracts premium revenue		-	-
			-
Total reinsurers' share of gross earned premiums on insurance contracts		-	-
Total net insurance revenue		(37)	3,769

4. Investment income

	2016 £000	2015 £000
Available for sale financial assets interest income	20	401
Cash and cash equivalents interest income	84	-
Total investment income	104	401

5. Other operating and administrative expenses

	2016 £000	2015 £000
Movement in deferred acquisition costs	-	932
Administration expenses	1	15
Total other operating and administrative expenses	1	947

6. Auditors remuneration

In respect of the Company for the year ended December 31, 2016 auditors' remuneration in their capacity as such, amounted to £4,100 (2015: £4,100). The audit fee for 2016 audit was paid and borne by the Company's parent company.

Notes to the financial statements for the year ended December 31, 2016

7. Income tax relating to continuing operations

(a) Income tax recognised in profit or loss	2016 £000	2015 £000
Current tax:		
In respect of the current year	128	791
In respect of prior years	(23)	26
Total current tax	105	817
Deferred tax:		
In respect of the current year	(41)	(45)
In respect of prior years	(8)	(7)
Adjustments to deferred tax attributable to changes in tax rates and laws	–	(10)
	(49)	(62)
Total income tax expense recognised in the current year relating to continuing operations	56	755

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2016 £000	2015 £000
Profit before tax from continuing operations	477	3,700
Income tax expense calculated at 20% (2015: 20.25%)	95	749
Effect of claims equalisation reserve	(2)	(20)
Effect of prior year adjustment	(31)	26
Effect of capital allowances and other provisions	2	3
Effect of imputed transfer pricing adjustments	(8)	(3)
Income tax expense recognised in profit or loss (relating to continuing operations	56	755

The tax rates used for the 2016 and 2015 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax will be 19% for 2017.

(b) Income tax recognised in other comprehensive income	2016 £000	2015 £000
Current tax	(8)	(312)
Total tax recognised in other comprehensive income	(8)	(312)

(c) Tax paid for cash flow purposes	2016 £000	2015 £000
Current tax payable at January 1	498	1,036
Amounts charged to the income statement	56	755
Amounts charged to other comprehensive income	(8)	(312)
Movement in the deferred tax liability in the income statement	49	62
Tax paid during the year	(475)	(1,043)
Current tax payable at December 31	120	498

Notes to the financial statements for the year ended December 31, 2016

7. Income tax relating to continuing operations (continued)

(d) Current tax assets and liabilities	2016 £000	2015 £000
Current tax liabilities	120	498

(e) Deferred tax balances

The following is the analysis of deferred tax liabilities presented in the statement of financial position:

	2016 £000	2015 £000
Deferred tax liabilities	(163)	(212)

2016	Opening balance £000	Recognised in profit or loss £000	Closing balance £000
Deferred tax assets (liabilities)/assets in relation to:			
Claims equalisation reserve	(240)	51	(189)
Provisions and other temporary differences	28	(2)	26
	(212)	49	(163)

2015	Opening balance £000	Recognised in profit or loss £000	Closing balance £000
Deferred tax assets (liabilities)/assets in relation to:			
Claims equalisation reserve	(305)	65	(240)
Provisions and other temporary differences	31	(3)	28
	(274)	62	(212)

Notes to the financial statements for the year ended December 31, 2016

8. Deferred acquisition costs

	2016 £000	2015 £000
At January 1	–	932
Costs deferred during the year	(5)	60
Amortisation charge for the year	5	(992)
At December 31	–	–

9. Reinsurance assets

	Note	2016 £000	2015 £000
Reinsurers' share of insurance contracts liabilities	16	3,128	2,906
Total reinsurance assets		3,128	2,906

10. Accrued income

	2016 £000	2015 £000
Interest	13	62
Total accrued income	13	62

11. Financial assets

Available for sale financial assets	2016 £000	2015 £000
At fair value		–
Debt securities		
Listed	2,453	8,329
Total debt securities at fair value	2,453	8,329
Deposits with credit institutions	405	340
Total available for sale financial assets at fair value	2,858	8,669
At cost		
Debt securities		
Listed	2,464	8,296
Total debt securities at amortised cost	2,464	8,296
Deposits with credit institutions	405	340
Total available for sale financial assets at cost	2,869	8,636

Notes to the financial statements for the year ended December 31, 2016

12. Insurance receivables

	2016 £000	2015 £000
Due from policyholders	–	71
Due from agents, brokers and intermediaries	19	73
Total insurance receivables	**19**	**144**

	2016 £000	2015 £000
Current insurance receivables	19	144

The carrying amounts disclosed above reasonably approximate fair values at year end.

13. Other receivables

	2016 £000	2015 £000
Other	4	14
Total other receivables	**4**	**14**

	2016 £000	2015 £000
Current other receivables	4	14

The carrying amounts disclosed above reasonably approximate fair values at year end.

14. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	304	6,255
Short term deposits (including demand and demand deposits)	12,621	–
Total cash and cash equivalents	**12,925**	**6,255**

All deposits are subject to an average variable interest rate of 0% (2015: 0%) and have an average maturity of 1 day (2015: 1 day). The carrying amounts disclosed above reasonably approximate fair values at year end.

Notes to the financial statements for the year ended December 31, 2016

15. Share capital

	Allotted, called up and fully paid 2016 £000	2015 £000
5,000,000 Ordinary shares of £1 each	5,000	5,000

16. Insurance contracts liabilities

	2016			2015		
	Insurance contracts liabilities £000	Reinsurers' share of liabilities £000	Net £000	Insurance contracts liabilities £000	Reinsurers' share of liabilities £000	Net £000
Provision for claims reported by policyholders	1,184	(909)	275	1,426	(845)	581
Provision for claims incurred but not reported	2,476	(2,219)	257	2,298	(2,061)	237
Total claims reported and IBNR	3,660	(3,128)	532	3,724	(2,906)	818
Provision for unearned premiums	–	–	–	–	–	–
Total general insurance contracts liabilities	3,660	(3,128)	532	3,724	(2,906)	818

Current general insurance contracts liabilities	368	(310)	58	519	(290)	229
Non current general insurance contracts liabilities	3,292	(2,818)	474	3,205	(2,616)	589

Notes to the financial statements for the year ended December 31, 2016

16. Insurance contracts liabilities (continued)

The provision for claims reported by policyholders and claims incurred but not yet reported may be analysed as follows:

	2016			2015		
	Insurance contracts liabilities	Reinsurers' share of liabilities	Net	Insurance contracts liabilities	Reinsurers' share of liabilities	Net
	£000	£000	£000	£000	£000	£000
At January 1	3,724	(2,906)	818	4,268	(3,057)	1,211
Foreign exchange adjustment	30	(30)	–	149	(149)	–
	3,754	(2936)	818	4,417	(3,206)	1,211
Claims incurred in the current accident year	–	(298)	(298)	1,549	(140)	1,409
Movement on claims incurred in prior accident years	221	(192)	29	(906)	300	(606)
Claims paid during the year	(315)	298	(17)	(1,336)	140	(1,196)
At December 31	3,660	(3,128)	532	3,724	(2,906)	818

The provision for unearned premiums may be analysed as follows:

	2016			2015		
	Insurance contracts liabilities	Reinsurers' share of liabilities	Net	Insurance contracts liabilities	Reinsurers' share of liabilities	Net
	£000	£000	£000	£000	£000	£000
At January 1	–	–	–	3,576	–	3,576
Premiums written in the year	(37)	–	(37)	193	–	193
Premiums earned during the year	37	–	37	(3,769)	–	(3,769)
At December 31	–	–	–	–	–	–

Notes to the financial statements for the year ended December 31, 2016

17. Insurance contracts and reinsurance assets – terms, assumptions and sensitivities

British Reserve Insurance Company Limited writes Musical Instruments policies. Risks under these policies usually cover a 12 month period.

Claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate costs of settling the liabilities in respect of claims that have occurred and are estimated based on the known facts at the balance sheet date. These provisions are revised quarterly as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

The provision for claims reported by policyholders is generally determined on a case by case basis.

The provision for claims incurred but not reported (IBNR) is estimated by the application of the chain ladder actuarial projection techniques.

The basic chain ladder technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative data for each year that is not fully developed to produce an estimated ultimate amount for each year. Chain ladder techniques are most appropriate for mature classes of business that have a relatively stable development pattern. They are less suitable in cases where an insurer does not have a developed history for the particular class of business.

Ultimately reserving methods allow for a combination of mathematical techniques and judgement based upon experience and knowledge of the business.

The risk analysis work carried out as part of the Company's assessment of its capital needs and as part of the reserving work includes an assessment of the possible variability of the outcome of the cost of settling outstanding claims. This was carried out using various actuarial and statistical techniques, and was based upon the Company's historical claims experience.

Loss development triangle

Reproduced below are tables that show the development of claims over a period of time on both gross and net of reinsurance basis. The tables show that cumulative incurred claims, including both notified and IBNR claims, for each successive accident year at each balance sheet date, together with cumulative claims as at the current balance sheet date. In the loss development triangles, the cumulative estimates and payments for each accident year are translated into pounds sterling at the exchange rates that applied at the end of each accident year.

Notes to the financial statements for the year ended December 31, 2016

17. Insurance contracts and reinsurance assets – terms, assumptions and sensitivities (continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Gross of reinsurance	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accident year	20,491	22,776	16,941	3,138	3,392	3,205	3,454	1,739	927	2	
One year later	16,075	18,576	17,501	1,767	1,712	1,645	2,034	1,666	769		
Two years later	16,051	16,501	17,569	1,570	1,680	1,645	2,003	1,704			
Three years later	16,064	16,561	17,483	1,565	1,678	1,637	2,009				
Four years later	16,075	16,547	17,482	1,564	1,681	1,635					
Five years later	16,025	16,547	17,482	1,565	1,678						
Six years later	16,025	16,547	17,483	1,565							
Seven years later	16,025	16,547	17,482								
Eight years later	16,025	16,547									
Nine years later	16,025										
Current estimate of cumulative claims	16,025	16,547	17,482	1,565	1,678	1,635	2,009	1,704	769	2	59,416
Cumulative payments to date	(16,025)	(16,547)	(17,482)	(1,565)	(1,678)	(1,635)	(2,009)	(1,702)	(765)	(2)	(59,410)
Reserve in respect of prior years											3,654
Total gross liability as per the balance sheet (see note 16)	-	-	-	-	-	-	-	2	4	-	3,660

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Net of reinsurance	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accident year	3,266	3,423	1,272	3,137	3,392	3,205	3,454	1,739	927	2	
One year later	1,745	4,019	1,832	1,767	1,711	1,645	2,034	1,666	769		
Two years later	1,720	1,944	1,899	1,569	1,679	1,645	2,003	1,704			
Three years later	1,734	2,004	1,814	1,564	1,677	1,637	2,009				
Four years later	1,745	1,990	1,813	1,563	1,680	1,635					
Five years later	1,695	1,990	1,814	1,565	1,677						
Six years later	1,695	1,990	1,814	1,564							
Seven years later	1,695	1,990	1,813								
Eight years later	1,695	1,990									
Nine Years later	1,695										
Current estimate of cumulative claims	1,695	1,990	1,813	1,564	1,677	1,635	2,009	1,704	769	2	14,858
Cumulative payments to date	(1,695)	(1,990)	(1,813)	(1,564)	(1,677)	(1,635)	(2,009)	(1,702)	(765)	(2)	(14,852)
Reserve in respect of prior years											526
Total net liability as per the balance sheet (see note 16)	-	-	-	-	-	-	-	2	4	-	532

Notes to the financial statements for the year ended December 31, 2016

17. Insurance contracts and reinsurance assets – terms, assumptions and sensitivities (continued)

Whilst the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimates established on previous years, readers of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Company believes that the estimate of total claims outstanding at the end of 2016 is adequate. However, due to the inherent uncertainties in the provisioning process, it cannot be assured that such balances will ultimately prove to be sufficient.

18. Accruals and other payables

	2016 £000	2015 £000
Amounts due to related parties	5,450	4,809
Other	159	243
Total accruals and other payables	5,609	5,052

The estimated fair values of the amounts payable are the amounts repayable on demand and are the amounts as recorded at year end.

19. Cash generated from operating activities

	Notes	2016 £000	2015 £000
Net profit before tax		477	3,700
Investment income (including realised gains)	4	(235)	(1,617)
Non cash items			
Amortisation of deferred acquisition costs	8	(5)	992
Amortisation of available for sale financial assets		9	449
Net acquisition costs deferred during the year	8	5	(60)
Currency (gains)/losses		(6)	(124)
Purchase of available for sale financial assets		–	(18,465)
Proceeds from sale of available for sale financial assets		6,353	16,850
Changes in working capital			
Decrease/(increase) in reinsurance assets	16	(222)	151
Decrease in accrued income	10	49	338
Decrease in insurance receivables	12	125	2,065
Decrease in other receivables	13	10	4,547
Decrease in insurance contracts liabilities	16	(64)	(4,120)
Increase in insurance related payables		6	–
Increase in accruals and other payables	18	557	1,450
Decrease/(increase) in deposits with credit institutions		(65)	19
Cash generated from operations		6,994	6,175

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies

The Company underwrote musical instrument insurance prior to 2016 and other specialist insurance prior to 2010 in the United Kingdom where the majority of risk exposure is confined. The Company at one point underwrote London Market business but terminated this activity in the 1980's. There are a number of ongoing Asbestosis, Pollution and Disease exposures but the run off of this business is wholly reinsured to the Company's former parent, a fellow member of the Allianz Group. The Company also underwrote a broadly based Fire and Accident account but this business was put into run off in the late 1980's.

Insurance risk

The risk under an insurance contract is the risk that an insured event will occur, including the adequacy of the price charged for the risk and uncertainty as to the amount and time of any resulting claim. The principal risk that the Company faces under such contracts is that the actual claims will exceed the carrying value of insurance contracts liabilities. This is influenced by the frequency of claims, severity of claims and other factors dependent upon the type of the insurance contract. By the nature of an insurance contract, insurance risk is random and unpredictable therefore the actual claims costs may exceed the estimated insurance liabilities.

As detailed below under Financial – b) credit risk, reinsurance placement is limited to a small number of highly regarded reinsurers in order to ensure as far as possible that reinsurance claims are met in full. Members of the Allianz SE Group of companies are the Company's largest reinsurers.

As the Company is no longer underwriting new business, insurance risk is confined to whether actual claims will exceed insurance liabilities. Note 17 sets out the development of the estimate of ultimate claims cost for claims incurred in a given year. This gives an indication of the accuracy of the Company's estimation techniques for claims payments.

The following table sets out the Company's concentration of insurance risk by contract:

Claims liabilities 2016	Gross £000	Reinsurers' share £000	Net £000
Speciality pecuniary	6	–	6
Other	3,654	(3,128)	526
Total	3,660	(3,128)	532

Claims liabilities 2015	Gross £000	Reinsurers' share £000	Net £000
Speciality pecuniary	227	–	227
Other	3,497	(2,906)	591
Total	3,724	(2,906)	818

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies (continued)

Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets, insurance receivables and cash and cash equivalents held primarily to meet obligations under insurance contract liabilities. The key financial risk is that the proceeds from the realisation of assets are insufficient to meet the obligations under its insurance contracts. The most important aspects of financial risks comprise market risk, credit risk and liquidity risk.

a) Market Risk

Market risk is the risk that changes in market prices will affect the value of the Company's assets and income. The Company's liabilities have very limited exposure to these movements. The Company is exposed to market risk on all of its financial assets.

The Company manages market risk in a conservative manner. Whilst it seeks to maximise returns it does so in accordance with its risk appetite and in a manner which does not pose undue risk to either its underwriting activities or shareholders' funds. A substantial part of the Company's financial assets are invested in available for sale fixed interest securities. These are quoted on a recognised stock exchange and are readily tradable. The Company has no off balance sheet vehicles or any form of hybrid security. The Company does not invest in equity or property markets.

i) Interest rate risk

Interest rate risk is the risk that interest rates will change, adversely affecting the market value of the fixed interest portfolio and consequently the value of the assets that the Company has available to meet insurance contract liabilities. None of the Company's general insurance contracts include benefits which involve contractual interest payments

Interest rate risk is managed by matching the duration of the fixed interest and cash and cash equivalents portfolios against the average duration of the insurance contracts liabilities. At December 31, 2016 the average duration of the fixed interest and cash and cash equivalent portfolios was 3.2 years (2015: 2.2 years) compared with the mean duration of the insurance contracts liabilities which is estimated to be 2.0years (2015: 1.3 years).

ii) Equity risk

The Company does not invest in equity markets.

iii) Currency risk

Currency risk is the risk that fluctuations in exchange rates may lead to a material change in the value of currency denominated assets or liabilities. Currency risk is small as the majority of the Company's insurance contracts and insurance risks are either concluded or situated in the United Kingdom.

The Company has a policy of broadly matching its currency liabilities with assets denominated in the same currency in order to minimise currency risk. Excess currency assets are held to enable payments in currency to be made ahead of the reinsurance recovery which may take several months. Rebalancing of net currency exposure is undertaken at the end of every quarter to reflect changes in either asset or liability values. At December 31, the largest currency exposures were:

	2016 £000	2015 £000
US Dollars		
Assets	5,456	4,677
Liabilities	(2,732)	(2,415)

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies (continued)

iv) Sensitivity to market risk

The table below shows the sensitivity of the Company's profit or loss (before tax) and equity to changes in market risk factors.

	2016 Profit/(loss) £000	2016 Equity £000	2015 Profit/(loss) £000	2015 Equity £000
Interest rate risk				
+100 basis points shift in yield curves	–	–	–	(285)
-100 basis points shift in yield curves	–	–	–	307
Currency risk				
10% increase in US Dollar	272	206	226	171
10% decrease in US Dollar	(272)	(206)	(226)	(171)

b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. Key areas where the Company is exposed to credit risk are:

- Counterparty risk in respect of debt securities, cash and cash equivalents
- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers in respect of claims already paid
- Amounts due from insurance intermediaries and policyholders

The Company manages credit risk for financial assets (other than for amounts invested in government securities) and cash and cash equivalents by limiting the amount of exposure to individual counterparties. This is achieved through applying a comprehensive series of limits, determined after taking into account publicly available credit ratings and other information considered relevant. These limits are dependent upon credit rating and restrict the exposure of financial assets to each counterparty or where the counterparty is a member of a group, the exposure to the group. The broad strategy is to limit the credit risk to tolerable levels whilst at the same time taking limited and controlled advantage of the additional returns which are available for additional risk.

Reinsurance is used to manage insurance risk. Reinsurance does not discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. In view of the potential long term exposure from insurance risks reinsurance security is limited to a small number of highly regarded reinsurers that offer the best long term security. Reinsurance is only placed with companies that meet the Company's strict security criteria. The largest counterparty risk at December 31, 2016 was £3.1m (2015: £2.9m).

Insurance receivables are closely monitored via the credit control process. For amounts due from brokers, credit terms are applied which are determined by a range of factors including the type of business, size of account and financial standing. For policyholders, credit is managed so that the amount due is matched to the expired risk. Where amounts fall outside credit terms a full range of credit control procedures are applied. Where these are not successful, the debt is impaired.

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies (continued)

The following table provides information regarding the credit risk exposure of the Company at December 31, by classifying assets according to the credit ratings of counterparties.

2016	AAA £000	AA £000	A £000	BBB £000	BB £000	Captive £000	Not rated £000	Total £000
Reinsurance assets	–	3,128	–	–	–	–	–	3,128
Available for sale financial assets	2,453	–	–	–	–	–	–	2,453
Deposit with credit institutions	–	405	–	–	–	–	–	405
Insurance receivables	–	19	–	–	–	–	–	19
Cash and cash equivalents	–	–	12,925	–	–	–	–	12,925
Total £000	2,453	3,552	12,925	–	–	–	–	18,930
Percent	13.0	18.8	68.2	–	–	–	–	100.0

2015	AAA £000	AA £000	A £000	BBB £000	BB £000	Captive £000	Not rated £000	Total
Reinsurance assets	–	2,906	–	–	–	–	–	2,906
Available for sale financial assets	2,048	5,759	522	–	–	–	–	8,329
Deposit with credit institutions	–	340	–	–	–	–	–	340
Insurance receivables	–	–	–	–	–	–	144	144
Cash and cash equivalents	–	–	6,255	–	–	–	–	6,255
Total £000	2,048	9,005	6,777	–	–	–	144	17,974
Percent	11.4	50.1	37.7	–	–	–	0.8	100.0

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies (continued)

Fair value hierarchy

The following table shows a three-level fair value hierarchy for financial assets held at fair value depending on the inputs used to determine that fair value. There were no transfers between the levels during the year.

Level 1: quoted prices in active markets for identical assets. Additional criteria was applied to Corporate Bonds which were only included if they were AAA-rated and government-backed. Other Corporate Bonds were included in Level 2.

Level 2: Corporate Bonds which did not meet the criteria necessary to qualify for Level 1.

Level 3: inputs that are not based on observable market data.

	Fair value of as December 31,	Level 1	Level 2	Level 3
2016	£000	£000	£000	£000
Available for sale financial assets				
Government and government agency bonds	2,453	2,453	–	–
Corporate bonds	–	–	–	–
Deposits with credit institutions	405	405	–	–
Total	2,858	2,858	–	–
2015	£000	£000	£000	£000
Available for sale financial assets				
Government and government agency bonds	7,807	7,807	–	–
Corporate bonds	522	–	522	–
Deposits with credit institutions	340	340	–	–
Total	8,669	8,147	522	–

The following table provides information on the carrying value of reinsurance assets and insurance receivables. The Company has no financial assets or cash and cash equivalents that are impaired.

	Reinsurance assets 2016 £000	Insurance receivables 2016 £000	Reinsurance assets 2015 £000	Insurance receivables 2015 £000
Neither past due or impaired	3,128	19	2,906	144
General bad debt provision	–	–	–	–
Total	3,128	19	2,906	144

Notes to the financial statements for the year ended December 31, 2016

20. Risk management policies (continued)

c) Liquidity risk

Liquidity risk is the risk that cash might not be available to pay obligations when they fall due at a reasonable cost. The Company is exposed to daily calls on its available cash resources mainly from claims arising on insurance contracts. The investment strategy is to maintain sufficient levels of cash and cash equivalents to meet all foreseeable immediate demand. The market value of the Company's financial assets at December 31, 2016 amounted to £2.9m (2015: £8.7m) plus cash and cash equivalents of £12.9m (2015: £6.3m). All of the financial assets are held as available for sale and along with cash and cash equivalents are readily realisable. As a result the Company's exposure to potential liquidity risk is extremely low and in the various risk capital models used by the Company no capital is allocated to this risk.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk.

Compliance with Company standards is supported by a programme of periodic reviews.

Capital Management

The Company maintains sufficient capital to protect policyholders' and creditors' interests and satisfy regulators whilst creating shareholder value.

The Company is supervised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). It is the Company's policy to hold capital sufficient to satisfy regulatory and shareholder requirements even after the occurrence of one of a series of pre-specified market and insurance shocks.

There have been no material changes in the Company's management of capital during the period.

The Company capital comprises total shareholders' equity excluding the level of dividends to ordinary shareholders and amounts to £9.4m (2015: £8.6m).

The Company has complied with all externally and internally imposed capital requirements throughout the period.

21. Ultimate parent undertaking

The immediate parent undertaking is Allianz Insurance plc, a company registered in England and Wales. The ultimate parent undertaking, Allianz Societas Europaea, is incorporated in Germany and is the parent of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Copies of the group accounts are available on request from Allianz Societas Europaea, Königinstrasse 28, 80802 München, Germany.

Allianz Holdings plc is the parent undertaking of the smallest group of undertakings of which the Company is a member and for which group accounts are drawn up. Allianz Holdings plc is incorporated in England and Wales and group accounts are available from the Company Secretary, 57 Ladymead, Guildford, Surrey GU1 1DB.

Notes to the financial statements for the year ended December 31, 2016

22. Contingencies and commitments

Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

23. Related party transactions

Transactions and balances from or to related parties

The Company enters into transactions with fellow group undertakings and key management personnel in the normal course of business. Details of significant transactions carried out during the year with related parties are as follows:

	2016 £000	2015 £000
Transaction entered into with related parties		
Administration and claims handling services received from fellow subsidiary company	10	93
Reinsurance premiums paid to parent	–	–
Group tax relief from other related parties, fellow subsidiary company	–	–

Reinsurance contracts are made at normal arm length's transaction basis.

Year end balances arising from transactions carried out with related parties are as follows:

	2016 £000	2015 £000
Due to related parties		
Parent company		
As at January 1	1,720	–
Increase during the year	635	1,720
As December 31	2,355	1,720
Fellow subsidiary companies		
As at January 1	3,089	2,948
Increase during the year	6	141
As December 31	3,095	3,089

	2016 £000	2015 £000
Due from related parties		
Parent company		
As at January 1	–	4,551
Increase during the year	–	(4,551)
As December 31	–	–