



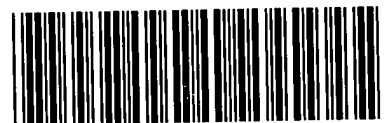
ARGENTA PRIVATE CAPITAL LIMITED

FINANCIAL STATEMENTS

31 December 2017

Company registration number: 741597

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Argenta Private Capital Limited
Financial Statements
For the year ended 31 December 2017

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Argenta Private Capital Limited

Strategic Report For the year ended 31 December 2017

The directors present their Strategic Report for Argenta Private Capital Limited ("the Company") for the year ended 31 December 2017.

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

Principal activity and review of the business

The Company is a licensed Lloyd's adviser and Members' Agent authorised and regulated by the Financial Conduct Authority. The Company advises both individual and limited liability members of Lloyd's on their underwriting business, with an aggregate underwriting capacity for 2017 of £1.73 billion.

The Company specialises in creating niche, innovative structures for members of Lloyd's in the UK and overseas. It has established and manages over 500 limited liability underwriting vehicles for both small and large scale participants.

The Company's existing client base is spread throughout the United Kingdom and internationally in Europe, North America, Australasia, South Africa and the Far East.

	2017	2016
Number of active clients	606	607
Managed underwriting capacity (£000)	1,732,000	1,438,000
Management fees (£000)	7,980	7,526
Profit commission (£000)	3,153	4,982
Profit before taxation (£000)	4,401	5,403

Profit commission reported in 2017 is in respect of the 2015 year of account. The underwriting profits of the Company's client base in respect of the 2015 year of account were slightly lower than those achieved from the 2014 year of account due to falling rates and a weaker underwriting environment.

Financial performance during the year

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year amounted to £4,699,000 (2016: £4,996,000). The decrease is primarily due to lower profit commission receivable.

Principal risks and uncertainties

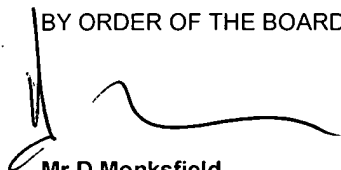
The Company does not enter into any hedging transactions. It has normal exposure to price, credit, liquidity and cash flow risks, arising from its trading activities as a Members' Agent, which are only conducted in Sterling. These are actively monitored by the Board during the course of the year and action taken accordingly. The Company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that it has sufficient liquidity to meet the operational needs of its business.

Future developments

The 2016 and 2017 open years of account have been impacted by heavy catastrophe claims but broadly client portfolios have performed within expectations. Market conditions are starting to improve and there may be further pre-emptions for 2019, expanding private client underwriting further.

Interest from institutions remains strong and this made a significant contribution to the growth in the Company's capacity under management which increased to £1.92 billion for 2018. The Company continues to explore new innovative structures that would further increase the Company's product range and income for 2019.

BY ORDER OF THE BOARD



Mr D Monksfield
Executive Chairman

19 April 2018

Argenta Private Capital Limited

Directors' Report For the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017. The Company's registration number is 741597.

Going concern

The directors have prepared these accounts on a going concern basis, as they are of the opinion that the Company will be able to pay its debts as and when they fall due. After reviewing the Company's budgets and medium-term plans, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Dividend

On 16 November 2017, the Company paid an interim dividend of £3,100,000. On 19 April 2018 the directors proposed a final dividend of £4,450,000 for 2017 (2016: £5,000,000).

Board of directors

The directors listed below have held office during the whole of the period, since 1 January 2017, up to the date of this report, unless stated otherwise:

Mr D Monksfield	(Executive Chairman)
Mr A J Annandale	(Non-Executive Director)
Mr C N Clark	(Non-Executive Director)
Mr C J R Fairs	(Company Secretary)
Mr M G H Heald	(Non-Executive Director)
Mr A J Hubbard	(Non-Executive Director)
Mr G B Hudson	
Mr J A Mackay	
Mr M G Warner	

During the year Messrs Heald and Monksfield underwrote at Lloyd's through the Company, via one or more limited liability members or on an unlimited liability basis.

Directors' and officers' insurance

The Company had directors' and officers' insurance in place during the year.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK GAAP, including FRS 102. 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 being 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.

Argenta Private Capital Limited

Directors' Report (continued)
For the year ended 31 December 2017

Directors' responsibilities statement (continued)

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.

Disclosure of information to the auditor

Under the Companies Act 2006, we can confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make us aware of any relevant information and to establish that the Company's auditor is aware of that information.

Auditor

It is proposed that Ernst & Young LLP remain as the Company's auditor for the year ended 31 December 2018.

BY ORDER OF THE BOARD



Mr C J R Fairs
Director

19 April 2018

Argenta Private Capital Limited

Independent Auditor's Report to the member of Argenta Private Capital Limited

We have audited the financial statements of Argenta Private Capital Limited for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 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.

Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to it 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Argenta Private Capital Limited

Independent Auditor's Report to the member of Argenta Private Capital Limited (continued)

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

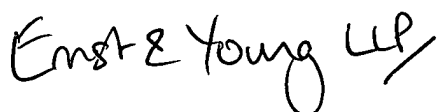
As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Michael Purrington (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 23 APRIL 2018

Argenta Private Capital Limited

**Statement of Comprehensive Income
For the year ended 31 December 2017**

Continuing operations	Notes	2017 £000	2016 £000
Turnover	3	11,567	13,076
Expenses		<u>(7,170)</u>	<u>(7,680)</u>
Operating profit	4	4,397	5,396
Interest receivable	7	4	9
Interest payable	8	<u>-</u>	<u>(2)</u>
Profit on ordinary activities before taxation		4,401	5,403
Taxation on profit on ordinary activities	9	298	(407)
Profit for the year attributable to the owner of the Company		<u>4,699</u>	<u>4,996</u>

There was no other comprehensive income attributable to the Company during the year.

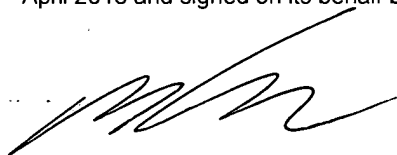
The notes on pages 10 to 18 form an integral part of these financial statements.

Argenta Private Capital Limited

**Statement of Financial Position
As at 31 December 2017**

	Notes	2017 £000	2016 £000
Fixed assets			
Investments in subsidiary undertakings	11	5	5
Investments in equity instruments	12	90	90
		<u>95</u>	<u>95</u>
Current assets			
Debtors	13	3,721	5,430
Cash at bank and in hand		<u>5,393</u>	<u>7,696</u>
		9,114	13,126
Current liabilities			
Creditors: amount falling due within one year	14	<u>(1,711)</u>	<u>(2,322)</u>
Net current assets		<u>7,403</u>	<u>10,804</u>
Total assets less current liabilities		<u>7,498</u>	<u>10,899</u>
Net assets		<u>7,498</u>	<u>10,899</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account		<u>6,998</u>	<u>10,399</u>
Shareholder's funds		<u>7,498</u>	<u>10,899</u>

The financial statements on pages 7 to 18 were approved and authorised for issue by the Board of directors on 19 April 2018 and signed on its behalf by:



Mr M G Warner
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

Argenta Private Capital Limited

**Statement of Changes in Equity
For the year ended 31 December 2017**

	Note	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2016		<u>500</u>	<u>5,403</u>	<u>5,903</u>
Profit and total comprehensive income for the year		-	4,996	4,996
At 31 December 2016		<u>500</u>	<u>10,399</u>	<u>10,899</u>
Profit and total comprehensive income for the year		-	4,699	4,699
Dividends paid	16	-	(8,100)	(8,100)
At 31 December 2017		<u>500</u>	<u>6,998</u>	<u>7,498</u>

Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses of the Company.

The notes on pages 10 to 18 form an integral part of these financial statements.

Argenta Private Capital Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting policies

General information

The Company is a private company, limited by shares and registered in England and Wales. The address of its registered office and principal place of business is 5th Floor, 70 Gracechurch Street, London, EC3V 0XL. The principal activity of the Company is that of being a licensed Lloyd's adviser and members' agent.

These financial statements have been presented in Pounds Sterling as this is the Company's functional and presentational currency, being the primary economic environment in which the Company operates.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

The Company has taken the exemption available under Section 400 of the Companies Act 2006 not to prepare consolidated financial statements on the basis that it is a wholly owned subsidiary and the immediate holding company produces consolidated financial statements in which the Company is included.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, (which have been complied with). In preparing the financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33: Related Party Disclosures;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4: Statement of Financial Position; and
- from presenting a statement of cash flows, as required by Section 7: Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

- certain disclosures required by Section 11: Basic Financial Instruments and Section 12: Other Financial Instrument Issues.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the provision of services, net of sales-related taxes.

Management fees receivable annually in advance are deferred and recognised as income over the period in which the services are performed.

Underwriting profit commission is recognised as income when the contractual right to receive it is established, but only to the extent that it can be estimated with sufficient reliability.

Other income relating to services rendered is recognised as income when the services are performed.

Interest income is recognised as interest accrues, using the effective interest rate method.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

Employee benefits

Retirement benefits

The Company participates in a group personal pension scheme operated by its immediate parent company, Argenta Holdings Limited ("AHL"), the assets of which are held separately from those of the Company in independently administered funds.

Contributions to the defined contribution pension scheme are charged to the profit or loss in the year to which the contributions relate, based on an apportionment of the costs incurred by the group in respect of the Company.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised for short-term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated, but not reversed, at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income, as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are measured at cost less impairment. Investments are tested for impairment where an indication of impairment exists at the reporting date.

Impairment of assets

At each reporting date, the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from the continuing use of the asset, and those from its ultimate disposal, applying an appropriate discount rate to the future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash at bank and in hand, debtors, investments in equity instruments and creditors. The Company has chosen to apply the provisions of Section 11: Basic Financial Instruments and Section 12: Other Financial Instrument Issues in full.

Financial assets – classified as basic financial instruments

Debtors

Debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Investments in equity instruments

Investments in equity instruments are initially recognised at the transaction price, excluding any transaction costs, and are subsequently measured at fair value through profit or loss, unless the fair value cannot be reliably determined, in which case they are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

Creditors

Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rentals are charged on a straight-line basis over the term of the lease. Any benefits receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

2. Critical accounting judgements and key sources of estimation uncertainty

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

The Company's critical accounting judgements and key sources of estimation uncertainty are as follows:

Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability, the directors consider factors such as the ageing of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

3. Turnover

An analysis of turnover by category is as follows:

	2017 £000	2016 £000
Management fees	7,980	7,526
Profit commission	3,153	4,982
Other services	434	568
	<u>11,567</u>	<u>13,076</u>

Turnover arises wholly within the United Kingdom.

4. Operating profit

	2017 £000	2016 £000
Operating profit is stated after charging:		
Salaries and associated expenses (note 5)	3,428	3,738
Fees payable to the Company's auditor for the audit of the Company's annual accounts	25	24

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed in the Company's accounts, on the basis that the Company's parent is required to disclose non-audit fees on a consolidated basis.

Argenta Private Capital Limited

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

5. Employee information

	2017 £000	2016 £000
Salaries and associated expenses:		
Remuneration (including directors' fees)	2,887	3,169
Social security costs	369	390
Pensions	172	179
	<u>3,428</u>	<u>3,738</u>
	2017 Number	2016 Number
Average number of persons employed during the year:		
Management	5	5
Administration	21	20
	<u>26</u>	<u>25</u>

6. Directors' emoluments

Emoluments disclosed below relate to amounts paid during the year to directors who are remunerated specifically for their services to the Company.

	2017 £000	2016 £000
Aggregate remuneration	1,065	1,036
Company pension contributions	31	44
	<u>1,096</u>	<u>1,080</u>

During the year three directors (2016: six) accrued benefits under a defined contribution scheme. Aggregate remuneration includes bonuses paid in respect of previous years.

Directors' remuneration includes amounts paid to the highest paid director. This is outlined below and relates specifically to services to the Company.

	2017 £000	2016 £000
Aggregate remuneration	354	320
Company pension contributions	-	7
	<u>354</u>	<u>327</u>

7. Interest receivable

	2017 £000	2016 £000
Interest receivable on cash at bank and in hand	<u>4</u>	<u>9</u>

8. Interest payable

	2017 £000	2016 £000
Interest payable	<u>-</u>	<u>2</u>

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

9. Taxation on profit on ordinary activities

a) Analysis of profit or loss charge in the year

	2017 £000	2016 £000
Current tax:		
United Kingdom corporation tax on profit for the year	(33)	798
Adjustment in respect of prior years	(250)	(408)
Total current tax	(283)	390
Deferred tax:		
Origination and reversal of timing differences	(4)	19
Adjustments in respect of prior years	(12)	(2)
Effect of changes in tax rates	1	-
Total deferred tax (note 10)	(15)	17
Total tax	(298)	407

b) Factors affecting the tax charge for the year

Tax on profit/(loss) on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	4,401	5,403
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	847	1,081
Effects of:		
Expenses not deductible for tax	21	18
Group relief claimed	-	(247)
Share-based payments	(904)	(35)
Adjustment in respect of prior years	(262)	(408)
Effect of decreased tax rate on opening liability/other differences	-	(2)
Total tax	(298)	407

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in October 2015 and took effect from 1 April 2017. A further reduction from 19% to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020. Deferred tax balances at the reporting date are measured at these reduced rates (2016: 20%, 19% and 17%).

As part of its normal course of business the Argenta Group operates in a variety of jurisdictions around the world and is therefore subject to the complex tax laws and practices of those territories. The Group establishes provisions for taxes based upon various factors that are continually evaluated to consider if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Argenta Group's final corporation tax position in respect of the 2015 accounting period is currently subject to ongoing discussions with HMRC, which could impact the tax position of the company. As such an element of uncertainty exists, however at this time the Group believes the filing position is the most reliable estimate of the final obligation.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

10. Deferred taxation

	Total 2017 £000	Total 2016 £000
At 1 January	2	19
Charge to profit or loss in the year	15	(17)
At 31 December	17	2
The deferred tax asset at 31 December is made up of:		
Decelerated capital allowances	10	1
Retention bonuses	7	-
Share options	-	1
	17	2

The deferred tax asset expected to reverse in 2018 is £1,898. This relates to timing differences on capital allowances.

11. Investments in subsidiary undertakings

	2017 £000	2016 £000
At cost at 1 January and 31 December	5	5

The Company's subsidiary undertakings held directly at 31 December 2017 were:

	Country of Registration	Class of share and percentage held
APCL Corporate Director No. 1 Limited	England and Wales	100% of voting shares of £1 each
APCL Corporate Director No. 2 Limited	England and Wales	100% of voting shares of £1 each
Argenta Insurance Research Limited	England and Wales	100% of voting shares of £1 each
Argenta Secretariat Limited	England and Wales	100% of voting shares of £1 each
Fountain Continuity Limited	Scotland	100% of voting shares of £1 each
Names Taxation Service Limited	England and Wales	100% of voting shares of £1 each

The Company's subsidiary undertakings held indirectly at 31 December 2017 were:

	Country of Registration	Class of share and percentage held
Argenta Continuity Limited	England and Wales	100% of voting shares of £1 each
Argenta General Partner Limited	Scotland	100% of voting shares of £1 each
Argenta LLP Services Limited	England and Wales	100% of voting shares of £1 each
Argenta SLP Continuity Limited	Scotland	100% of voting shares of £1 each

The above subsidiary undertakings have not traded during the year.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

12. Investments in equity instruments

	2017 £000	2016 £000
At cost at 1 January and 31 December	90	90

The investments in equity instruments represent the Company's 26.23% (2016: 26.23%) shareholding in The Newton Follis Partnership Limited. The investment is held at cost less any provision for impairment.

13. Debtors

Amounts falling due within one year

	2017 £000	2016 £000
Prepayments and accrued income	90	71
Deferred tax asset (note 10)	17	2
Profit commission receivable	3,153	4,982
Corporation tax debtor	115	-
Other debtors	346	375
	<u>3,721</u>	<u>5,430</u>

14. Creditors

Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to parent company	124	101
Amounts owed to subsidiary undertakings	5	5
Amounts owed to other group undertakings	298	457
Other taxation and social security	-	168
Accruals and deferred income	848	1,331
Other creditors	436	260
	<u>1,711</u>	<u>2,322</u>

Amounts owed to the parent company, subsidiary and other group undertakings are unsecured, interest free and are repayable on demand.

15. Called up share capital

	2017 Number	2017 £	2016 Number	2016 £
Authorised, issued and fully paid:				
Voting ordinary shares of £1 each	100	100	100	100
Non-voting ordinary shares of £1 each	499,900	499,900	499,900	499,900
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Ordinary shares with voting rights entitle each shareholder to one vote per share. Voting shareholders have no rights to receive dividends or assets upon the winding up of the Company. Non-voting shareholders have the right to receive dividends and assets upon the winding up of the Company.

Argenta Private Capital Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2017

16. Dividends

The results of the Company are shown on page 7. The profit on ordinary activities after taxation for the year amounted to £4,699,000 (2016: £4,996,000).

	2017 £000	2016 £000
Dividends paid	8,100	-

During the year the Company paid an interim dividend of £3,100,000 and a final dividend of £5,000,000 for the year ended 31 December 2016. The directors propose a final dividend of £4,450,000 for 2017. Dividends proposed after the reporting date are not included as a liability in the statement of financial position.

17. Related party transactions

The following directors underwrote through the Company at Lloyd's during 2017:

Mr Heald had underwriting interests on an unlimited liability basis and through the corporate members Carrick Capital UK Ltd, Jennings Underwriting Limited and Silver Lining 55 Limited.

Mr Monksfield underwrote through the Limited Liability Partnership Monksfield LLP.

The fees payable to the Company in respect of directors' underwriting were:

	2017 £000	2016 £000
Mr M G H Heald	27	24
Carrick Capital UK Ltd, Jennings Underwriting Ltd and Silver Lining 55 Limited (Mr M G H Heald)	50	49
Monksfield LLP (Mr D Monksfield)	1	1

The Company has taken advantage of the exemption conferred by Section 33: Related Party Disclosures not to disclose transactions entered into between two or more wholly owned members of the group.

18. Operating leases

The Company had no outstanding commitments (2016: £nil) for future minimum lease payments under non-cancellable operating leases as at the reporting date.

19. Parent undertaking

The Company's immediate parent company is AHL, a company registered in England and Wales. The financial statements of this company can be obtained from 70 Gracechurch Street, London, EC3V 0XL.

On 20 July 2017, the entire share capital of AHL was acquired by Hannover Rück SE.

Consequently, the Company's ultimate controlling party is Haftpflichtverband der Deutschen Industrie V.a.G, a company registered in Germany.