

Company Registration Number: 3442377

Sands Underwriting Limited

**Annual Report
31 December 2018**

Contents:

Company Information	1
Strategic Report	2
Report of the Directors	3
Independent Auditor's Report	5
Statement of Comprehensive Income – Technical Account – general business	8
Statement of Comprehensive Income – Non Technical Account	9
Statement of Financial Position	10
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14



Sands Underwriting Limited

Company Information

Directors

Mr D J Marshall
Mr J Chivers

Company Secretary

Argenta Secretariat Limited

Registered Office

5th Floor, 70 Gracechurch Street
London
EC3V 0XL

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Sands Underwriting Limited Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2018.

Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's Corporate Capital Member.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Company participates for the 2016, 2017 and 2018 years of account, as well as any 2015 and prior run-off years. The 2016 year closed at 31 December 2018 with a result of £125,387 (2015 - £279,205). The 2017 and 2018 open underwriting accounts will normally close at 31 December 2019 and 2020 respectively.

Results and Dividends

The results for the year are set out on pages 8 to 9 of the Financial Statements. Dividends totalling £Nil were paid in the year (2017 - £33,088).

Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.

Key Performance Indicators


	2018	2017
Capacity (youngest underwriting year)	£ 2,779,412	£ 2,667,901
Gross premium written as a % of capacity	97.1%	102.6%
Underwriting profit of latest closed year:		
as a % of capacity	4.7%	10.8%
Run-off years of account movement	£ -	£ -
Combined ratio	98.9%	104.6%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Brexit

The Brexit talks continue with parliament debating the EU Withdraw Bill. At present the insurance sector still needs certainty on the UK's future trading relationship with the EU. The priority is to ensure mutual insurance and reinsurance market access if the UK leaves the EU. Lloyd's have established a subsidiary, Lloyd's Brussels, which opened for business on 13 November 2018 and provides certainty for the market and Lloyd's clients. All legacy European Economic Area business will be moving to Lloyd's Brussels before the end of 2020 via a part VII transfer. The Directors are monitoring the Lloyd's market's preparations along with general market conditions to identify if it is appropriate to make any changes to the current strategy of the Group.

Approved by the Board on 26/09/2019
and signed on its behalf by:


David Marshall (Sep 26, 2019)

D J MARSHALL

Director

Sands Underwriting Limited

Report of the Directors

The Directors submit their Report together with the audited Financial Statements of the Company for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's Corporate Capital Member. The Company continues to underwrite for the 2019 year of account.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Report of the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

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

Directors

The Directors who served at any time during the year and to the date of this report were as follows:

Mr D J Marshall
Mr J Chivers

Sands Underwriting Limited
Report of the Directors (continued)

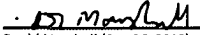
Auditors

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors.

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

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

Approved by the Board on
and signed on its behalf by: 26/09/2019


David Marshall (Sep 26, 2019)

D J MARSHALL

Director

Sands Underwriting Limited

Independent Auditor's Report

Independent auditor's report to the members of Sands Underwriting Limited

Opinion

We have audited the Financial Statements of Sands Underwriting Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements, 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 state of the company's affairs as at 31 December 2018 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. 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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relation 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Sands Underwriting Limited

Independent Auditor's Report (continued)

Other information (continued)

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

We have nothing to report in this regard.

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 Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 the Report of the Directors.

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 specific 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 Statement of Directors' responsibilities 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, and for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Sands Underwriting Limited Independent Auditor's Report (continued)

Use of the audit report

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



Amanda Barker (Sep 26, 2019)

Amanda Barker (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St. Katharine's Way
London E1W 1DD

26/09/2019

Sands Underwriting Limited
Statement of Comprehensive Income
Technical Account – general business
For the year ended 31 December 2018

	Note	2018 £	2017 £
Premiums			
Gross premiums written	1	2,698,440	2,736,831
Outward reinsurance premiums	1	(702,338)	(648,413)
Net premiums written		<u>1,996,102</u>	<u>2,088,418</u>
Change in the provision for unearned premiums			
Gross provision	1	(10,908)	(3,577)
Reinsurers' share	1	49,273	28,608
Earned premiums, net of reinsurance		<u>2,034,467</u>	<u>2,113,449</u>
Allocated investment return transferred from the non-technical account		29,939	52,699
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(1,484,112)	(1,414,040)
Reinsurers' share	1	356,348	207,112
Net claims paid		<u>(1,127,764)</u>	<u>(1,206,928)</u>
Change in provision for claims			
Gross amount	1	(110,462)	(644,094)
Reinsurers' share	1	62,280	526,237
Change in net provision for claims		<u>(48,182)</u>	<u>(117,857)</u>
Claims incurred, net of reinsurance		<u>(1,175,946)</u>	<u>(1,324,785)</u>
Changes in other technical provisions, net of reinsurance		(4,705)	3,683
Net operating expenses	1,2	(836,675)	(886,497)
Other technical charges, net of reinsurance	1	-	-
Balance on the technical account for general business		<u>47,080</u>	<u>(41,451)</u>

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Comprehensive Income
Non Technical Account
For the year ended 31 December 2018

	Note	2018 £	2017 £
Balance on technical account for general business		47,080	(41,451)
Investment income	3	(51,413)	65,457
Allocated investment return transferred to the general business technical account		(29,939)	(52,699)
Other income		166,793	100,660
Other charges, including value adjustments		(30,992)	(63,497)
Profit on ordinary activities before taxation	4	<u>101,529</u>	<u>8,470</u>
Tax on profit on ordinary activities	5	(21,303)	(5,517)
Profit for the financial year		<u>80,226</u>	<u>2,953</u>
Other comprehensive income:			
Currency translation differences		(8,156)	(1,182)
Tax on other comprehensive expenditure		1,311	294
Total comprehensive income	10	<u>73,381</u>	<u>2,065</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Financial Position
As at 31 December 2018

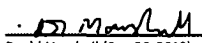
		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	604	604	-	755	755
Investments							
Other financial investments	7	2,451,568	1,124,953	3,576,521	2,631,653	1,259,687	3,891,340
Deposits with ceding undertakings		362	-	362	313	-	313
		2,451,930	1,124,953	3,576,883	2,631,966	1,259,687	3,891,653
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	265,767	-	265,767	204,500	-	204,500
Claims outstanding	8	1,337,182	-	1,337,182	1,230,284	-	1,230,284
Other technical provisions		4,186	-	4,186	6,180	-	6,180
		1,607,135	-	1,607,135	1,440,964	-	1,440,964
Debtors							
Amounts falling due within one year	7	1,095,841	12,065	1,107,906	1,112,419	-	1,112,419
Amounts falling due after one year	7	158,121	11,200	169,321	128,484	-	128,484
		1,253,962	23,265	1,277,227	1,240,903	-	1,240,903
Other assets							
Cash at bank and in hand		146,038	268,860	414,898	142,271	94,910	237,181
Other		268,578	-	268,578	267,173	-	267,173
		414,616	268,860	683,476	409,444	94,910	504,354
Prepayments and accrued income							
Accrued interest		5,711	-	5,711	5,498	-	5,498
Deferred acquisitions costs	8	353,426	-	353,426	342,363	-	342,363
Other prepayments and accrued income		11,698	-	11,698	6,929	-	6,929
		370,835	-	370,835	354,790	-	354,790
Total assets		6,098,478	1,417,682	7,516,160	6,078,067	1,355,352	7,433,419

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Financial Position
As at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	9	-	3,750	3,750	-	3,750	3,750
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	8,293	8,293	-	8,293	8,293
Profit and loss account	10	(310,242)	1,213,654	903,412	(57,059)	887,090	830,031
Shareholders' funds – attributable to equity interests		(310,242)	1,225,697	915,455	(57,059)	899,133	842,074
Technical provisions							
Provision for unearned premiums	8	1,233,136	-	1,233,136	1,175,413	-	1,175,413
Claims outstanding	8	4,359,089	-	4,359,089	4,179,821	-	4,179,821
Other technical provisions		2,826	-	2,826	-	-	-
Provisions for other risks							
Deferred taxation	11	-	-	-	-	60,652	60,652
Other		-	-	-	-	-	-
Deposit received from reinsurers		20,415	-	20,415	564	-	564
Creditors							
Amounts falling due within one year	7	599,073	169,624	768,697	626,203	364,818	991,021
Amounts falling due after one year	7	111,832	-	111,832	70,301	-	70,301
		710,905	169,624	880,529	696,504	364,818	1,061,322
Accruals and deferred income		82,349	22,361	104,710	82,824	30,749	113,573
Total liabilities		6,098,478	1,417,682	7,516,160	6,078,067	1,355,352	7,433,419

Approved and authorised for issue by the Board of Directors on 26/09/2019
and signed on its behalf by:


David Marshall (Sep 26, 2019)

D J MARSHALL
Director

Company registration number: 3442377

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	3,750	-	8,293	861,054	-	873,097
Profit for the year	-	-	-	2,953	-	2,953
Other comprehensive expenditure	-	-	-	(888)	-	(888)
Total comprehensive income	-	-	-	2,065	-	2,065
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	(33,088)	-	(33,088)
As at 31 December 2017	3,750	-	8,293	830,031	-	842,074
Profit for the year	-	-	-	80,226	-	80,226
Other comprehensive expenditure	-	-	-	(6,845)	-	(6,845)
Total comprehensive income	-	-	-	73,381	-	73,381
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2018	3,750	-	8,293	903,412	-	915,455

Called up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

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

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited
Statement of Cash Flows
For the year ended 31 December 2018

	2018 £	2017 £
Operating activities		
Profit on ordinary activities before tax	101,529	8,470
Loss attributable to Syndicate transactions	245,027	447,916
	<u>346,556</u>	<u>456,386</u>
Profit - excluding Syndicate transactions		
Adjusted for:		
Increase in debtors	(20,641)	-
Decrease in creditors	(182,833)	(203,187)
Loss on disposal of intangible assets	(166,793)	(97,393)
Amortisation of Syndicate capacity	151	-
Realised/unrealised gains/(losses) on investments	81,801	(12,658)
Investment income	(449)	(100)
Corporation and overseas taxes losses	(104,017)	(113,899)
	<u>(46,225)</u>	<u>29,149</u>
Net cash (outflow)/inflow from operating activities		
	<u>(46,225)</u>	<u>29,149</u>
Investing activities		
Investment income	449	100
Purchase of Syndicate capacity	-	(755)
Proceeds from sale of Syndicate capacity	166,793	97,393
Purchase of financial investments	(1,139,092)	-
Proceeds from sale of financial investments	1,192,025	-
	<u>220,175</u>	<u>96,738</u>
Net cash inflow from investing activities		
	<u>220,175</u>	<u>96,738</u>
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	-	(33,088)
	<u>-</u>	<u>(33,088)</u>
Net cash outflow from financing activities		
	<u>-</u>	<u>(33,088)</u>
Net cash increase in cash and cash equivalents	173,950	92,799
Effect of exchange rates on cash and cash equivalents	-	-
	<u>94,910</u>	<u>2,111</u>
Cash and cash equivalents at the beginning of the year		
	<u>94,910</u>	<u>2,111</u>
Cash and cash equivalents at the end of the year	<u>268,860</u>	<u>94,910</u>
Consisting of:		
Cash at bank and in hand	268,860	94,910
Cash equivalents	-	-
	<u>268,860</u>	<u>94,910</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Sands Underwriting Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Basis of preparation of Financial Statements

General information

The Company is a private company limited by shares and incorporated in the United Kingdom.

The Financial Statements have been presented in Pounds Sterling ("Sterling") as this is the Company's functional 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 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* 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 ("SI 2008/410"). These Financial Statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

Recognition of insurance transactions

The Company recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

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

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate Participation"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the Syndicates in which the Company participates.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies

i Going concern

These Financial Statements have been prepared on a going concern basis.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made.

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

vi Deferred acquisition costs

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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
 - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

viii Financial instruments

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other debtors, trade and other creditors and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

Basic financial instruments 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 in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled. Financial instruments subsequently measured at amortised cost include cash, debtors and creditors.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

viii Financial instruments (continued)

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which 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 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 receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

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

Dividend income receivable is recognised when the rights to receive the distributions have been established.

ix Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

x Derecognition of financial assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

xi Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xii Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xiii Foreign currencies

Transactions in United States Dollars, Canadian Dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States Dollars, Canadian Dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the profit and loss account.

xiv Intangible assets

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

xv Insurance contracts – product classification

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

xvi Taxation

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these Financial Statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these Financial Statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the Financial Statements of subsequent periods.

xvii Deferred taxation

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.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xvii Deferred taxation (continued)

Deferred 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.

xviii Critical accounting judgements and key sources of estimated 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.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicates.

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory Financial Statements are discussed below.

Assessing indicators of impairment

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment review

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Directors perform an impairment review when indications of impairment arise.

Recoverability of receivables

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

Determining the useful life of purchased Syndicate capacity

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1. Class of Business

2018	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	137,750	147,759	(73,851)	(64,203)	(4,110)	5,595
Motor – third party liability	13,647	14,911	(8,262)	(4,951)	(1,481)	217
Motor – other classes	176,387	182,119	(79,520)	(59,899)	(35,714)	6,986
Marine, aviation and transport	293,251	294,792	(161,564)	(109,628)	(21,556)	2,044
Fire and other damage to property	893,633	859,291	(497,598)	(258,636)	(131,546)	(28,489)
Third party liability	525,120	525,415	(337,498)	(191,800)	23,440	19,557
Credit and suretyship	93,919	86,700	(36,970)	(25,965)	(10,664)	13,101
Legal expenses	4,167	4,391	(1,396)	(2,900)	26	121
Assistance	-	-	-	-	-	-
Miscellaneous	3,313	3,232	(2,044)	(1,467)	(18)	(297)
	2,141,187	2,118,610	(1,198,703)	(719,449)	(181,623)	18,835
Reinsurance	557,253	568,922	(395,871)	(117,226)	(52,814)	3,011
Total	2,698,440	2,687,532	(1,594,574)	(836,675)	(234,437)	21,846

2017	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	149,972	149,575	(77,893)	(65,541)	(3,627)	2,514
Motor – third party liability	11,895	13,498	(10,959)	(3,915)	185	(1,191)
Motor – other classes	211,774	210,865	(166,821)	(62,608)	2,684	(15,880)
Marine, aviation and transport	294,092	327,064	(166,729)	(126,566)	(29,910)	3,859
Fire and other damage to property	829,936	823,116	(663,799)	(268,221)	63,494	(45,410)
Third party liability	564,178	532,773	(330,889)	(197,256)	(281)	4,347
Credit and suretyship	85,662	77,879	(50,297)	(27,639)	(579)	(636)
Legal expenses	3,783	3,871	(1,897)	(1,968)	6	12
Assistance	-	-	-	-	-	-
Miscellaneous	3,363	3,487	(404)	(1,134)	(402)	1,547
	2,154,655	2,142,128	(1,469,688)	(754,848)	31,570	(50,838)
Reinsurance	582,176	591,126	(588,446)	(131,649)	81,974	(46,995)
Total	2,736,831	2,733,254	(2,058,134)	(886,497)	113,544	(97,833)

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

2. Net Operating Expenses

	2018 £	2017 £
Acquisition costs	767,169	783,228
Change in deferred acquisition costs	(7,935)	(12,612)
Administrative expenses	133,357	137,160
Reinsurance commissions and profit participations	(123,280)	(102,254)
Personal expenses	67,364	80,975
	<u>836,675</u>	<u>886,497</u>

3. Investment Income

	2018 £	2017 £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	55,686	52,569
Realised gains and losses	(74,158)	10,921
Unrealised gains and losses	(30,168)	7,171
Other	-	-
	<u>(48,640)</u>	<u>70,661</u>
Financial instruments held at amortised cost:		
Interest	449	100
Other	-	-
	<u>449</u>	<u>100</u>
Investment management expenses, including interest	(3,222)	(5,304)
	<u>(3,222)</u>	<u>(5,304)</u>
	<u>(51,413)</u>	<u>65,457</u>

4. Profit on Ordinary Activities before Taxation

	2018 £	2017 £
Operating profit is stated after charging:		
Directors' remuneration	-	-
Amortisation of Syndicate capacity	151	-
Profit on disposal of intangible fixed assets	(166,793)	(97,393)
Loss on exchange	1,029	11,328

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

The auditors charge a fixed fee to Argenta Private Capital Limited of £365 for the provision of the statutory audit, they also provide non-audit services through an outsourcing arrangement of approximately £515.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

5. Taxation	2018 £	2017 £
Analysis of charge in year		
Current tax:		
UK corporation tax on profit of the year	83,653	105,374
Adjustment in respect of previous period	(6,429)	(4,224)
	<u>77,224</u>	<u>101,150</u>
Foreign tax	6,044	4,479
	<u>83,268</u>	<u>105,629</u>
Total current tax	83,268	105,629
Deferred tax:		
Origination and reversal of timing differences	(67,597)	(100,089)
Change in tax rate	4,321	(317)
	<u>19,992</u>	<u>5,223</u>
Total tax	19,992	5,223
Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:		
Profit on ordinary activities before tax	<u>101,529</u>	<u>8,470</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	19,291	1,630
Effects of:		
Change in deferred tax rate	4,321	(317)
Deferred tax asset previously unrecognised	-	-
Foreign tax	4,896	3,617
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Prior period and other adjustments	<u>(8,516)</u>	<u>293</u>
Total tax charge for the period	<u>19,992</u>	<u>5,223</u>

The results of the Company's participation on the 2016, 2017 and 2018 years of account and any calendar year movement on 2015 and prior run-offs, will not be assessed to tax until the year ended 31 December 2019, 2020 and 2021 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

The current UK corporation tax rate is 19%. The rate will be reduced to 17% from 1 April 2020. The effect of this reduction is reflected in the recognised deferred tax liability/(asset).

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Intangible Assets	Total £
Purchased Syndicate Capacity	
Cost	
At 1 January 2018	140,079
Additions	-
Disposals	<u>(17,007)</u>
At 31 December 2018	<u>123,072</u>
Amortisation	
At 1 January 2018	139,324
Additions	151
Disposals	<u>(17,007)</u>
At 31 December 2018	<u>122,468</u>
Net Book Value	
At 31 December 2018	<u>604</u>
At 31 December 2017	<u>755</u>

7. Financial Instruments and Financial Risk Management

7.1 Financial Investments

Other financial investments – Syndicate participation

	2018 Market Value £	2017 Market Value £
Shares and other variable yield securities and units in unit trusts	312,062	384,471
Debt securities and other fixed income securities	2,057,531	2,149,592
Participation in investment pools	53,469	62,928
Loans with credit institutions	3,831	4,131
Derivative financial instruments	524	5,453
Other investments	-	-
Deposits with credit institutions	12,039	12,871
Other	<u>12,112</u>	<u>12,207</u>
	<u>2,451,568</u>	<u>2,631,653</u>

Other financial investments – Corporate

Shares and other variable yield securities and units in unit trusts	1,124,953	1,259,687
Debt securities and other fixed income securities	-	-
Other investments	<u>-</u>	<u>-</u>
	<u>1,124,953</u>	<u>1,259,687</u>

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors

	2018		2017	
	Syndicate Participation £	Corporate £	Syndicate Participation £	Corporate £
Amounts falling due within one year:				
Arising out of direct insurance operations	637,508	-	611,590	-
Arising out of reinsurance operations	367,317	-	336,166	-
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	91,016	12,065	164,663	-
Total Amounts falling due within one year	1,095,841	12,065	1,112,419	-
Amounts falling due after one year:				
Arising out of direct insurance operations	24,463	-	14,358	-
Arising out of reinsurance operations	124,541	-	101,034	-
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	9,117	11,200	13,092	-
Total Amounts falling due after one year	158,121	11,200	128,484	-
	1,253,962	23,265	1,240,903	-

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2018		2017	
	Syndicate Participation £	Corporate £	Syndicate Participation £	Corporate £
Cash	-	267,073	-	19,524
Investments	-	1,124,953	-	1,259,687
	-	1,392,026	-	1,279,211

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	92,266	-	92,266	104,393	-	104,393
Arising out of reinsurance operations	397,381	-	397,381	311,482	-	311,482
Amounts owed to credit institutions	-	-	-	9,375	-	9,375
Other creditors:						
Corporation tax	-	84,624	84,624	-	105,373	105,373
Directors' loan accounts	-	-	-	-	259,445	259,445
Third party funds	-	85,000	85,000	-	-	-
Other creditors	109,426	-	109,426	200,953	-	200,953
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	599,073	169,624	768,697	626,203	364,818	991,021
Amounts falling due after one year:						
Arising out of direct insurance operations	1,282	-	1,282	844	-	844
Arising out of reinsurance operations	109,225	-	109,225	63,635	-	63,635
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	1,325	-	1,325	5,822	-	5,822
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	111,832	-	111,832	70,301	-	70,301
	710,905	169,624	880,529	696,504	364,818	1,061,322

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Company's financial instruments by classification.

Other financial investments – Syndicate participation

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	2,451,568	-	2,451,568	2,631,653	-	2,631,653
Deposits with ceding undertakings	-	362	362	-	313	313
Insurance debtors	-	661,971	661,971	-	625,948	625,948
Reinsurance debtors	-	491,858	491,858	-	437,200	437,200
Other debtors	-	100,133	100,133	-	177,755	177,755
Cash at bank and in hand	-	146,038	146,038	-	142,271	142,271
Other assets	268,578	-	268,578	267,173	-	267,173
	2,720,146	1,400,362	4,120,508	2,898,826	1,383,487	4,282,313
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	231	-	231	256	-	256
Insurance creditors	-	93,548	93,548	-	105,237	105,237
Reinsurance creditors	-	506,606	506,606	-	375,117	375,117
Amounts owed to credit institutions	-	-	-	-	9,375	9,375
Other creditors	-	-	-	-	-	-
	231	600,154	600,385	256	489,729	489,985

Other financial investments – Corporate

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	1,124,953	-	1,124,953	1,259,687	-	1,259,687
Other debtors	-	23,265	23,265	-	-	-
Cash at bank and in hand	-	268,860	268,860	-	94,910	94,910
Other assets	-	-	-	-	-	-
	1,124,953	292,125	1,417,078	1,259,687	94,910	1,354,597
Financial liabilities						
Other creditors	-	169,624	169,624	-	364,818	364,818
	-	169,624	169,624	-	364,818	364,818

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

The table below sets out details of the Company's derivative financial instruments.

	2018		2017	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	88,382	493	165,246	4,825
Interest rate future contracts	6,797	1	32,056	62
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	81,752	587
Other	-	30	14,544	(21)
	95,179	524	293,598	5,453

7.6 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2018						
Financial assets						
Shares and other variable yield securities and units in unit trusts	126,007	177,643	8,412	312,062	-	312,062
Debt securities and other fixed income securities	429,299	1,628,232	-	2,057,531	-	2,057,531
Participation in investment pools	4,937	34,066	14,466	53,469	-	53,469
Loans and deposits with credit institutions	11,992	3,878	-	15,870	-	15,870
Overseas deposits	125,962	143,121	11,607	280,690	-	280,690
Derivatives	249	275	-	524	-	524
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	698,446	1,987,215	34,485	2,720,146	-	2,720,146
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	101	130	-	231	-	231
Financial liabilities classified as held for sale	-	-	-	-	-	-
	101	130	-	231	-	231

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2017						
Financial assets						
Shares and other variable yield securities and units in unit trusts	92,149	282,056	10,266	384,471	-	384,471
Debt securities and other fixed income securities	374,830	1,774,762	-	2,149,592	-	2,149,592
Participation in investment pools	5,142	34,632	23,154	62,928	-	62,928
Loans and deposits with credit institutions	12,832	4,170	-	17,002	-	17,002
Overseas deposits	85,502	185,301	8,577	279,380	-	279,380
Derivatives	740	4,713	-	5,453	-	5,453
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	571,195	2,285,634	41,997	2,898,826	-	2,898,826
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	246	10	-	256	-	256
Financial liabilities classified as held for sale	-	-	-	-	-	-
	246	10	-	256	-	256

Other financial investments – Corporate

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2018						
Financial assets						
Shares and other variable yield securities and units in unit trusts	1,124,953	-	-	1,124,953	-	1,124,953
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	1,124,953	-	-	1,124,953	-	1,124,953

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Corporate (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2017						
Financial assets						
Shares and other variable yield securities and units in unit trusts	1,259,687	-	-	1,259,687	-	1,259,687
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	<u>1,259,687</u>	<u>-</u>	<u>-</u>	<u>1,259,687</u>	<u>-</u>	<u>1,259,687</u>

7.7 Financial Risk Management

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2018						
Shares and other variable yield securities and units in unit trusts	57,461	13,463	64,587	14,712	161,839	312,062
Debt securities and other fixed income securities	380,085	819,125	578,176	215,693	64,452	2,057,531
Participation in investment pools	17,331	12,709	2,718	1,379	19,332	53,469
Loans secured with credit institutions	3,787	44	-	-	-	3,831
Deposits with credit institutions	-	-	12,039	-	-	12,039
Overseas deposits	144,853	64,016	22,995	26,673	22,153	280,690
Derivative investments	-	-	-	220	304	524
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	362	362
Reinsurers share of claims outstanding	129,925	203,589	925,864	2,005	75,799	1,337,182
Reinsurance debtors	3,654	13,017	67,090	5	12,977	96,743
Cash at bank and in hand	1,499	1,780	126,943	14,816	1,000	146,038
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	738,595	1,127,743	1,800,412	275,503	358,218	4,300,471

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2017						
Shares and other variable yield securities and units in unit trusts	68,668	17,177	47,571	42,661	208,394	384,471
Debt securities and other fixed income securities	399,922	767,797	705,155	215,069	61,649	2,149,592
Participation in investment pools	21,086	12,645	6,591	1,637	20,969	62,928
Loans secured with credit institutions	4,027	104	-	-	-	4,131
Deposits with credit institutions	-	162	12,709	-	-	12,871
Overseas deposits	138,778	68,822	26,341	30,886	14,553	279,380
Derivative investments	4	-	64	844	4,541	5,453
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	313	313
Reinsurers share of claims outstanding	-	217,139	926,492	10,240	76,413	1,230,284
Reinsurance debtors	-	8,922	31,983	-	20,384	61,289
Cash at bank and in hand	150	3,925	107,449	28,173	2,574	142,271
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	632,635	1,096,693	1,864,355	329,510	409,790	4,332,983

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2018						
Shares and other variable yield securities and units in unit trusts	312,062	-	-	-	-	312,062
Debt securities and other fixed income securities	2,057,531	-	-	-	-	2,057,531
Participation in investment pools	53,469	-	-	-	-	53,469
Loans secured with credit institutions	3,831	-	-	-	-	3,831
Deposits with credit institutions	12,039	-	-	-	-	12,039
Overseas deposits	280,690	-	-	-	-	280,690
Derivative investments	524	-	-	-	-	524
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	362	-	-	-	-	362
Reinsurers share of claims outstanding	1,337,338	-	-	-	(156)	1,337,182
Reinsurance debtors	54,434	39,982	1,123	1,215	(11)	96,743
Cash at bank and in hand	146,038	-	-	-	-	146,038
Insurance debtors	602,803	36,209	9,848	13,402	(291)	661,971
Other debtors	1,092,615	1,793	974	2	-	1,095,384
	5,953,736	77,984	11,945	14,619	(458)	6,057,826

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2017						
Shares and other variable yield securities and units in unit trusts	384,471	-	-	-	-	384,471
Debt securities and other fixed income securities	2,149,592	-	-	-	-	2,149,592
Participation in investment pools	62,928	-	-	-	-	62,928
Loans secured with credit institutions	4,131	-	-	-	-	4,131
Deposits with credit institutions	12,871	-	-	-	-	12,871
Overseas deposits	279,380	-	-	-	-	279,380
Derivative investments	5,453	-	-	-	-	5,453
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	313	-	-	-	-	313
Reinsurers share of claims outstanding	1,230,597	-	-	-	(313)	1,230,284
Reinsurance debtors	33,625	25,667	979	1,036	(18)	61,289
Cash at bank and in hand	142,271	-	-	-	-	142,271
Insurance debtors	563,372	32,668	8,641	21,477	(210)	625,948
Other debtors	1,064,575	1,653	71	19	-	1,066,318
	5,933,579	59,988	9,691	22,532	(541)	6,025,249

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2018						
Derivative financial instruments	-	231	-	-	-	231
Deposits received from reinsurers	-	20,415	-	-	-	20,415
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	1,628,026	1,576,885	587,701	566,477	4,359,089
Creditors	-	560,898	125,454	12,391	-	698,743
Other	-	-	-	-	-	-
	-	2,209,570	1,702,339	600,092	566,477	5,078,478

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2017						
Derivative financial instruments	-	256	-	-	-	256
Deposits received from reinsurers	-	564	-	-	-	564
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	5,180	1,529,422	1,547,413	602,016	495,790	4,179,821
Creditors	-	542,205	67,469	9,100	16	618,790
Other	-	-	-	-	-	-
	5,180	2,072,447	1,614,882	611,116	495,806	4,799,431

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2018 £	2017 £
Impact of 50 basis point increase on profit or loss	(20,662)	(23,642)
Impact of 50 basis point decrease on profit or loss	20,140	23,503
Impact of 50 basis point increase on equity	(20,662)	(23,642)
Impact of 50 basis point decrease on equity	20,140	23,503

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

Syndicate participation

	2018	2017
	£	£
Impact on profit or loss of 5% increase in Stock Market Prices	3,472	570
Impact on profit or loss of 5% decrease in Stock Market Prices	(3,461)	(574)
Impact on equity of 5% increase in Stock Market Prices	3,472	570
Impact on equity of 5% decrease in Stock Market Prices	(3,461)	(574)

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.

Currency risk

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

Net assets and liabilities

	2018	2017
	Syndicate Participation £	Syndicate Participation £
	Corporate £	Corporate £
Sterling	(535,510)	1,030,564
United States Dollar	(205,735)	194,529
Euro	185,148	-
Canadian Dollar	145,649	-
Australian Dollar	34,935	-
Japanese Yen	(3,842)	-
Other	19,004	-

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these Financial Statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the profit and loss.

	Corporate Profit and loss			
	31 December 2018		31 December 2017	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of Sterling exchange movement by 10%				
United States Dollar	17,684	(21,614)	-	-
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

7.8 Capital Management

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR "to ultimate"). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the solvency capital requirement of the Syndicate, since this has been previously calculated using Solvency II principles.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 7.3 for further information.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	4,179,821	1,230,284	2,949,537	3,850,799	834,109	3,016,690
Movements in the year	110,462	62,280	48,182	644,094	526,237	117,857
Exchange differences	68,806	44,618	24,188	(315,072)	(130,062)	(185,010)
At 31 December	<u>4,359,089</u>	<u>1,337,182</u>	<u>3,021,907</u>	<u>4,179,821</u>	<u>1,230,284</u>	<u>2,949,537</u>

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	1,175,413	204,500	970,913	1,254,515	192,085	1,062,430
Movements in the year	10,908	49,273	(38,365)	3,577	28,608	(25,031)
Exchange differences	46,815	11,994	34,821	(82,679)	(16,193)	(66,486)
At 31 December	<u>1,233,136</u>	<u>265,767</u>	<u>967,369</u>	<u>1,175,413</u>	<u>204,500</u>	<u>970,913</u>

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2018 £	2017 £
At 1 January	342,363	332,105
Movements in the year	7,935	12,612
Exchange differences	3,128	(2,354)
At 31 December	<u>353,426</u>	<u>342,363</u>

8.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these Financial Statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development - gross

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	953,423	1,543,224	1,558,046	1,577,934	1,553,708	1,543,618	1,507,615	1,493,712
2012	1,002,545	1,430,782	1,415,206	1,373,275	1,355,417	1,318,888	1,311,390	
2013	702,066	1,221,690	1,190,510	1,153,920	1,123,342	1,102,072		
2014	667,713	1,171,757	1,203,103	1,148,925	1,185,831			
2015	668,264	1,303,402	1,320,980	1,317,336				
2016	805,538	1,633,738	1,674,960					
2017	1,367,804	2,081,013						
2018	1,069,663							
	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received					
2011	1,379,820	113,892	(59,189)					
2012	1,173,549	137,841	(143,097)					
2013	951,187	150,885	(101,608)					
2014	870,281	315,551	(186,747)					
2015	906,759	410,577	(150,555)					
2016	983,026	691,934						
2017	870,448	1,210,565						
2018	158,509	911,155						

Claims development - net

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	794,604	1,261,575	1,266,448	1,244,428	1,216,747	1,206,777	1,186,546	1,177,987
2012	777,675	1,177,135	1,166,757	1,116,483	1,099,160	1,075,040	1,069,884	
2013	598,270	1,063,752	1,029,235	999,880	972,035	957,782		
2014	562,470	1,016,596	1,038,828	980,838	989,343			
2015	560,755	1,115,592	1,125,296	1,124,937				
2016	633,828	1,279,192	1,321,566					
2017	819,492	1,412,796						
2018	705,179							

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development – net (continued)

	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received
2011	1,098,108	79,879	(106,749)
2012	955,153	114,730	(146,399)
2013	824,034	133,748	(127,240)
2014	765,584	223,759	(148,666)
2015	793,982	330,955	(106,608)
2016	812,015	509,551	
2017	648,447	764,349	
2018	129,730	575,450	

9. Called-up Share Capital

Issued and fully paid	Number of shares			At 31 December
	At 1 January	Issued during the year	Redeemed during the year	
Par value per share				
15,000 Ordinary 25p shares	15,000	-	-	15,000
Total	15,000	-	-	15,000

The Ordinary 25p shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

10. Profit and Loss Account

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit brought forward	(57,059)	887,090	830,031	392,039	469,015	861,054
Reallocate distribution	(279,206)	279,206	-	(409,732)	409,732	-
Profit for the financial year	26,023	47,358	73,381	(39,366)	41,431	2,065
Equity dividends	-	-	-	-	(33,088)	(33,088)
Retained profit carried forward	(310,242)	1,213,654	903,412	(57,059)	887,090	830,031

11. Deferred Tax

	2018			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	(6,351)	-	70,215	60,652
Movement in the year	(44,884)	-	(18,401)	(63,276)
At 31 December	(51,235)	-	51,814	(2,624)

	2017			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Total £
At 1 January	75,512	-	88,858	161,058
Movement in the year	(81,863)	-	(18,643)	(100,406)
At 31 December	(6,351)	-	70,215	60,652

The unused tax losses carried forward at the Statement of Financial Position date are £Nil. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2018

12. Related Party Disclosure

During the year the Directors made loans to and from the Company. At the Balance Sheet date the amount due (to)/from the Company was £(9,441) (2017: £259,444).

Any related party loans and balances do not attract interest and are repayable on demand.

13. Ultimate Controlling Party

The Company is controlled by Mr D J Marshall who holds 51% of the issued £3,750 ordinary share capital.