

Company registration number: 3442377

Sands Underwriting Limited

**Report and financial statements
31 December 2017**

Contents:

Company information	1
Strategic report	2
Report of the directors	3
Independent auditor's report	5
Profit and loss account - technical account	7
Profit and loss account - non-technical account	8
Balance sheet	9
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statements	13



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

Accountants

Argenta Tax & Corporate Services Limited
5th Floor
70 Gracechurch Street
London EC3V 0XL

Sands Underwriting Limited

Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2017.

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 2015, 2016 and 2017 years of account, as well as any 2014 and prior run-off years. The 2015 year closed at 31 December 2017 with a result of £279,205 (2014 - £409,732). The 2016 and 2017 open underwriting accounts will normally close at 31 December 2018 and 2019 respectively.

Results and Dividends

The results for the year are set out on pages 7 to 8 of the financial statements. Dividends totalling £33,088 were paid in the year (2016 - £Nil).

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

	2017	2016
Capacity (youngest underwriting year)	£ 2,667,901	£ 2,643,239
Gross premium written as a % of capacity	102.6%	97.1%
Underwriting profit of latest closed year:		
as a % of capacity	10.8%	14.7%
Run-off years of account movement	£ -	£ -
Combined ratio	104.6%	95.2%

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

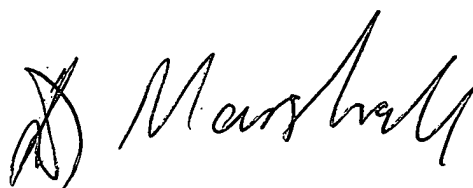
Brexit

The Brexit talks have now entered the second phase focusing on trade. At present the insurance sector still needs certainty on the UK's future trading relationship with EU. The priority is to ensure mutual insurance and reinsurance market access once the UK leaves the EU. In the meantime Lloyd's continue to move ahead with their plans to establish a Lloyd's subsidiary in Brussels, which will provide certainty for the market and Lloyd's clients. 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 Company.

Approved by the Board on 28/8 2018
and signed on its behalf by:

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 2017.

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 2018 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 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 28/8 / 2018
and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D J Marshall', written over a circular stamp or seal.

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 2017 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, Cash flow statement 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 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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

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

We have nothing to report in 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.

Sands Underwriting Limited

Independent Auditor's report (continued)

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 they 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.

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 (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

4 September 2018

Sands Underwriting Limited
Profit and loss account
Technical account – general business
For the year ended 31 December 2017

	Note	2017 £	2016 £
Premiums			
Gross premiums written	1	2,736,831	2,567,818
Outward reinsurance premiums	1	(648,413)	(545,028)
Net premiums written		<u>2,088,418</u>	<u>2,022,790</u>
Change in the provision for unearned premiums			
Gross provision	1	(3,577)	(43,018)
Reinsurers' share	1	28,608	29,745
Earned premiums, net of reinsurance		<u>2,113,449</u>	<u>2,009,517</u>
Allocated investment return transferred from the non-technical account		52,699	50,269
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(1,414,040)	(1,145,217)
Reinsurers' share	1	207,112	158,961
Net claims paid		<u>(1,206,928)</u>	<u>(986,256)</u>
Change in provision for claims			
Gross amount	1	(644,094)	(201,718)
Reinsurers' share	1	526,237	144,811
Change in net provision for claims		<u>(117,857)</u>	<u>(56,907)</u>
Claims incurred, net of reinsurance		(1,324,785)	(1,043,163)
Changes in other technical provisions, net of reinsurance		3,683	(5,921)
Net operating expenses	2	(886,497)	(870,176)
Other technical charges, net of reinsurance	1	-	-
Balance on the technical account for general business		<u>(41,451)</u>	<u>140,526</u>

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Profit and loss account
Non - technical account
For the year ended 31 December 2017

	Note	2017 £	2016 £
Balance on technical account for general business		(41,451)	140,526
Investment income	3	65,457	192,613
Allocated investment return transferred to the general business technical account		(52,699)	(50,269)
Other income		100,660	78,286
Other charges, including value adjustments		(63,497)	(39,791)
Profit/(loss) on ordinary activities before taxation	4	<u>8,470</u>	<u>321,365</u>
Tax on profit/(loss) on ordinary activities	5	(5,517)	(50,174)
Profit/(loss) for the financial year		<u>2,953</u>	<u>271,191</u>
Other comprehensive income/(expenditure):			
Currency translation differences		(1,182)	19,126
Tax on other comprehensive income		294	(3,682)
Total comprehensive income/(expenditure)	10	<u>2,065</u>	<u>286,635</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Balance sheet
As at 31 December 2017

		31 December 2017			31 December 2016		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	755	755	-	-	-
Investments							
Other financial investments	7	2,631,653	1,259,687	3,891,340	3,104,498	1,247,029	4,351,527
Deposits with ceding undertakings		313	-	313	325	-	325
		2,631,966	1,259,687	3,891,653	3,104,823	1,247,029	4,351,852
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	204,500	-	204,500	192,085	-	192,085
Claims outstanding	8	1,230,284	-	1,230,284	834,109	-	834,109
Other technical provisions		6,180	-	6,180	4,493	-	4,493
		1,440,964	-	1,440,964	1,030,687	-	1,030,687
Debtors							
Amounts falling due within one year	7	1,112,419	-	1,112,419	1,264,480	-	1,264,480
Amounts falling due after one year	7	128,484	-	128,484	157,263	-	157,263
		1,240,903	-	1,240,903	1,421,743	-	1,421,743
Other assets							
Cash at bank and in hand		142,271	94,910	237,181	152,693	2,111	154,804
Other		267,173	-	267,173	259,522	-	259,522
		409,444	94,910	504,354	412,215	2,111	414,326
Prepayments and accrued income							
Accrued interest		5,498	-	5,498	5,366	-	5,366
Deferred acquisitions costs	8	342,363	-	342,363	332,105	-	332,105
Other prepayments and accrued income		6,929	-	6,929	8,521	-	8,521
		354,790	-	354,790	345,992	-	345,992
Total assets		6,078,067	1,355,352	7,433,419	6,315,460	1,249,140	7,564,600

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Balance sheet
As at 31 December 2017

		31 December 2017			31 December 2016		
	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	(57,059)	887,090	830,031	392,039	469,015	861,054
Shareholders' funds – attributable to equity interests		(57,059)	899,133	842,074	392,039	481,058	873,097
Technical provisions							
Provision for unearned premiums	8	1,175,413	-	1,175,413	1,254,515	-	1,254,515
Claims outstanding	8	4,179,821	-	4,179,821	3,850,799	-	3,850,799
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	11	-	60,652	60,652	-	161,058	161,058
Other		-	-	-	-	-	-
Deposit received from reinsurers		564	-	564	632	-	632
Creditors							
Amounts falling due within one year	7	626,203	364,818	991,021	669,516	557,914	1,227,430
Amounts falling due after one year	7	70,301	-	70,301	93,226	-	93,226
		6,052,302	425,470	6,477,772	5,868,688	718,972	6,587,660
Accruals and deferred income		82,824	30,749	113,573	54,733	49,110	103,843
Total liabilities		6,078,067	1,355,352	7,433,419	6,315,460	1,249,140	7,564,600

Approved and authorised for issue by the Board of Directors on 28/8/2018
and signed on its behalf by:



D J MARSHALL
Director

Company registration number: 3442377

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Statement of changes in equity
For the year ended 31 December 2017

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	3,750	-	8,293	574,419	-	586,462
Profit/(loss) for the year	-	-	-	267,509	-	267,509
Other comprehensive income	-	-	-	19,126	-	19,126
Total comprehensive income	-	-	-	286,635	-	286,635
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2016	3,750	-	8,293	861,054	-	873,097
Profit/(loss) for the year	-	-	-	2,953	-	2,953
Other comprehensive income	-	-	-	(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

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 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Cash flow statement
For the year ended 31 December 2017

	2017 £	2016 £
Operating activities		
Profit/(loss) on ordinary activities before tax	8,470	321,365
(Profit)/loss attributable to syndicate transactions	447,916	153,739
Profit/(loss) - excluding syndicate transactions	<u>456,386</u>	<u>475,104</u>
Adjusted for:		
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	(203,187)	(329,583)
(Profit)/loss on disposal of intangible assets	(97,393)	-
Amortisation of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	(12,658)	(142,286)
Investment income	(100)	(58)
Corporation and overseas taxes (paid)/refunded	<u>(113,899)</u>	<u>(9,922)</u>
Net cash inflow/(outflow) from operating activities	<u>29,149</u>	<u>(6,745)</u>
Investing activities		
Investment income	100	58
Purchase of syndicate capacity	(755)	-
Proceeds from sale of syndicate capacity	97,393	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from investing activities	<u>96,738</u>	<u>58</u>
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	<u>(33,088)</u>	<u>-</u>
Net cash (outflow)/inflow from financing activities	<u>(33,088)</u>	<u>-</u>
Net cash increase/(decrease) in cash and cash equivalents	92,799	(6,687)
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>2,111</u>	<u>8,798</u>
Cash and cash equivalents at the end of the year	<u>94,910</u>	<u>2,111</u>
Consisting of:		
Cash at bank and in hand	94,910	2,111
Cash equivalents	<u>-</u>	<u>-</u>
	<u>94,910</u>	<u>2,111</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 13 to 39 form part of these Financial Statements.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Basis of preparation of financial statements

General information

The Company is a limited Company 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"). 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 2017

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 2017

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 receivables, trade and other payables 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 (except for non-puttable ordinary and non-convertible preference shares) 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.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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. Derivates 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 2017

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 2017

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. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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.

Estimating value in use

Where an indication of impairment exists the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

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 2017

1. Class of Business

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)

2016	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	151,547	145,822	(72,675)	(67,834)	(3,600)	1,713
Motor – third party liability	16,087	17,815	(10,620)	(6,126)	(401)	668
Motor – other classes	189,216	179,823	(198,475)	(61,049)	64,917	(14,784)
Marine, aviation and transport	334,404	355,394	(196,476)	(146,073)	(18,179)	(5,334)
Fire and other damage to property	782,705	773,413	(377,752)	(258,935)	(103,505)	33,221
Third party liability	456,107	420,228	(258,954)	(159,845)	(9,883)	(8,454)
Credit and suretyship	46,043	39,516	(22,296)	(11,804)	(3,212)	2,204
Legal expenses	4,126	4,260	(1,910)	(2,218)	2	134
Assistance	-	-	-	-	-	-
Miscellaneous	3,529	4,392	(2,719)	(1,276)	37	434
	1,983,764	1,940,663	(1,141,877)	(715,160)	(73,824)	9,802
Reinsurance	584,054	584,137	(205,058)	(155,016)	(137,687)	86,376
Total	2,567,818	2,524,800	(1,346,935)	(870,176)	(211,511)	96,178

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 2017

2. Net Operating Expenses

	2017 £	2016 £
Acquisition costs	783,228	737,917
Change in deferred acquisition costs	(12,612)	(16,780)
Administrative expenses	137,160	147,668
Reinsurance commissions and profit participations	(102,254)	(91,683)
Personal expenses	80,975	93,054
	<u>886,497</u>	<u>870,176</u>

3. Investment Income

	2017 £	2016 £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	52,569	53,531
Realised gains and losses	10,921	1,277
Unrealised gains and losses	7,171	142,406
Other	-	-
	<u>70,661</u>	<u>197,214</u>
Financial instruments held at amortised cost:		
Interest	100	58
Other	-	-
	<u>100</u>	<u>58</u>
Investment management expenses, including interest	(5,304)	(4,659)
	<u>(5,304)</u>	<u>(4,659)</u>
	<u>65,457</u>	<u>192,613</u>

4. Profit/(Loss) on Ordinary Activities before Taxation

	2017 £	2016 £
Operating profit/(loss) is stated after charging:		
Directors' remuneration	-	-
Amortisation of syndicate capacity	-	-
(Profit)/loss on disposal of intangible fixed assets	(97,393)	-
(Profit)/loss on exchange	11,328	(81,037)

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 fees payable to the Company's auditor for audit services are included in the fees payable to the Members' Agent.

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

5. Taxation	2017 £	2016 £
Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) of the year	105,374	113,643
Adjustment in respect of previous period	(4,224)	(13,911)
	<u>101,150</u>	<u>99,732</u>
Foreign tax	4,479	3,822
	<u>105,629</u>	<u>103,554</u>
Total current tax		
Deferred tax:		
Origination and reversal of timing differences	(100,089)	(60,455)
Change in tax rate	(317)	10,757
	<u>5,223</u>	<u>53,856</u>
Total tax		
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 19.25% (2016 - 20.00%). The differences are explained below:		
Profit/(loss) on ordinary activities before tax	<u>8,470</u>	<u>321,365</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	1,630	64,273
Effects of:		
Change in deferred tax rate	(317)	10,757
Deferred tax asset previously unrecognised	-	-
Foreign tax	3,617	3,058
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Marginal rates of taxation and prior period adjustment	<u>293</u>	<u>(24,232)</u>
Total tax charge/(credit) for the period	<u>5,223</u>	<u>53,856</u>

The results of the Company's participation on the 2015, 2016 and 2017 years of account and any calendar year movement on 2014 and prior run-offs, will not be assessed to tax until the year ended 31 December 2018, 2019 and 2020 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 2017

6. Intangible Assets	2017	2016
	£	£
Purchased Syndicate Capacity		
Cost		
At 1 January 2017	179,362	179,362
Additions	755	-
Disposals	(40,038)	-
At 31 December 2017	140,079	179,362
Amortisation		
At 1 January 2017	179,362	179,362
Additions	-	-
Disposals	(40,038)	-
At 31 December 2017	139,324	179,362
Net Book Value		
At 31 December 2017	755	-
At 31 December 2016	-	-
7. Financial Instruments and Financial Risk Management		
7.1 Financial Investments		
Other financial investments – Syndicate participation		
	2017	2016
	Market	Market
	Value	Value
	£	£
Shares and other variable yield securities and units in unit trusts	384,471	462,823
Debt securities and other fixed income securities	2,149,592	2,531,982
Participation in investment pools	62,928	60,346
Loans with credit institutions	4,131	5,130
Derivative financial instruments	5,453	3,972
Other investments	-	12,527
Deposits with credit institutions	12,871	12,556
Other	12,207	15,162
	2,631,653	3,104,498
Other financial investments – Corporate		
Shares and other variable yield securities and units in unit trusts	1,259,687	1,247,029
Debt securities and other fixed income securities	-	-
Other investments	-	-
	1,259,687	1,247,029

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	611,590	-	611,590	654,515	-	654,515
Arising out of reinsurance operations	336,166	-	336,166	309,985	-	309,985
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	164,663	-	164,663	299,980	-	299,980
Total Amounts falling due within one year	1,112,419	-	1,112,419	1,264,480	-	1,264,480
Amounts falling due after one year:						
Arising out of direct insurance operations	14,358	-	14,358	22,957	-	22,957
Arising out of reinsurance operations	101,034	-	101,034	116,345	-	116,345
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	13,092	-	13,092	17,961	-	17,961
Total Amounts falling due after one year	128,484	-	128,484	157,263	-	157,263
	1,240,903	-	1,240,903	1,421,743	-	1,421,743

7.3 Funds at Lloyd's

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

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	19,524	19,524	-	611	611
Investments	-	1,259,687	1,259,687	-	1,247,029	1,247,029
	-	1,279,211	1,279,211	-	1,247,640	1,247,640

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 2017

7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	104,393	-	104,393	104,933	-	104,933
Arising out of reinsurance operations	311,482	-	311,482	261,405	-	261,405
Amounts owed to credit institutions	9,375	-	9,375	-	-	-
Other creditors:						
Corporation tax	-	105,373	105,373	-	113,643	113,643
Directors' loan accounts	-	259,445	259,445	-	444,271	444,271
Third party funds	-	-	-	-	-	-
Other creditors	200,953	-	200,953	303,178	-	303,178
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	626,203	364,818	991,021	669,516	557,914	1,227,430
Amounts falling due after one year:						
Arising out of direct insurance operations	844	-	844	1,539	-	1,539
Arising out of reinsurance operations	63,635	-	63,635	69,718	-	69,718
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	5,822	-	5,822	21,969	-	21,969
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	70,301	-	70,301	93,226	-	93,226
	696,504	364,818	1,061,322	762,742	557,914	1,320,656

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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

	2017			2016		
	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	2,631,653	-	2,631,653	3,104,498	-	3,104,498
Deposits with ceding undertakings	-	313	313	-	325	325
Insurance debtors	-	625,948	625,948	-	677,472	677,472
Reinsurance debtors	-	437,200	437,200	-	426,330	426,330
Other debtors	-	177,755	177,755	-	317,941	317,941
Cash at bank and in hand	-	142,271	142,271	-	152,693	152,693
Other assets	267,173	-	267,173	259,522	-	259,522
	2,898,826	1,383,487	4,282,313	3,364,020	1,574,761	4,938,781
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	256	-	256	886	-	886
Insurance creditors	-	105,237	105,237	-	106,472	106,472
Reinsurance creditors	-	375,117	375,117	-	331,123	331,123
Amounts owed to credit institutions	-	9,375	9,375	-	-	-
Other creditors	-	-	-	-	-	-
	256	489,729	489,985	886	437,595	438,481

Other financial investments – Corporate

	2017			2016		
	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	1,259,687	-	1,259,687	1,247,029	-	1,247,029
Other debtors	-	-	-	-	-	-
Cash at bank and in hand	-	94,910	94,910	-	2,111	2,111
Other assets	-	-	-	-	-	-
	1,259,687	94,910	1,354,597	1,247,029	2,111	1,249,140
Financial liabilities						
Other creditors	-	364,818	364,818	-	557,914	557,914
	-	364,818	364,818	-	557,914	557,914

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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.

	2017		2016	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	165,246	4,825	133,197	3,953
Interest rate future contracts	32,056	62	27,258	(31)
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	81,752	587	51,467	(643)
Other	14,544	(21)	3,874	693
	<u>293,598</u>	<u>5,453</u>	<u>215,796</u>	<u>3,972</u>

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 2017

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 £
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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 £
2016						
Financial assets						
Shares and other variable yield securities and units in unit trusts	131,287	331,413	123	462,823	-	462,823
Debt securities and other fixed income securities	490,028	2,041,954	-	2,531,982	-	2,531,982
Participation in investment pools	4,306	26,644	29,396	60,346	-	60,346
Loans and deposits with credit institutions	12,513	17,700	-	30,213	-	30,213
Overseas deposits	97,907	166,907	10,008	274,822	-	274,822
Derivatives	317	3,655	-	3,972	-	3,972
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	736,358	2,588,273	39,527	3,364,158	-	3,364,158
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	138	748	-	886	-	886
Financial liabilities classified as held for sale	-	-	-	-	-	-
	138	748	-	886	-	886

Other financial investments – Corporate

	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	-	-	-	-	-	-
	1,259,687	-	-	1,259,687	-	1,259,687

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 £
2016						
Financial assets						
Shares and other variable yield securities and units in unit trusts	1,247,029	-	-	1,247,029	-	1,247,029
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	<u>1,247,029</u>	<u>-</u>	<u>-</u>	<u>1,247,029</u>	<u>-</u>	<u>1,247,029</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
- Foreign exchange 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 2017

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 £
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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 £
2016						
Shares and other variable yield securities and units in unit trusts	106,469	24,477	76,823	20,984	234,070	462,823
Debt securities and other fixed income securities	634,382	856,153	749,606	240,005	51,836	2,531,982
Participation in investment pools	14,452	17,566	807	491	27,030	60,346
Loans secured with credit institutions	4,943	12,714	-	-	-	17,657
Deposits with credit institutions	-	1,980	10,576	-	-	12,556
Overseas deposits	141,283	68,216	24,417	27,792	13,114	274,822
Derivative investments	-	-	3	313	3,656	3,972
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	325	325
Reinsurers share of claims outstanding	19,121	183,458	585,109	18,848	27,573	834,109
Reinsurance debtors	11,749	8,840	25,177	3,263	863	49,892
Cash at bank and in hand	572	4,155	113,066	34,852	48	152,693
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	932,971	1,177,559	1,585,584	346,548	358,515	4,401,177

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 £
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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 £
2016						
Shares and other variable yield securities and units in unit trusts	462,823	-	-	-	-	462,823
Debt securities and other fixed income securities	2,531,982	-	-	-	-	2,531,982
Participation in investment pools	60,346	-	-	-	-	60,346
Loans secured with credit institutions	17,657	-	-	-	-	17,657
Deposits with credit institutions	12,556	-	-	-	-	12,556
Overseas deposits	274,822	-	-	-	-	274,822
Derivative investments	3,972	-	-	-	-	3,972
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	325	-	-	-	-	325
Reinsurers share of claims outstanding	834,108	-	-	-	-	834,108
Reinsurance debtors	31,500	16,630	238	1,021	503	49,892
Cash at bank and in hand	152,693	-	-	-	-	152,693
Insurance debtors	614,672	29,881	9,887	23,482	(450)	677,472
Other debtors	1,175,087	2,384	110	806	-	1,178,387
	6,172,543	48,895	10,235	25,309	53	6,257,035

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 £
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

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 £
2016						
Derivative financial instruments	-	886	-	-	-	886
Deposits received from reinsurers	-	632	-	-	-	632
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	1,264,277	1,386,470	620,484	579,568	3,850,799
Creditors	-	493,080	67,843	21,496	3,844	586,263
Other	-	-	-	-	-	-
	-	1,758,875	1,454,313	641,980	583,412	4,438,580

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

	2017 £	2016 £
Impact of 50 basis point increase on profit or loss	(23,642)	(29,282)
Impact of 50 basis point decrease on profit or loss	23,503	28,409
Impact of 50 basis point increase on equity	(23,642)	(29,282)
Impact of 50 basis point decrease on equity	23,503	28,409

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 2017

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

	2017 £	2016 £
Impact on profit or loss of 5% increase in Stock Market Prices	570	1,748
Impact on profit or loss of 5% decrease in Stock Market Prices	(574)	(1,742)
Impact on equity of 5% increase in Stock Market Prices	570	1,748
Impact on equity of 5% decrease in Stock Market Prices	(574)	(1,742)

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

	2017	2016
	Syndicate Participation £	Syndicate Participation £
	Corporate £	Corporate £
Sterling	(522,576)	898,376
United States Dollar	(1,353)	2
Euro	170,419	-
Canadian Dollar	213,203	-
Australian Dollar	50,071	-
Japanese Yen	(968)	-
Other	9,514	-

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

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 2017		31 December 2016	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of sterling exchange movement by 10%				
United States Dollar	-	-	-	-
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 2017

8. Insurance Contracts

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

	2017			2016		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	3,850,799	834,109	3,016,690	3,211,138	609,256	2,601,882
Movements in the year	644,094	526,237	117,857	201,718	144,811	56,907
Exchange differences	(315,072)	(130,062)	(185,010)	437,943	80,042	357,901
At 31 December	<u>4,179,821</u>	<u>1,230,284</u>	<u>2,949,537</u>	<u>3,850,799</u>	<u>834,109</u>	<u>3,016,690</u>

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

	2017			2016		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	1,254,515	192,085	1,062,430	1,079,507	143,897	935,610
Movements in the year	3,577	28,608	(25,031)	43,018	29,745	13,273
Exchange differences	(82,679)	(16,193)	(66,486)	131,990	18,443	113,547
At 31 December	<u>1,175,413</u>	<u>204,500</u>	<u>970,913</u>	<u>1,254,515</u>	<u>192,085</u>	<u>1,062,430</u>

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

	2017 £	2016 £
At 1 January	332,105	274,241
Movements in the year	12,612	16,780
Exchange differences	(2,354)	41,084
At 31 December	<u>342,363</u>	<u>332,105</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 2017

8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development – gross

Reporting year	2013 and prior £	2014 £	2015 £	2016 £	2017 £	Total £
Estimate of cumulative claims						
At end of reporting year	2,731,422	649,082	659,319	775,711	1,323,941	6,139,475
One year later	4,191,186	1,138,375	1,303,150	1,589,139	-	8,221,850
Two years later	4,193,974	1,168,809	1,330,164	-	-	6,692,947
Three years later	4,133,602	1,123,191	-	-	-	5,256,793
Four years later	4,066,023	-	-	-	-	4,066,023
Five years later	-	-	-	-	-	-
Cumulative payments to date	3,419,450	778,708	758,838	598,615	236,219	5,791,830
Estimated balance to pay	1,185,767	344,483	571,326	990,524	1,087,722	4,179,822

	2012 and prior in 2015 £	2013 and prior in 2016 £	2014 and prior in 2017 £
RITC received at 24 months	5,730,731	-	-
Reserve strengthening/(reduction) in subsequent 12 months	(306,567)	-	-
Paid in subsequent 12 months	(1,274,688)	-	-
Prior years RITC at 36 months	4,149,476	-	-

Claims development – net

Reporting year	2013 and prior £	2014 £	2015 £	2016 £	2017 £	Total £
Estimate of cumulative claims						
At end of reporting year	2,236,664	548,676	555,816	610,931	789,903	4,741,990
One year later	3,527,143	983,107	1,120,725	1,243,109	-	6,874,084
Two years later	3,474,066	1,003,079	1,137,525	-	-	5,614,670
Three years later	3,371,744	950,025	-	-	-	4,321,769
Four years later	3,302,216	-	-	-	-	3,302,216
Five years later	-	-	-	-	-	-
Cumulative payments to date	2,792,144	680,242	673,669	514,521	189,882	4,850,458
Estimated balance to pay	887,289	269,783	463,856	728,587	600,021	2,949,536

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

	2012 and prior in 2015	2013 and prior in 2016	2014 and prior in 2017
	£	£	£
RITC received at 24 months	4,472,434	-	-
Reserve strengthening/(reduction) in subsequent 12 months	(361,687)	-	-
Paid in subsequent 12 months	(881,336)	-	-
Prior years RITC at 36 months	3,229,411	-	-

9. Called-up Share Capital

Issued and fully paid

	At 1 January	Issued during the year	Redeemed during the year	At 31 December
Par value per share				
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.

10. Profit and Loss Account

	Syndicate Participation £	Corporate £	2017 Total £	Syndicate Participation £	Corporate £	2016 Total £
Retained profit/(loss) brought forward	392,039	469,015	861,054	526,652	47,767	574,419
Reallocate distribution	(409,732)	409,732	-	(372,551)	372,551	-
Profit/(loss) for the financial year	(39,366)	41,431	2,065	237,938	48,697	286,635
Equity dividends	-	(33,088)	(33,088)	-	-	-
Retained profit/(loss) carried forward	(57,059)	887,090	830,031	392,039	469,015	861,054

Sands Underwriting Limited
Notes to the Financial Statements
For the year ended 31 December 2017

11. Deferred Tax

					2017
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	Total £
At 1 January	75,512	-	88,858	(3,312)	161,058
Movement in the year	(81,863)	-	(18,643)	100	(100,406)
At 31 December	(6,351)	-	70,215	(3,212)	60,652

					2016
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	Total £
At 1 January	104,242	-	109,923	(3,409)	210,756
Movement in the year	(28,730)	-	(21,065)	97	(49,698)
At 31 December	75,512	-	88,858	(3,312)	161,058

The unused tax losses carried forward at the Balance Sheet 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).

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 £259,444 (2016: £444,271).

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.