

JR Clare Underwriting Agencies Limited

Annual Report & Financial Statements

for the year ended
31 December 2015

Registered Number: 3579158

Registered Office:
The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AG



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Directors and officers

Directors

T A Bowles

Company secretary

B Cheney

Registered office

The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report for the year ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Business review and principal activities

The Company's principal activity has historically been to act as an insurance underwriting intermediary for both Lloyd's Underwriters and other Insurance Companies. From January 2012 the renewal of this business is being dealt with directly by Lloyd's Syndicate 2001, managed by MS Amlin Underwriting Limited, another MS Amlin group company. The historical business will be run off in the normal course of the Company's business.

The financial performance and position of the Company is discussed in the Directors' report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks, uncertainties and financial risk management

The on-going risk to the Company is that of inter-company risk. The Company is potentially exposed to the bad debt on the balance due from MS Amlin Group companies, however the likelihood of this occurring is considered remote.

Key performance indicators

The Directors of the Company do not believe that key performance indicators are necessary to understand the development, performance or position of the Company's business.

Approved by the Board and signed by order of the Board.



T Bowles
Director
21 September 2016

Directors' report for the year ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015. Principal risk and management objectives are discussed on page 3 of the Strategic report under Principal risks, uncertainties and financial risk management.

Results and dividends

The loss of the Company for the financial year ended 31 December 2015 amounted to £19,000 (2014: loss £19,000), full details of which are set out in the Statement of profit or loss on page 8 and the related notes.

The Statement of financial position on page 9 of the financial statements shows that the net assets of the Company at 31 December 2015 were £1,036,000 (2014: £1,055,000).

The Company has paid no interim dividend and no final dividend is proposed (2014: £nil).

Directors

The current Director of the Company is shown on page 2. The following changes to the Board of Directors occurred during the year:

<u>Name</u>	<u>Date of resignation</u>
A P Springett	8 January 2016

Directors' indemnity

Between 2008 and the date of this report, MS Amlin plc (formerly Amlin plc) has made third party indemnity provisions for the benefit of the Directors of the Company. These indemnities were in force during the financial year and also at the date of approval of these financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about disclosure exemptions, if any, of FRS 101 used in the preparation of 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' report for the year ended 31 December 2015 (continued)

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The auditors' for the year ended 31 December 2015 were PricewaterhouseCoopers LLP

Approved by the Board and signed by order of the Board.

T Bowles
Director
21 September 2016

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Independent auditors' report to the members of JR Clare Underwriting Agencies Limited

Report on the financial statements

Our opinion

In our opinion JR Clare Underwriting Agencies Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Statement of profit or loss for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Director have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, the Director has made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of JR Clare Underwriting Agencies Limited *(continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Director

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

J. BICHARD

James Bichard (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 September 2016

Statement of profit or loss
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	5	-	3
Administrative expenses		(19)	(21)
Loss on ordinary activities before taxation	6	(19)	(18)
Tax on loss on ordinary activities	8	-	(1)
Loss for the financial year		(19)	(19)

All activities are discontinued.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

There were no other amounts recognised in comprehensive income either in the current or preceding year, other than those included in the Statement of profit or loss and therefore no Statement of other comprehensive income has been presented

**Statement of financial position
As at 31 December 2015**

	Note	2015 £'000	2014 £'000
Current assets			
Debtors	9	1,040	1,050
Cash at bank and in hand		40	299
		<u>1,080</u>	<u>1,349</u>
Creditors: amounts falling due within one year	11	(44)	(294)
Net assets		<u>1,036</u>	<u>1,055</u>
Capital and reserves			
Called up share capital	12	2,603	2,603
Retained earnings		(1,567)	(1,548)
Total equity		<u>1,036</u>	<u>1,055</u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the Board of Directors on 21 September 2016 and were signed on its behalf by:



T A Bowles
Director

Registered Number: 3579158

Statement of changes in equity
For the year ended 31 December 2015

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2015	2,603	(1,548)	1,055
Loss for the financial year	-	(19)	(19)
Balance as at 31 December 2015	2,603	(1,567)	1,036

For the year ended 31 December 2014

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2014	2,603	(1,529)	1,074
Loss for the financial year	-	(19)	(19)
Balance as at 31 December 2014	2,603	(1,548)	1,055

Notes to the financial statements for the year ended 31 December 2015

1 General information

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG.

2 Basis of preparation

The Company transitioned to FRS 101 'Reduced Disclosure Framework' ("FRS 101") on the 1 January 2014, as such, the Financial Statements have been prepared in accordance with FRS 101. This is the first set of financial statements in which the Company has applied FRS 101.

The transition to FRS 101 has not affected the Company's reported financial position or financial performance for the current or prior year.

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with FRS 101 and with the Companies Act 2006.

The following FRS 101 exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures with regards to key management personnel.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of IFRS 7, "Financial instruments: Disclosure".

New and amended standards adopted by the Company

No standards adopted by the Company that became effective in the year had a material impact on the Company. The Company did not early adopt any standards or interpretations

Going concern

The Company's forecasts take account of reasonably possible changes in income and expenditure. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3 Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the current and prior years, other than where new policies have been adopted.

Turnover

Underwriting commission, earned in respect of insurance policies issued under binding authority contracts, where the policies incept prior to the end of the financial year. Underwriting commissions are deemed earned over the binding authority period during which policies will incept and the earned element is calculated separately for each contract proportionally over the binding authority period. Estimates are included for underwriting commissions earned but not receivable until after the year end and not yet notified. Turnover also includes adjustments arising in the year to commission estimates made in prior accounting periods. In instances where the inception of the risk does not relieve all contractual obligations an element of brokerage is deferred and subsequently released to the Statement of profit or loss as these obligations are discharged.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Accounting policies (continued)

Profit commission is earned on binding authority contracts which have exceeded their target underwriting profits. These are recognised when there is sufficient certainty that the profit commissions will be received.

Lead underwriting fees for binding authority contracts are recognised where the contract commences prior to the year end.

Investment income

Interest income on bank accounts is recognised in the month in which it is received.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the rates of exchange at the reporting date. Non-monetary assets and liabilities are translated at the rate prevailing in the year in which the asset or liability first arose or, where such items are revalued, at the latest valuation date. Foreign exchange differences are recognised within 'Administrative expenses'.

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, it is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also charged or credited directly to other comprehensive income or equity respectively.

Underwriting bank accounts

Underwriting bank accounts represent monies held on behalf of insurers. The underwriting bank accounts are included within the cash at bank and in hand, with an equal liability included within creditors to represent the monies owed to insurers.

Notes to the financial statements for the year ended 31 December 2015 (continued)**4 Critical accounting judgements and estimation uncertainty**

There is no historical experience of critical estimates and judgements and there is no expectation of future events that mean that this will not continue in the future.

5 Turnover	2015 £'000	2014 £'000
Underwriting commissions	-	3
Leading underwriter fees	-	-
	<u>-</u>	<u>3</u>

All revenue arises from business conducted in the United Kingdom.

6 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging £10,000 (2014: £8,000) of auditors' remuneration for the audit of the Company.

7 Directors' emoluments and employee information**Employee information**

All MS Amlin employees within the UK are employed by the Group service company, MS Amlin Corporate Services Limited (formerly Amlin Corporate Services Limited). Therefore the number of persons employed by the Company is nil (2014: nil). All relevant staff costs are incurred by MS Amlin Corporate Services Limited and are recharged to the Company by way of either a direct allocation or management charge.

Directors' emoluments

No Directors' fees have been paid in either the current or preceding year. Directors are also Directors or employees of other companies within the MS Amlin Group. It is not practicable to allocate total emoluments between services as Directors or employees of individual MS Amlin Group companies. The Directors received the following total emoluments during the year for their term in office:

	2015 £'000	2014 £'000
Directors' aggregate emoluments and benefits (except as noted below)	680	703
Employer's contributions to defined benefit pension schemes	21	11
Employer's contributions to money purchase pension schemes	43	40
Compensation for loss of office	-	31
	<u>744</u>	<u>785</u>

Payments were made to 1 Director (2014: 2) in respect of defined benefit pension schemes and to 2 Directors (2014: 4) in respect of defined contribution schemes. No Directors exercised share options during the year (2014: 1) and 2 Directors were members of long term incentive schemes (2014: 3)

Notes to the financial statements for the year ended 31 December 2015 (continued)**7 Directors' emoluments and employee information** (continued)**Highest paid Director**

The highest paid Director of the Company received the following total emoluments during the year:

	2015 £'000	2014 £'000
Director's aggregate emoluments and benefits (except as noted below)	450	287
Contributions to defined benefit pension schemes	21	8
Contributions to money purchase pension schemes	24	17
	<u>495</u>	<u>312</u>

The highest paid Director has not (2014: has) exercised share options during the year and amounts under long term incentive schemes were (2014: were) receivable.

8 Tax on loss on ordinary activities**(a) Analysis of the tax charge in the year**

	2015 £'000	2014 £'000
Current tax		
UK corporation tax for the year	(5)	(6)
Adjustments in respect of prior years	5	7
Total current tax	<u>-</u>	<u>1</u>
Deferred tax		
Origination of timing differences	4	5
Adjustments in respect of prior years	(4)	(4)
Tax charge on loss on ordinary activities	<u>-</u>	<u>1</u>

Notes to the financial statements for the year ended 31 December 2015 (continued)**8 Tax on loss on ordinary activities** (continued)**(b) Factors affecting the tax charge for the year**

The tax assessed for the year is higher than (2014: higher) the standard rate of corporation tax in the UK of 20.25%, (2014: 21.50%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(19)	(18)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	(4)	(4)
Effects of:		
Expenses not deductible for tax	3	3
Adjustments in respect of prior years	1	2
Total tax charge on loss on ordinary activities	-	1

(c) Factors that may affect future tax charge

Adjustments will be made in the corporation tax provision for the current accounting year to reflect arms-length prices for transactions between the Company and related companies in the MS Amlin group.

Recent UK budgets have announced changes to the main rate of UK corporation tax. The current rate of 20% was enacted on 2 July 2013 and applies from 1 April 2015.

Two further reductions to the main rate of UK corporation tax have been announced. The new rates of 19% and 17% will apply from 1 April 2017 and 1 April 2020 respectively. The 19% rate was substantively enacted on 26 October 2015. The 17% rate was announced in the spring 2016 Budget but is yet to be substantively enacted.

The new rates have not been applied for deferred tax purposes because the temporary differences are not yet expected to reverse at these rates.

9 Debtors	2015 £'000	2014 £'000
Amounts owed by group undertakings	1,013	1,022
UK Corporation tax	5	6
Deferred tax (note 10)	22	22
	1,040	1,050

Notes to the financial statements for the year ended 31 December 2015 (continued)

10	Deferred tax	2015 £'000	2014 £'000
	Deferred tax asset		
	On accelerated capital allowances	22	22
	Deferred tax asset (note 9)	<u>22</u>	<u>22</u>
	As 1 January	22	22
	Deferred tax credit for the year	(4)	(5)
	Adjustments in respect of prior years	4	5
	At 31 December	<u>22</u>	<u>22</u>
11	Creditors	2015 £'000	2014 £'000
	Amounts falling due within one year		
	Trade creditors	1	253
	Amounts owed to group undertakings	43	41
		<u>44</u>	<u>294</u>
Included within trade creditors is an amount of £nil (2014: £252,000) due to underwriters which is held in a separate underwriting bank account. An associated amount of £nil (2014: £252,000) is included within the cash at bank and in hand balance on the balance sheet.			
12	Called up share capital	2015 £'000	2014 £'000
	Allotted and fully paid		
	2,500 (2014: 2,500) Ordinary shares of £1 each	3	3
	2,600,000 (2014: 2,600,000) Redeemable preference shares of £1 each	2,600	2,600
		<u>2,603</u>	<u>2,603</u>

Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Ultimate parent undertaking and controlling party

The Company's immediate parent company is MS Amlin Corporate Services Limited (formerly Amlin Corporate Services Limited), which is incorporated in Great Britain and registered in England and Wales. At 31 December 2015, the ultimate parent company and controlling party was MS Amlin plc (formerly Amlin plc), a company incorporated in Great Britain and registered in England and Wales, which is the smallest and largest group in which the results of this company are consolidated. The consolidated financial statements of MS Amlin plc are available to the public and may be obtained from the Company Secretary at The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG.

14 Events after the reporting year

On 1 February 2016, all of the available shares of MS Amlin plc were transferred to Mitsui Sumitomo Insurance Company, Limited, a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc. Thus from this date, the ultimate parent of the Company is MS&AD Insurance Group Holdings, Inc.