

Company registration number (England and Wales): 03829477

KILLYGOWAN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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KILLYGOWAN LIMITED

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KILLYGOWAN LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	The Duke of Abercorn Nomina Plc Marquess of Hamilton
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Company Secretary	Hampden Legal Plc
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COMPANY ADDRESSES

Registered office	c/o Nomina Plc 85 Gracechurch Street London EC3V 0AA
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Member's agent	Hampden Private Capital Limited 85 Gracechurch Street London EC3V 0AA
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Auditors	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
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Solicitors	Morton Fraser 30-31 Queen Street Edinburgh EH2 1JX
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KILLYGOWAN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2013.

Directors

The directors who held office at any time during the year are listed below:

The Duke of Abercorn

Nomina Plc

Marquess of Hamilton

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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.

The directors 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.

Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.


Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on

19 / 8

2014 and signed on its behalf by:



The Duke of Abercorn
Director

KILLYGOWAN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in presenting their strategic report for the year ended 31 December 2013.

Results and dividends

The profit for the year after taxation was £210,707 (2012 profit £141,612). The directors do not recommend the payment of a final dividend.

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's. The Company commenced underwriting with effect from 01 January 2000.

The result for the year is in respect of the 2013 annual accounting year, which consists of movements in the 2011, 2012 and 2013 years of account as well as any 2010 and prior run-off years. Gross premiums written increased from £1,173,757 to £1,186,252 compared to the previous year and the overall balance on the technical account increased from £135,037 to £161,520 as a result of the level of claims experienced.

The company has continued to underwrite on the 2014 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced.

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk.

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

The directors monitor the performance of the Company by reference to the following key performance indicators:

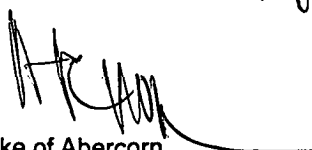
	2013	2012
Capacity (youngest underwriting year) (£)	1,362,049	1,296,346
Gross premium written as a % of capacity	87.1 %	90.5 %
Underwriting profit of latest closed year as a % of capacity	6.1 %	2.9 %
Run-off years of account movement (£)	-	2,534
Combined ratio	84.8 %	89.3 %

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

Approved by the Board on

18/12

2014 and signed on its behalf by:



The Duke of Abercorn
Director

KILLYGOWAN LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF KILLYGOWAN LIMITED

We have audited the financial statements of Killygowan Limited for the year ended 31 December 2013 on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Directors' Report and Strategic 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co
Chartered Accountants
Statutory Auditor

Date: 19 August 2014

Humphrey & Co
7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

KILLYGOWAN LIMITED**PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Gross premiums written	2	1,186,252	1,173,757
Outward reinsurance premiums		(221,737)	(203,297)
Net premiums written		964,515	970,460
Change in the provision for unearned premiums			
Gross provision		(21,239)	(63,048)
Reinsurers' share		10,475	4,603
Net change in the provision for unearned premiums		(10,764)	(58,445)
Earned premiums net of reinsurance		953,751	912,015
Allocated investment income	4	19,292	39,641
Claims paid			
Gross amount		(554,368)	(576,122)
Reinsurers' share		102,161	120,689
Net claims paid		(452,207)	(455,433)
Change in provision for claims			
Gross amount		61,996	2,933
Reinsurers' share		(30,476)	(20,595)
Net change in provision for claims		31,520	(17,662)
Claims incurred net of reinsurance		(420,687)	(473,095)
Net operating expenses	5	(388,318)	(341,548)
Investment expenses and charges		(2,518)	(1,976)
Balance on technical account for general business		161,520	135,037

KILLYGOWAN LIMITED**PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Balance on the general business technical account		161,520	135,037
Investment income	6	113,658	55,123
Other income	7	1,963	2,780
Other charges		(15,644)	(15,326)
Profit on ordinary activities before taxation	8	261,497	177,614
Tax on profit on ordinary activities	17	(50,790)	(36,002)
Profit for the financial year		210,707	141,612

The company has no recognised gains or losses other than the profit for the financial years stated above.

All amounts above relate to continuing operations.

KILLYGOWAN LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2013**

ASSETS	Note	Syndicate Assets £	Corporate £	2013 Total £	2012 Total £
Intangible assets					
Syndicate participation rights	9	-	-	-	371
Investments					
Financial investments	10	1,149,053	734,850	1,883,903	1,843,244
Deposits with ceding undertakings		391	-	391	378
Total investments		1,149,444	734,850	1,884,294	1,843,622
Reinsurers' share of technical provisions					
Provision for unearned premiums		64,565	-	64,565	54,837
Claims outstanding		199,694	-	199,694	227,237
Other technical provisions		128,925	-	128,925	153,133
Total reinsurers' share of technical provisions		393,184	-	393,184	435,207
Debtors					
Arising out of direct insurance operations	11				
Policyholders		828	-	828	1,634
Intermediaries		191,227	-	191,227	233,873
Arising out of reinsurance operations	11	24,472	-	24,472	27,902
Other debtors	12	549,563	171,540	721,103	502,119
Total debtors		766,090	171,540	937,630	765,528
Other assets					
Cash at bank	13	204,800	185,167	389,967	364,009
Other		1,201	-	1,201	1,473
Total other assets		206,001	185,167	391,168	365,482
Prepayments and accrued income					
Accrued interest		2,537	-	2,537	2,867
Deferred acquisition costs		119,089	-	119,089	110,456
Other prepayments and accrued income		5,230	-	5,230	4,943
Total prepayments and accrued income		126,856	-	126,856	118,266
Total assets		2,641,575	1,091,557	3,733,132	3,528,476

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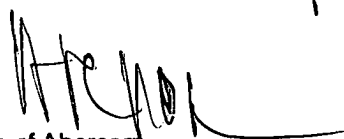
KILLYGOWAN LIMITED**BALANCE SHEET (continued)****AS AT 31 DECEMBER 2013**

	Note	Syndicate Liabilities £	Corporate £	2013 Total £	2012 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	352,220	352,220	220
Share premium account	15	-	-	-	-
Profit and loss account	15	-	582,191	582,191	371,484
Shareholder's funds attributable to equity interests	16	-	934,411	934,411	371,704
Technical provisions					
Provision for unearned premiums		482,315	-	482,315	466,463
Claims outstanding - gross amount		1,861,676	-	1,861,676	1,920,328
Total technical provisions		2,343,991	-	2,343,991	2,386,791
Provisions for other risks and charges					
Provision for taxation	17	-	51,442	51,442	26,329
Deposits received from reinsurers		-	-	-	-
Creditors					
Arising out of direct insurance operations		23,328	-	23,328	35,975
Arising out of reinsurance operations		154,376	-	154,376	141,612
Amounts due to credit institutions		-	-	-	-
Other creditors	18	91,839	95,071	186,910	547,366
Total creditors		269,543	95,071	364,614	724,953
Accruals and deferred income					
Other accruals and deferred income		28,041	10,633	38,674	18,699
Total liabilities		2,641,575	1,091,557	3,733,132	3,528,476

Approved by the Board on

18/18

2014 and signed on its behalf by:


The Duke of Abercorn
Director

Company Registration No. 03829477

KILLYGOWAN LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash inflow from operating activities	19	9,189	107,135
Returns on investments and servicing of finance			
Interest received		1,306	1,258
Dividends received		5,453	4,718
Net cash inflow from returns on investments and servicing of finance		6,759	5,976
Taxation			
UK corporation tax paid/refunded		(31,313)	152
Foreign tax paid		(866)	(1,525)
Net cash outflow from taxation		(32,179)	(1,373)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		-	-
Proceeds from sale of syndicate participation rights		1,963	2,780
Purchase of investments		(150,192)	(135,850)
Proceeds from sale of investments		150,192	131,614
Net cash inflow/(outflow) from capital expenditure and financial investment		1,963	(1,456)
Net cash (outflow)/inflow before financing		(14,268)	110,282
Financing			
Funds (withdrawn from)/lent to the company by the company's shareholders		(315,943)	1,832
Issue of share capital		352,000	-
Net cash inflow from financing		36,057	1,832
Increase in cash		21,789	112,114
Net funds at 1 January		163,378	51,264
Increase in cash in the year		21,789	112,114
Net funds at 31 December		185,167	163,378

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.

KILLYGOWAN LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies And Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006, except that exchange differences arising on syndicate assets and liabilities are dealt with in the technical account as all of these differences arise from technical account transactions. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Company's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

ii Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

iii Deferred acquisition costs

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

iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

KILLYGOWAN LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

v Claims (continued)

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

vii Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

ix Basis of currency translation

Syndicates maintain separate funds in Sterling, United States dollars, Canadian dollars and Euros, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the average rates of exchange for the year. Transactions during the year in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

Assets and liabilities are translated into Sterling at the rates of exchange at the Balance Sheet date.

Differences arising on translation of foreign currency amounts in syndicates are included in the technical account.

KILLYGOWAN LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

x Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

xi Distribution of profits and collection of losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

1.2 Taxation

The company is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue over the calendar year in which they are declared. The syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these financial statements the syndicate taxable results of years of account closed at this and previous year ends may not be fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

1.3 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

1.4 Intangible assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

1.5 Investments

Investments held directly by the company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value as at the Balance Sheet date.

1.6 Cash Flow Statement

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 syndicates at Lloyd's.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2 Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
2013	£	£	£	£	£
Direct					
Accident and health	49,977	43,525	(19,825)	(19,803)	(1,735)
Motor - third party liability	6,418	4,486	(2,761)	(1,813)	68
Motor - other classes	69,747	70,728	(53,318)	(26,865)	2,651
Marine, aviation and transport	94,994	99,240	(38,650)	(33,901)	(9,514)
Fire and other damage to property	232,139	234,870	(82,485)	(85,912)	(41,169)
Third party liability	216,818	207,249	(128,679)	(83,722)	5,285
Credit and suretyship	21,523	18,992	(1,946)	(8,596)	(2,768)
Other	5,211	5,350	(2,195)	(2,752)	(245)
Total direct	696,827	684,440	(329,859)	(263,364)	(47,427)
Reinsurance business					
Reinsurance balance	489,425	480,573	(162,513)	(124,954)	(92,150)
Total	1,186,252	1,165,013	(492,372)	(388,318)	(139,577)
2012	£	£	£	£	£
Direct					
Accident and health	38,916	35,501	(18,408)	(14,712)	(1,508)
Motor - third party liability	1,950	2,594	1,181	(971)	(910)
Motor - other classes	72,402	73,552	(54,210)	(25,874)	2,596
Marine, aviation and transport	105,943	111,521	(35,347)	(36,171)	(4,829)
Fire and other damage to property	236,833	227,346	(122,386)	(78,354)	(27,876)
Third party liability	215,287	211,531	(94,464)	(79,123)	(12,726)
Credit and suretyship	15,319	15,182	(5,218)	(4,949)	(1,345)
Other	6,522	5,801	(2,310)	(3,235)	(9)
Total direct	693,172	683,028	(331,162)	(243,389)	(46,607)
Reinsurance business					
Reinsurance balance	480,585	427,681	(242,027)	(98,159)	(51,993)
Total	1,173,757	1,110,709	(573,189)	(341,548)	(98,600)

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

3	Geographical analysis	2013	2012
		£	£
	Direct gross premiums written in:		
	United Kingdom	696,827	684,275
	Other EU member states	-	727
	The rest of the world	-	8,170
	Total	696,827	693,172

4	Allocated investment income	2013	2012
		£	£
	Investment income	26,820	42,123
	Realised loss on investments	(7,528)	(2,482)
	Total	19,292	39,641

5	Net operating expenses	2013	2012
		£	£
	Acquisition costs	262,601	231,989
	Administrative expenses	99,682	97,509
	Loss on exchange	26,035	12,050
	Total	388,318	341,548

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

6	Investment income	2013 £	2012 £
	Income from other investments (including interest receivable)	6,759	5,976
	Realised gain from other investments	15,839	5,281
	Unrealised gain from other investments	91,060	43,866
	Total	113,658	55,123

7	Other income	2013 £	2012 £
	Profit on sale of syndicate participation rights	1,963	2,780
	Other	-	-
	Total	1,963	2,780

8	Profit on ordinary activities before taxation	2013 £	2012 £
	This is stated after charging:		
	Auditor's remuneration - audit	665	665
	Auditor's remuneration - other	985	985
	Amortisation of syndicate capacity	371	372

The company has no employees.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

9	Intangible assets	Syndicate Participation Rights £
	Cost	
	At 1 January 2013	58,338
	Additions	-
	Disposals	-
	At 31 December 2013	58,338
	Amortisation	
	At 1 January 2013	57,967
	Charge for the year	371
	Impairment losses	-
	Disposals	-
	At 31 December 2013	58,338
	Net book value	
	At 31 December 2013	-
	At 31 December 2012	371

10	Investments: Financial Investments	Syndicate £	Corporate £	2013 Total £	2012 Total £
	<i>At market value</i>				
	Shares and other variable yield securities	130,116	687,424	817,540	730,016
	Debt securities and other fixed income securities	981,868	47,426	1,029,294	1,060,693
	Participation in investment pools	31,839	-	31,839	36,382
	Loans guaranteed by mortgage	3,422	-	3,422	8,497
	Other loans	729	-	729	6,363
	Deposits with credit institutions	958	-	958	1,207
	Other	121	-	121	86
	Total	1,149,053	734,850	1,883,903	1,843,244

The corporate investments held include £734,850 (2012: £627,951) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 20.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

10 Investments: Financial investments (continued)

	Syndicate	Corporate	2013 Total	2012 Total
	£	£	£	£
<i>At cost</i>				
Shares and other variable yield securities	128,838	539,759	668,597	652,797
Debt securities and other fixed income securities	989,119	43,067	1,032,186	1,054,711
Participation in investment pools	29,609	-	29,609	39,588
Loans guaranteed by mortgage	3,387	-	3,387	8,409
Other loans	729	-	729	6,361
Deposits with credit institutions	958	-	958	1,207
Other	60	-	60	57
Total	1,152,700	582,826	1,735,526	1,763,130

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate	Corporate	2013 Total	2012 Total
	£	£	£	£
The following amounts are due after one year:				
Direct insurance operations	1,049	-	1,049	18,888
Reinsurance operations	2,634	-	2,634	4,098
Total	3,683	-	3,683	22,986

12 Other debtors

	Syndicate	Corporate	2013 Total	2012 Total
	£	£	£	£
Deferred tax	-	-	-	-
Other	549,563	171,540	721,103	502,119
Total	549,563	171,540	721,103	502,119

Corporate other debtors includes £64,970 (2012: £Nil) due to the company after more than one year.

Syndicate other debtors includes £255,451 (2012: £135,417) due to the company after more than one year.

13 Cash at bank

	Syndicate	Corporate	2013 Total	2012 Total
	£	£	£	£
Lloyd's deposit	68,543	139,182	207,725	205,152
Cash at bank and in hand	136,257	45,985	182,242	158,857
Total	204,800	185,167	389,967	364,009

Any Lloyd's deposit is held in accordance with the constraints detailed in note 20.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

14 Share capital	2013 £	2012 £
<i>Allotted and called up</i>		
220 Ordinary shares of £1.00 each	220	220
352,000 Redeemable preference shares of £1.00 each	352,000	-

Other debtors (note 12) includes £35,200 Redeemable preference share capital that was unpaid at the year end.

15 Statement of movements on reserves	Share premium account £	Profit and loss account £
At 1 January 2013	-	371,484
Profit during the year	-	210,707
At 31 December 2013	-	582,191

16 Reconciliation of movements in shareholders' funds	2013 £	2012 £
Retained profit for the financial year	210,707	141,612
Proceeds from the issue of shares	352,000	-
Net addition to shareholders' funds	562,707	141,612
Opening shareholders' funds	371,704	230,092
Closing shareholders' funds	934,411	371,704

17 Taxation	2013 £	2012 £
<i>Analysis of charge in year</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the year	24,808	31,310
Adjustments in respect of prior years	3	4,438
Foreign tax	866	1,525
Total current tax	25,677	37,273

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

17 Taxation (continued)	2013 £	2012 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	25,113	(1,271)
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	25,113	(1,271)
Tax on profit on ordinary activities	50,790	36,002

Factors affecting tax charge for the year

The tax assessed for the year is lower (2012 - higher) than the standard rate of Corporation Tax in the UK of 20.00% (2012 - 20.00%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	261,497	177,614
Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00% (2012 - 20.00%).	52,299	35,523
<i>Effects of:</i>		
Expenses not deductible for tax purposes	58	-
Timing differences arising from the taxation of the underwriting results	(24,761)	(2,234)
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward	-	-
Adjustments to tax charge in respect of prior periods	-	4,438
Other adjustments	(1,919)	(454)
Current tax charge for the year	25,677	37,273

Factors that may affect future tax charges

The company has trading losses of £Nil (2012 - £Nil) available for carry forward against future trading profits.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

17 Taxation (continued)	2013 £	2012 £
<i>Provision for deferred tax</i>		
At 1 January 2013	26,329	-
Charge to the profit and loss account	25,113	26,329
Released or utilised in the year	-	-
At 31 December 2013	51,442	26,329

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £Nil (2012 - £Nil).

18 Other creditors	Syndicate £	Corporate £	2013 £	2012 £
Other creditors	91,839	31,498	123,337	161,348
Social security costs	-	-	-	-
Corporation tax	-	24,808	24,808	31,310
Shareholders' loan account	-	38,765	38,765	354,708
Total	91,839	95,071	186,910	547,366

The above shareholders' loan has been included in the related party transactions note 22.

Corporate other creditors includes £Nil (2012: £19,840) due from the company after more than one year.

19 Reconciliation of operating profit before interest to net cash inflow from operating activities

	2013 £	2012 £
Operating profit before interest	147,839	122,491
Current year result not distributable in year	(161,520)	(135,037)
Prior year result distributable in year	35,791	176,010
Profit on sale of syndicate participation rights	(1,963)	(2,780)
Increase/(Decrease) in creditors	128,420	(67,176)
(Increase)/Decrease in debtors	(139,749)	13,255
Amortisation and impairment of syndicate participation rights	371	372
Net cash inflow from operating activities	9,189	107,135

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

20 Fund's at Lloyd's

Cash balances of £139,182 (2012: £140,896) detailed in note 13 and investments of £734,850 (2012: £627,951) detailed in note 10 are held within the company's Lloyd's deposit.

The Lloyd's deposit represents funds 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 legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds 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.

In addition to these amounts, the directors and shareholders of the company have also made available to Lloyd's assets amounting to approximately £57,000 (2012: £57,000) which are also used by the company to support its Lloyd's underwriting.

21 Controlling party

The Duke of Abercorn and the Marquess of Hamilton are controlling directors and shareholders of the company.

22 Related party transactions

During 2013 The Duke of Abercorn, a director of the company, provided funding of £807 (2012 - £970) and withdrew funding of £316,800 (2012 - £Nil). Included within creditors at 31 December 2013 is £36,738 (2012 - £352,731) which is due to The Duke of Abercorn. During 2013 The Marquess of Hamilton, a director of the company, provided funding of £50 (2012 - £862) and withdrew funding of £Nil (2012 - £Nil). Included within creditors at 31 December 2013 is £2,027 (2012 - £1,977) which is due to The Marquess of Hamilton. These amounts are shown separately in note 18 under Shareholders' loan account. No interest is chargeable on the amounts outstanding.

KILLYGOWAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

23 Syndicates

The company is or was an Underwriting Member of the following Syndicate(s) or MAPA's:

Syn. No.	Managing agent	2014 Allocated Capacity	2013 Allocated Capacity	2012 Allocated Capacity	2011 Allocated Capacity
0033	Hiscox Syndicates Limited	131,800	125,210	125,210	118,620
0218	Equity Syndicate Management Limited	65,658	65,658	65,658	72,954
0260	Canopus Managing Agents Limited	-	-	-	-
0318	Beaufort Underwriting Agency Limited	-	-	27,875	27,875
0386	QBE Underwriting Limited	77,766	77,766	77,766	68,728
0510	R J Kiln & Co Limited	184,439	184,439	184,439	168,492
0557	R J Kiln & Co Limited	15,054	15,054	15,054	15,054
0609	Atrium Underwriters Limited	115,485	115,485	115,485	115,485
0727	S A Meacock & Co Limited	53,502	53,502	53,502	53,502
0958	Omega Underwriting Agents Limited	61,223	76,966	97,957	97,957
1729	Asta Managing Agency Limited	26,286	-	-	-
2010	Cathedral Underwriting Limited	87,480	87,480	87,480	87,480
2014	Pembroke Managing Agency Limited	80,177	-	-	-
2525	Asta Managing Agency Limited	34,522	34,522	34,522	34,522
2526	Asta Managing Agency Limited	-	66,530	61,889	52,062
2791	Managing Agency Partners Limited	117,194	133,085	133,085	133,085
5820	Jubilee Managing Agency Limited	48,176	48,176	-	-
6103	Managing Agency Partners Limited	18,208	25,046	19,819	19,819
6104	Hiscox Syndicates Limited	38,596	38,596	30,000	30,000
6105	Ark Syndicate Management Limited	37,216	11,778	21,212	21,212
6106	Amlin Underwriting Limited	-	28,337	25,000	25,000
6107	Beazley Furlonge Limited	23,564	23,564	20,000	20,000
6110	Pembroke Managing Agency Limited	-	56,596	31,442	-
6111	Catlin Underwriting Agencies Limited	62,964	59,290	53,982	-
6113	Barbican Managing Agency Limited	20,000	20,000	-	-
6117	Asta Managing Agency Limited	58,514	-	-	-
7217	Hampden Agencies Limited	14,969	14,969	14,969	14,969
		£ 1,372,793	£ 1,362,049	£ 1,296,346	£ 1,176,816