

Company registration number (England and Wales): 03848333

IAN DAVENPORT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



IAN DAVENPORT LIMITED

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IAN DAVENPORT LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	I C Davenport K C Davenport
Company Secretary	Hampden Legal Plc

COMPANY ADDRESSES

Registered office	5th Floor 40 Gracechurch Street London EC3V 0BT
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Member's agent	Hampden Private Capital Limited 40 Gracechurch Street London EC3V 0BT
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Auditors	Humphrey & Co Audit Services Ltd 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
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IAN DAVENPORT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2018.

Directors

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

I C Davenport

K C Davenport

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 Audit Services Ltd, 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



2019 and signed on its behalf by:



I C Davenport
Director

IAN DAVENPORT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in presenting their strategic report for the year ended 31 December 2018.

Results and dividends

The loss for the year after taxation was £65,262 (2017: profit £18,761). 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 2018 annual accounting year, which consists of movements in the 2016, 2017 and 2018 years of account as well as any 2015 and prior run-off years. Gross premiums written increased from £496,892 to £532,099 compared to the previous year and the overall balance on the technical account increased from a deficit of £40,470 in 2017 to a deficit of £5,632 as a result of the level of claims experienced.

The company has continued to underwrite on the 2019 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:

	2018	2017
Capacity (youngest underwriting year) (£)	561,711	499,159
Gross premium written as a % of capacity	94.7 %	99.5 %
Underwriting profit of latest closed year as a % of capacity	6.2 %	11.8 %
Run-off years of account movement (£)	-	1,862
Combined ratio	102.8 %	113.5 %

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

Approved by the Board on 17th September 2019 and signed on its behalf by:



I C Davenport
Director

IAN DAVENPORT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IAN DAVENPORT LIMITED

Opinion

We have audited the financial statements of Ian Davenport Limited for the year ended 31 December 2018 on pages 6 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its 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.

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

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

IAN DAVENPORT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF IAN DAVENPORT LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of the directors

As explained more fully in the Statement of directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co Audit Services Ltd
Statutory Auditor

Date: 18 September 2019

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

IAN DAVENPORT LIMITED

INCOME STATEMENT - TECHNICAL ACCOUNT (GENERAL BUSINESS) FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	restated 2017 £
Gross premiums written	5	532,099	496,892
Outward reinsurance premiums		(106,696)	(99,059)
Net premiums written		425,403	397,833
Change in the provision for unearned premiums			
Gross provision	7	(20,880)	(22,611)
Reinsurers' share	7	5,634	2,405
Net change in the provision for unearned premiums		(15,246)	(20,206)
Earned premiums net of reinsurance		410,157	377,627
Allocated investment return transferred from the non-technical account		5,949	10,336
Claims paid			
Gross amount		(284,506)	(240,036)
Reinsurers' share		65,432	33,355
Net claims paid		(219,074)	(206,681)
Change in provision for claims			
Gross amount	7	(44,389)	(150,432)
Reinsurers' share	7	9,481	80,613
Net change in provision for claims		(34,908)	(69,819)
Claims incurred net of reinsurance		(253,982)	(276,500)
Net operating expenses	9	(167,756)	(151,933)
Balance on technical account for general business		(5,632)	(40,470)

IAN DAVENPORT LIMITED

INCOME STATEMENT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	restated 2017 £
Balance on the general business technical account		(5,632)	(40,470)
Investment income		16,348	18,441
Realised (loss)/gain on investments		(1,430)	685
Unrealised (loss)/gain on investments		(34,056)	48,456
Investment expenses and charges	8	(561)	(891)
Allocated investment return transferred to the technical account		(5,949)	(10,336)
Other income	10	(17,863)	33,007
Other charges		(21,438)	(26,217)
(Loss)/Profit on ordinary activities before taxation	11	(70,581)	22,675
Tax on (loss)/profit on ordinary activities	19	5,319	(3,914)
(Loss)/Profit for the financial year		(65,262)	18,761

STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £	2017 £
(Loss)/Profit for the financial year		(65,262)	18,761
Other comprehensive income		-	-
(Loss)/Profit for the financial year		(65,262)	18,761

All amounts above relate to continuing operations.

IAN DAVENPORT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

ASSETS	Note	Syndicate Assets £	Corporate £	2018 Total £	2017 Total £
Intangible assets					
Syndicate participation rights	13	-	4,510	4,510	3,987
Investments					
Financial investments	14	508,874	329,966	838,840	873,692
Deposits with ceding undertakings		44	-	44	40
Total investments		508,918	329,966	838,884	873,732
Reinsurers' share of technical provisions					
Provision for unearned premiums	7	38,160	-	38,160	30,878
Claims outstanding	7	124,130	-	124,130	101,316
Other technical provisions		122,291	-	122,291	131,019
Total reinsurers' share of technical provisions		284,581	-	284,581	263,213
Debtors					
Arising out of direct insurance operations	15				
Policyholders		3	-	3	13
Intermediaries		112,244	-	112,244	95,682
Arising out of reinsurance operations	15	17,202	15,144	32,346	42,544
Other debtors	16	158,785	4,717	163,502	130,381
Total debtors		288,234	19,861	308,095	268,620
Other assets					
Cash at bank	17	81,253	189,265	270,518	253,076
Other		267	-	267	208
Total other assets		81,520	189,265	270,785	253,284
Prepayments and accrued income					
Accrued interest		1,530	-	1,530	1,405
Deferred acquisition costs	7	64,427	-	64,427	56,936
Other prepayments and accrued income		2,955	-	2,955	2,191
Total prepayments and accrued income		68,912	-	68,912	60,532
Total assets		1,232,165	543,602	1,775,767	1,723,368

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IAN DAVENPORT LIMITED**STATEMENT OF FINANCIAL POSITION (continued)**
AS AT 31 DECEMBER 2018

	Note	Syndicate Liabilities £	Corporate £	2018 Total £	2017 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	18	-	244	244	244
Share premium account		-	-	-	-
Profit and loss account		(94,403)	530,019	435,616	500,878
Shareholder's funds attributable to equity interests		(94,403)	530,263	435,860	501,122
Technical provisions					
Provision for unearned premiums	7	237,886	-	237,886	208,749
Claims outstanding - gross amount	7	912,824	-	912,824	843,044
Total technical provisions		1,150,710	-	1,150,710	1,051,793
Provisions for other risks and charges					
Provision for taxation	19	-	-	-	5,683
Deposits received from reinsurers		2,938	-	2,938	81
Creditors					
Arising out of direct insurance operations		12,885	-	12,885	14,436
Arising out of reinsurance operations		88,360	-	88,360	65,671
Amounts due to credit institutions	21	8,761	-	8,761	1,119
Other creditors	20	49,702	3,135	52,837	59,087
Total creditors		159,708	3,135	162,843	140,313
Accruals and deferred income					
Other accruals and deferred income		13,212	10,204	23,416	24,376
Total liabilities		1,232,165	543,602	1,775,767	1,723,368

Approved by the Board on 17th September 2019 and signed on its behalf by:

I C Davenport
Director



Company Registration No. 03848333

IAN DAVENPORT LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2018

	Note	Called up share capital £	Share premium account £	Retained earnings £	Total £
At 1 January 2017		222	-	482,117	482,339
Profit for the financial year		-	-	18,761	18,761
Proceeds from the issue of shares		22	-	-	22
At 31 December 2017		244	-	500,878	501,122
At 1 January 2018		244	-	500,878	501,122
Loss for the financial year		-	-	(65,262)	(65,262)
At 31 December 2018		244	-	435,616	435,860

IAN DAVENPORT LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Cash inflow from operating activities	22	20,523	28,676
Interest received		909	475
UK corporation tax paid		(17,786)	(13,626)
Foreign tax paid		(265)	(7)
Net cash inflow from operating activities		3,381	15,518
Cash inflow from investing activities			
Purchase of syndicate participation rights		(2,147)	(2,388)
Proceeds from sale of syndicate participation rights		-	-
Purchase of investments		-	(27,335)
Proceeds from sale of investments		-	27,990
Dividends received		7,499	7,530
Net cash inflow from investing activities		5,352	5,797
Cash inflow/(outflow) from financing			
Funds lent to/(withdrawn from) the company by the company's shareholders		25	(951)
Issue of share capital		-	22
Net cash inflow/(outflow) from financing		25	(929)
Increase in cash		8,758	20,386
Net funds at 1 January		180,507	160,121
Increase in cash in the year		8,758	20,386
Net funds at 31 December		189,265	180,507

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

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018

1 General information

The company is a private company limited by shares that was incorporated in England and Wales and whose registered office is given on page one of these financial statements. The company participates in insurance business as an underwriting member of various syndicates at Lloyd's.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to insurance.

The directors do not consider the company to be a financial institution under FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting modified to include the revaluation of certain financial instruments held at fair value, through the income statement.

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 Statement of Financial Position as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 financial reporting 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.

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 financial reporting 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 financial reporting date.

ix Financial assets and financial liabilities

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

ix Financial assets and financial liabilities (continued)

Debtors/creditors arising from insurance/reinsurance operations shown in the statement of financial position include the totals of all the syndicate's outstanding debit and credit transactions as processed by the Lloyd's central facility. 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.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction cost), except for those financial assets classified as at fair value through the income statement, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights of the cash flow from the financial asset expire or are settled, b) the syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset or c) the syndicates, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicates estimate the fair value by using a valuation technique.

Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

ix Financial assets and financial liabilities (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in the income statement immediately.

x Basis of currency translation

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

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Sterling at the rates of exchange at the financial reporting date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction. Insurance assets and liabilities (unearned premiums and deferred acquisition costs) have been translated at period end to the functional currency at the closing rate.

xi Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Statement of Financial Position 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 insurers, reinsurers or intermediaries as appropriate.

xii 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.

2.2 Reinsurance at corporate level

Where considered applicable by the directors, the company may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2.1 (iv) and (v).

2.3 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items 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 end date.

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.

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

2.4 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the financial reporting 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.

2.5 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. The intangible assets are reviewed for impairment where there are indicators for impairment and any impairment is charged to the income statement for the period.

2.6 Investments

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

2.7 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and cash in hand.

3 Key accounting judgements and estimation uncertainties

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. These 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 measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these financial statements in relation to underwriting by the syndicates and this is disclosed further in Note 4.

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 key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the company only, and do not include estimates and judgements made in respect of the syndicates.

i Purchased syndicate capacity

Estimating value in use:

Where an indication of impairment of capacity values 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 an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is 3 years. This is on the basis that this is the life over which the original value of the capacity is used up.

ii Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors consider 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.

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

iii Recoverability of debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability, factors such as the ageing of the debtors, past experience of recoverability, and the credit profile of individual groups of customers are all considered.

4 Risk management

This section summarises the financial and insurance risks the company is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's syndicates.

Risk background

The syndicate's activities expose it to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the managing agent prepares a Lloyd's Capital Return ("LCR") for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that the reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investments, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the syndicate's management of risks.

The company manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the company considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate, will withdraw from the next underwriting year. The company relies on advice provided by the members' agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The company also mitigates its risks by participating across several syndicates.

The directors do not consider the company to be a financial institution under FRS 102, on the basis that the company itself does not undertake the business of effecting or carrying out insurance contracts. Therefore there is no requirement to discuss financial risks arising from syndicate investment activities. The analysis below provides details of the financial risks the company is exposed to from syndicate insurance activities as required by FRS 103.

Syndicate risks

i Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligations when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

ii Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, which are neither past due nor impaired are as follows:

	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2018						
Deposits with ceding undertakings	-	-	-	-	45	45
Reinsurers share of claims outstanding	16,510	42,307	162,983	230	23,449	245,479
Reinsurance debtors	280	1,330	6,959	-	2,934	11,503
Insurance debtors	-	-	-	-	104,426	104,426
Total	16,790	43,637	169,942	230	130,854	361,453
2017	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	39	39
Reinsurers share of claims outstanding	330	44,802	162,700	2,112	21,000	230,944
Reinsurance debtors	-	870	3,865	35	2,184	6,954
Insurance debtors	-	-	-	-	85,487	85,487
Total	330	45,672	166,565	2,147	108,710	323,424

Syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, past their due date or impaired are as follows:

	Less than 3 months £	Between 3 and 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2018						
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(37)	(37)
Reinsurance debtors	4,289	1,163	159	90	(2)	5,699
Insurance debtors	3,792	1,038	1,076	1,983	(68)	7,821
Total	8,081	2,201	1,235	2,073	(107)	13,483
2017	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(76)	(76)
Reinsurance debtors	2,089	197	167	139	(4)	2,588
Insurance debtors	3,953	1,354	1,544	3,428	(71)	10,208
Total	6,042	1,551	1,711	3,567	(151)	12,720

iii Interest rate and equity price risk

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

IAN DAVENPORT LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

iv Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The tables below provides details of syndicate assets and liabilities by currency:

	GBP £	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
2018						
Total assets	245,770	733,959	85,808	107,853	58,775	1,232,165
Total liabilities	(327,417)	(782,119)	(81,540)	(76,526)	(58,966)	(1,326,568)
Surplus/(deficiency) of assets	(81,647)	(48,160)	4,268	31,327	(191)	(94,403)
2017						
Total assets	249,281	666,779	77,892	102,479	45,414	1,141,845
Total liabilities	(334,738)	(673,059)	(68,806)	(69,889)	(33,969)	(1,180,461)
Surplus/(deficiency) of assets	(85,457)	(6,280)	9,086	32,590	11,445	(38,616)

Company risks

i Investment, credit, liquidity and currency risks

The significant risks faced by the company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the company to meet the claim. In order to minimise investment, credit and liquidity risk the company's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Sterling, US Dollars or a combination of the two. The company is exposed to movements in the US Dollar between the financial reporting date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of the year of account. The company does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii Regulatory risks

The company is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the company is able to support.

iii Operational risks

As there are relatively few transactions actually undertaken by the company there are only limited systems and operational requirements of the company and therefore operational risks are not considered to be significant. Close involvement of all directors in the company's key decision making and the fact that the majority of the company's operations are conducted by syndicates, provides control over any remaining operational risks.

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5 Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
2018					
Direct					
Accident and health	18,998	19,735	(10,404)	(8,760)	(432)
Motor - third party liability	1,798	1,874	(1,045)	(648)	(198)
Motor - other classes	33,712	34,366	(14,092)	(11,333)	(7,981)
Marine, aviation and transport	40,320	40,209	(21,392)	(15,329)	(3,414)
Fire and other damage to property	128,921	120,855	(76,907)	(39,513)	(13,699)
Third party liability	141,271	131,777	(82,031)	(48,646)	3,308
Credit and suretyship	11,569	10,650	(4,624)	(3,628)	(697)
Other	2,985	2,720	(1,469)	(1,272)	(156)
Total direct	379,574	362,186	(211,964)	(129,129)	(23,269)
Reinsurance business					
Reinsurance balance	152,525	149,033	(116,931)	(38,627)	(2,880)
Total	532,099	511,219	(328,895)	(167,756)	(26,149)
2017					
Direct					
Accident and health	19,571	19,412	(10,700)	(8,422)	(648)
Motor - third party liability	1,497	1,721	(1,367)	(527)	32
Motor - other classes	37,929	39,757	(31,830)	(11,248)	165
Marine, aviation and transport	38,944	37,549	(18,989)	(14,642)	(2,943)
Fire and other damage to property	111,232	105,382	(98,168)	(35,546)	9,513
Third party liability	129,041	119,248	(67,369)	(42,979)	(5,550)
Credit and suretyship	8,984	9,218	(5,912)	(3,255)	(111)
Other	2,502	2,443	(1,377)	(990)	(115)
Total direct	349,700	334,730	(235,712)	(117,609)	343
Reinsurance business					
Reinsurance balance	147,192	139,551	(154,756)	(34,324)	16,971
Total	496,892	474,281	(390,468)	(151,933)	17,314

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.

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Geographical analysis

	2018 £	2017 £
Direct gross premiums written in:		
United Kingdom	379,574	349,674
Other EU member states	-	1
The rest of the world	-	25
Total	379,574	349,700

7 Technical provisions

Movement in claims outstanding

	Gross £	Reinsurance £	2018 Net £	Gross £	Reinsurance £	2017 Net £
At 1 January	(843,044)	101,316	(741,728)	(730,992)	70,541	(660,451)
Movement in technical account	(44,389)	9,481	(34,908)	(150,432)	80,613	(69,819)
Other movements	(25,391)	13,333	(12,058)	38,380	(49,838)	(11,458)
At 31 December	(912,824)	124,130	(788,694)	(843,044)	101,316	(741,728)

Movement in unearned premiums

	Gross £	Reinsurance £	2018 Net £	Gross £	Reinsurance £	2017 Net £
At 1 January	(208,749)	30,878	(177,871)	(199,836)	31,055	(168,781)
Movement in technical account	(20,880)	5,634	(15,246)	(22,611)	2,405	(20,206)
Other movements	(8,257)	1,648	(6,609)	13,698	(2,582)	11,116
At 31 December	(237,886)	38,160	(199,726)	(208,749)	30,878	(177,871)

Movement in deferred acquisition costs

	2018 Net £	2017 Net £
At 1 January	56,936	49,915
Movement in deferred acquisition costs	5,366	7,893
Other movements	2,125	(872)
At 31 December	64,427	56,936

Included within other movements are foreign exchange movements in restating the opening balances and the effect of prior years' technical provisions being reinsured to close, to the extent where the company's syndicate participation portfolio has changed between years of account.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity

The majority of the risks to the company's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The company's role in managing these risks, in conjunction with the company's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the company arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

The key assumptions underlying the amounts carried by the company arising from insurance contracts are:

- i The net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the financial reporting date.
- ii The net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the financial reporting date, including appropriate allowance for anticipated losses in excess of the unearned premium.
- iii The claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the financial reporting date.
- iv The potential ultimate result of run-off year results has been accurately estimated by the managing agents.
- v The values of investments and other assets and liabilities are correctly stated at their realisable values at the financial reporting date.

There have been no changes to these assumptions in 2018.

The amounts carried by the company arising from insurance contracts are sensitive to various factors as follows:

- i A 5% increase/decrease in net earned premium (with claims incurred assumed to change pro-rata with premium) will increase/decrease the company's pre-tax profit/loss by £7,809 (2017: £5,056).
- ii A 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the company's pre-tax profit/loss by £45,641 (2017: £42,152).
- iii A 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the company's pre-tax profit/loss by £39,435 (2017: £37,086).

Claims development - gross		At end of underwriting year £	After 12 months £	After 24 months £	After 36 months £	Profit/loss on RITC received £
Underwriting pure year						
	2018	218,258	-	-	-	-
	2017	289,018	427,438	-	-	-
	2016	143,169	282,523	288,574	-	-

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Technical provisions (continued)

Claims development - net	At end of underwriting year £	After 12 months £	After 24 months £	After 36 months £	Profit/loss on RITC received £
Underwriting pure year					
2018	161,343	-	-	-	-
2017	193,627	303,069	-	-	-
2016	110,320	219,570	224,561	-	-

8 Investment return

The following return on investments relate to investments held at fair value.

	2018 £	2017 £
Investment income	7,940	10,436
Realised (loss)/gain on investments	(1,430)	791
Allocated investment income - technical account	6,510	11,227
Income from other investments (including interest receivable)	8,408	8,005
Realised gain/(loss) on investments	-	(106)
Unrealised (loss)/gain on investments	(34,056)	48,456
Investment income - non-technical account	(25,648)	56,355
Investment expenses and charges - technical account	(561)	(891)
Total investment return	(19,699)	66,691

9 Net operating expenses

	2018 £	2017 £
Acquisition costs	115,623	108,149
Administrative expenses	46,644	43,951
Loss/(Profit) on exchange	5,489	(167)
Total	167,756	151,933

10 Other income

	2018 £	2017 £
Profit on sale of syndicate participation rights	-	-
Other	(17,863)	33,007
Total	(17,863)	33,007

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

11 (Loss)/Profit on ordinary activities before taxation

	2018 £	2017 £
This is stated after charging:		
Auditor's remuneration - audit	710	695
Auditor's remuneration - other (see note 12)	1,130	1,100
Director's remuneration	8,424	8,164
Amortisation of syndicate capacity	1,624	1,308

The average number of persons, including directors, employed during the year was 2 (2017: 2).

12 Auditor's remuneration - other

	2018 £	2017 £
Taxation compliance services	320	310
Other non-audit services	810	790
Total	1,130	1,100

13 Intangible assets

	Syndicate Participation Rights £
Cost	
At 1 January 2018	37,579
Additions	2,147
Disposals	-
At 31 December 2018	39,726
Amortisation	
At 1 January 2018	33,592
Charge for the year	1,624
Impairment losses	-
Disposals	-
At 31 December 2018	35,216
Net book value	
At 31 December 2018	4,510
At 31 December 2017	3,987

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Investments: Financial investments

		£	Syndicate £	Corporate £	Total £
2018					
Shares and other variable yield securities	- level 1	27,083			
	- level 2	44,711			
	- level 3	<u>2,141</u>	73,935	300,937	374,872
Debt securities and other fixed income securities	- level 1	135,878			
	- level 2	282,319			
	- level 3	<u>309</u>	418,506	29,029	447,535
Participation in investment pools	- level 1	1,204			
	- level 2	2,564			
	- level 3	<u>2,457</u>	6,225	-	6,225
Loans guaranteed by mortgage	- level 1	4			
	- level 2	-			
	- level 3	<u>1</u>	5	-	5
Other loans	- level 1	8,266			
	- level 2	100			
	- level 3	<u>1,837</u>	10,203	-	10,203
Total			508,874	329,966	838,840
2017					
Shares and other variable yield securities	- level 1	22,644			
	- level 2	50,381			
	- level 3	<u>3,078</u>	76,103	335,562	411,665
Debt securities and other fixed income securities	- level 1	113,954			
	- level 2	302,284			
	- level 3	<u>-</u>	416,238	28,460	444,698
Participation in investment pools	- level 1	1,599			
	- level 2	3,027			
	- level 3	<u>3,901</u>	8,527	-	8,527
Loans guaranteed by mortgage	- level 1	10			
	- level 2	-			
	- level 3	<u>2</u>	12	-	12
Other loans	- level 1	7,280			
	- level 2	137			
	- level 3	<u>1,373</u>	8,790	-	8,790
Total			509,670	364,022	873,692

Corporate investments include unlisted investments of £13,000 (2017: £13,000) which are valued at cost and which the directors believe is a fair value for these investments. All other corporate investments included above are listed investments valued at market value.

The corporate investments held include £316,966 (2017: £351,022) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 23.

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Investments: Financial investments (continued)

The company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets

Level 2: prices based on recent transactions in identical assets

Level 3: prices determined using a valuation technique

<i>At cost</i>	Syndicate £	Corporate £	2018 Total £	2017 Total £
Shares and other variable yield securities	72,969	186,396	259,365	263,859
Debt securities and other fixed income securities	421,730	18,945	440,675	438,071
Participation in investment pools	5,170	-	5,170	7,257
Loans guaranteed by mortgage	5	-	5	12
Other	10,082	-	10,082	7,710
Total	509,956	205,341	715,297	716,909

15 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2018 Total £	2017 Total £
The following amounts are due after one year:				
Direct insurance operations	3,234	-	3,234	1,785
Reinsurance operations	1,648	15,144	16,792	33,697
Total	4,882	15,144	20,026	35,482

16 Other debtors

	Syndicate £	Corporate £	2018 Total £	2017 Total £
Deferred tax	-	-	-	-
Other	158,785	4,717	163,502	130,381
Total	158,785	4,717	163,502	130,381

Corporate other debtors includes £Nil (2017: £Nil) due to the company after more than one year.

Syndicate other debtors includes £60,976 (2017: £52,522) due to the company after more than one year.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 Cash at bank

	Syndicate £	Corporate £	2018 Total £	2017 Total £
Lloyd's deposit	36,696	6,997	43,693	31,788
Cash at bank and in hand	44,557	182,268	226,825	221,288
Total	81,253	189,265	270,518	253,076

Any Lloyd's deposit is held in accordance with the constraints detailed in note 23.

18 Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
244 Ordinary shares of £1.00 each	244	244

19 Taxation

	2018 £	2017 £
<i>Analysis of charge in year</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the year	593	18,280
Adjustments in respect of prior years	(494)	(38)
Foreign tax	265	7
Total current tax	364	18,249
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(5,683)	(14,335)
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	(5,683)	(14,335)
Tax on loss on ordinary activities	(5,319)	3,914

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2017 - lower) than the standard rate of Corporation Tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	restated 2017 £
(Loss)/Profit on ordinary activities before taxation	(70,581)	22,675
(Loss)/Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 19.00% (2017 - 19.25%).	(13,410)	4,365
<i>Effects of:</i>		
Income/expenses not taxable/allowable	(1,425)	(1,417)
Timing differences arising from the taxation of the underwriting results	10,334	1,312
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward	-	-
Changes in tax rates	-	-
Adjustments to tax charge in respect of prior periods	(494)	(38)
Foreign tax paid	(324)	(308)
Other adjustments	-	-
Total tax charge for the year	(5,319)	3,914

Factors that may affect future tax charges

The company has trading losses of £Nil (2017 - £Nil) available for carry forward against future trading profits.

	2018 £	2017 £
<i>Provision for deferred tax</i>		
At 1 January	5,683	20,018
Credit to the profit and loss account	(5,683)	(14,335)
Released or utilised in the year	-	-
At 31 December	-	5,683

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 £9,471 (2017 - £Nil).

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

20 Other creditors

	Syndicate £	Corporate £	2018 £	2017 £
Other creditors	49,702	2,297	51,999	40,587
Social security costs	-	-	-	-
Corporation tax	-	593	593	18,280
Shareholders' loan account	-	245	245	220
Total	49,702	3,135	52,837	59,087

The above shareholders' loan has been included in the related party transactions note 25.

21 Financial liabilities

All financial liabilities are measured at amortised cost except for:

	2018 £	2017 £
Amounts due to credit institutions	8,761	1,119

This liability has been disclosed at fair value using a valuation technique. The company uses the following hierarchy for determining and disclosing the fair value of financial liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical liabilities
- Level 2: prices based on recent transactions in identical liabilities
- Level 3: prices determined using a valuation technique

22 Reconciliation of (loss)/profit before tax to cash inflow from operating activities

	2018 £	2017 £
(Loss)/Profit before tax	(70,581)	22,675
Finance costs	-	-
Finance income	25,648	(56,355)
Current year result not distributable in year	5,632	40,470
Prior year result distributable in year	50,155	58,270
Loss on sale of syndicate participation rights	-	-
Decrease in creditors	(5,101)	(4,685)
Decrease/(Increase) in debtors	13,146	(33,007)
Amortisation and impairment of syndicate participation rights	1,624	1,308
Cash inflow from operating activities	20,523	28,676

IAN DAVENPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

23 Fund's at Lloyd's

Cash balances of £6,997 (2017: £2,447) detailed in note 17 and investments of £316,966 (2017: £351,022) detailed in note 14 are held within the company's Lloyd's deposit. These balances exclude any amounts held via syndicates.

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, a director and a shareholder has also made available to Lloyd's assets amounting to approximately £Nil (2017: £Nil) which are also used by the company to support its Lloyd's underwriting.

24 Controlling party

Mr I C Davenport is the controlling director and shareholder of the company.

25 Related party transactions

During 2018 Mr I C Davenport, a director of the company, provided funding of £25 (2017 - £242) and withdrew funding of £Nil (2017 - £1,193). Included within creditors at 31 December 2018 is £245 (2017 - £220) which is due to Mr I C Davenport. This amount is shown separately in note 20 under shareholders' loan account. No interest is chargeable on the amount outstanding.

26 Restated comparatives

The comparatives have been restated to reflect a change in presentation of investment income and charges between the technical and non-technical account in accordance with Schedule 3 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. There have been no changes to the reported profit/loss figures.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

27 Syndicates

The company is or was an underwriting member of the following syndicate(s) or MAPA's:

Syn. No.	Managing agent	2019 Allocated Capacity	2018 Allocated Capacity	2017 Allocated Capacity	2016 Allocated Capacity
2689	Asta Managing Agency Limited	27,600	27,600	12,000	-
2791	Managing Agency Partners Limited	3,886	3,886	3,886	3,886
2988	Brit Syndicates Limited	8,126	8,126	8,126	-
5886	Blenheim Managing Agency Limited	4,962	4,154	3,462	-
6104	Hiscox Syndicates Limited	15,091	15,091	15,091	15,091
7066	CBS MAPA 1	502,854	502,854	455,505	414,473
7227	Hampden Agencies Limited	-	-	1,089	1,089
		£ 562,519	£ 561,711	£ 499,159	£ 434,539

In addition the company is still participating on the following syndicates or MAPA's in run-off:

Syn. No.	Managing agent	Year of Account	Allocated Capacity
7066	CBS MAPA 1	2013	424,044