



ProSight Specialty Underwriters Limited

Financial Statements for the year ended 31 December 2016

WEDNESDAY



A6GDDKWH

A17

04/10/2017

#355

COMPANIES HOUSE

(Registered No. 3937013)

ProSight Specialty Underwriters Limited

Financial statements
Year ended 31 December 2016

CONTENTS

Company information	3
Strategic report	4
Directors' report	6
Independent auditors' report	8
Income statement	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Company information

Registered Number	3937013
Directors	Joseph John Beneducci Peter John Goddard Bruce William Schnitzer
Registered office	7 th Floor 1 Minster Court Mincing Lane London, EC3R 7AA United Kingdom
Principal bankers	Lloyds Bank plc City Office PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS
Auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London, E14 5EY

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Strategic report

Principal activity

The principal activity of ProSight Specialty Underwriters Limited ("PSUL") is that of a service provider to ProSight Specialty Managing Agency Limited ("PSMAL") and Syndicate 1110 ("the Syndicate").

PSUL (the Company) is a company limited by shares and incorporated in England and Wales under the Companies Act 2006. The Company is domiciled in the UK and its registered office is given on page 3. The Company is a wholly owned subsidiary of ProSight Specialty European Holdings Limited ("PSEHL") incorporated in Bermuda.

The Company is not engaged in the field of research and development nor intending to be in this field.

Review of operations

The Company's turnover is comprised of recharge income from PSMAL for expenses incurred by PSUL on behalf of the Syndicate and direct recharges from PSMAL and the Syndicate.

Key performance Indicators

	2016 £000	2015 £000
Turnover	13,288	9,216
Loss before taxation	(797)	(1,529)
Loss after taxation	(797)	(1,529)
Equity Shareholders' Funds	3,145	3,942

Business review and future developments

The income statement on page 10 reports a loss after taxation for the year to 31 December 2016 of £0.8m (2015: £1.5m). No interim dividend was declared for the year and there is no final dividend proposed for the year (2015: £nil).

At a Board meeting on 7 June, the Board of PSMAL approved a recommendation that Syndicate 1110 be placed in run-off. Lloyd's and other regulators have been notified. At an earlier Board Meeting, the Board had agreed that there was no appetite to manage the run-off of Syndicate 1110.

Subsequent to the Board meeting of 7 June and knowledge of the run-off becoming public, the ultimate shareholder received approaches from some parties wishing to consider the purchase of the Company with the intention of setting up a run-off managing agency in Lloyd's. The shareholder is in advanced negotiations with a party who is expected to be appointed as managing agent for the run-off of the syndicate. Additionally, it is the intention that the same party will acquire the companies that comprise the UK group of ProSight, including PSUL.

Principal risks and uncertainties

The Company's principal risk relates to liquidity. Cash flow is monitored regularly and funding requirements are agreed with its parent company in advance. Recharges due in relation to services provided to Syndicate 1110 are invoiced and settled on a monthly basis.

The Company has an exposure to capital risk (defined as the risk of failing to secure adequate capital in terms of quality and quantity to support its strategic objectives). The Company is supported by its parent company whose ongoing support is important to the Company continuing to trade forward.

The Company also has operational risk with respect to its employees and the services provided to the Syndicate. It is the expectation of the Directors that this risk will be borne by the acquiring company at the point of acquisition.

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Strategic report continued

Going concern

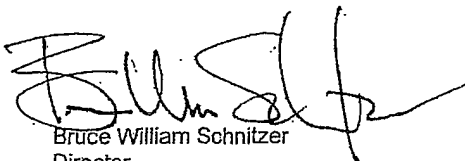
After making enquiries, the directors have a reasonable expectation that the Company has adequate resources due to the support of its ultimate parent, ProSight Global Holdings Limited, to continue in operational existence until the point of transfer to an acquiring company. Accordingly, they continue to adopt the going concern basis in preparing the Strategic report, Directors' report and the Financial statements. Albeit that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and therefore, the Company may be able to realise its assets and discharge its liabilities in the normal course of business.

Work to complete the transfer of the run-off agency is progressed but not complete. The most likely outcome is for the PSUL to be purchased by the acquirer in this transaction. There are no formal terms within the Heads of Terms agreed, specifically with reference to the future of PSUL. Hence, the intentions of a new acquirer are not yet known. As such, the Directors of ProSight are only able to confirm the assumption up to the date at which the PSUL is acquired without further knowledge of a potential acquirer's intentions.

For Events after the reporting period, please refer to note 19.

The Board consider that the going concern basis of accounting remains appropriate for the 2016 accounts on the basis that an acquiring company has been identified, albeit that no contract has been signed.

This strategic report was approved by the board of directors on 29 September 2017 and signed on its behalf by:



Bruce William Schnitzer
Director
ProSight Specialty Underwriters Limited
London

September 2017

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Directors' report

The Directors present to the members of ProSight Specialty Underwriters Limited (the "Company") their report and the audited financial statements for the year ended 31 December 2016.

Dividends

No interim dividend was declared for the year and there is no final dividend proposed for the year (2015: £ nil).

Directors

The directors of the Company, who were in office during the year and up to the date of the signing of these financial statements were:

	Appointed	End Date
Marcus James Bale		7 June 2017
Joseph John Beneducci		
David Victor Dunning		1 March 2016
Michael Graham Fergusson	27 January 2016	6 September 2017
Mary Edith Lancaster Goddard		7 June 2017
Peter John Goddard		
Philip James Green	4 October 2016	7 June 2017
Mark James Hewett (Chairman)		7 June 2017
Bruce William Schnitzer	5 February 2016	
Vivek Syal	1 July 2016	7 June 2017

As a consequence of the decision to put Syndicate 1110 into run-off, the Shareholder and the Board agreed to a restructuring of the Board at a special meeting on 7 June 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report, the 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 Financial Reporting Standard 102 ("FRS 102").

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.

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Directors' report *continued*

Statement of Directors' Responsibilities *continued*

In preparing those financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors' and officers' indemnity insurance was in place throughout the period under review.

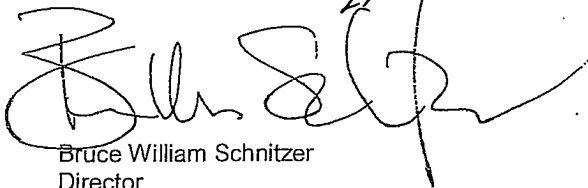
Statement as to disclosure of information to auditors

Each of the directors has taken steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are not aware.

Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the Company.

Approved by the Board on ²⁹ September 2017 and signed on its behalf by:



Bruce William Schnitzer
Director
ProSight Specialty Underwriters Limited
London

September 2017

ProSight Specialty Underwriters Limited

Financial statements
Year ended 31 December 2016

Independent Auditor's Report to the Member of ProSight Specialty Underwriters Limited

We have audited the financial statements of ProSight Specialty Underwriters Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 20. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 6 and 7, 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 annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standards 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £0.8m during the year ended 31 December 2016. These losses, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

ProSight Specialty Underwriters Limited

Financial statements
Year ended 31 December 2016

Independent Auditor's Report to the Member of ProSight Specialty Underwriters Limited
continued

Opinion on other matter prescribed by the Companies Act 2006

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

Ernst & Young LLP

Angus Millar (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 September 2017

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Income statement			
	Notes	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Turnover	2	13,288	9,216
Administrative expenses	3	(14,086)	(10,748)
Other income		1	3
Loss before taxation		<u>(797)</u>	<u>(1,529)</u>
Taxation	6	-	-
Loss for the year		<u><u>(797)</u></u>	<u><u>(1,529)</u></u>

All amounts relate to continuing operations.

The Company has no recognised gains or losses other than the retained profit or loss for the year.

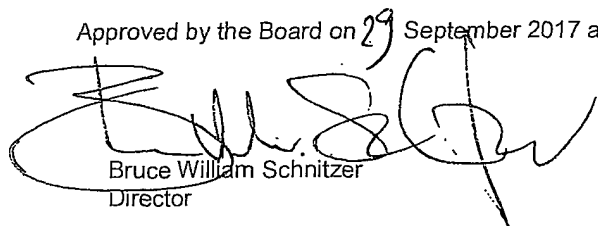
The Notes on pages 13 to 22 form an integral part of these financial statements

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Statement of financial position

	Notes	2016 £000	2015 £000
Fixed assets			
Tangible assets	7	1,125	903
Intangible assets	8	954	888
		<u>2,079</u>	<u>1,791</u>
Current assets			
Debtors	9	4,122	3,520
Cash at bank and in hand		304	1,072
		<u>4,426</u>	<u>4,592</u>
Creditors: amounts falling due within one year	10	<u>(3,223)</u>	<u>(2,318)</u>
Net current assets		1,203	2,274
Creditors: amounts falling due after more than one year	11	(137)	(123)
Net Assets		<u>3,145</u>	<u>3,942</u>
Capital and reserves			
Called up share capital	14	20,223	20,223
Profit and loss account		(17,078)	(16,281)
Total equity shareholders' funds		<u>3,145</u>	<u>3,942</u>

Approved by the Board on 29 September 2017 and signed on its behalf by:


Bruce William Schnitzer
Director

The Notes on pages 13 to 22 form an integral part of these financial statements

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Statement of changes in equity

	Called up share capital £000	Profit and Loss Account £000	Total £000
Opening balance as at 1 January 2016	20,223	(16,281)	3,942
Loss for the year	-	(797)	(797)
Total comprehensive income for the year	<u>20,223</u>	<u>(17,078)</u>	<u>3,145</u>
As at 31 December 2016	<u><u>20,223</u></u>	<u><u>(17,078)</u></u>	<u><u>3,145</u></u>
Opening balance as at 1 January 2015	18,473	(14,751)	3,722
Loss for the year	-	(1,530)	(1,530)
Total comprehensive income for the year	<u>-</u>	<u>(1,530)</u>	<u>(1,530)</u>
Proceeds from the issue of shares	1,750		1,750
As at 31 December 2015	<u><u>20,223</u></u>	<u><u>(16,281)</u></u>	<u><u>3,942</u></u>

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

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

The Notes on pages 13 to 22 form an integral part of these financial statements

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies

Statement of compliance

The financial statements have been prepared in compliance with FRS 102, being the applicable UK GAAP accounting standard, and in accordance with the Companies Act 2006.

The historic cost convention has been applied by the Company.

Basis of preparation

The financial statements of the Company were approved by the board of directors on September 2017.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in Pound Sterling which is the functional and presentation currency of the Company.

The Company has taken advantage of the reduced disclosure requirements for qualifying entities, where possible, under FRS 102 as it is a 100% owned subsidiary of ProSight Specialty European Holdings Limited.

Going concern

As at 31 December 2016, the Company had net assets of £3.1m (2015: £3.9m).

After considering the facts set out in the Events after the balance sheet date note (Note 19), the Board have concluded that the going concern basis of accounting is appropriate. Albeit that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and therefore, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

Work to complete the transfer of the run-off agency is progressed but not complete. The most likely outcome is for the PSUL to be purchased by the acquirer in this transaction. There are no formal terms within the Heads of Terms agreed, specifically with reference to the future of PSUL. Hence, the intentions of a new acquirer are not yet known. As such, the Directors of ProSight are only able to confirm the assumption up to the date at which the PSUL is acquired without further knowledge of a potential acquirer's intentions.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Estimates of the useful life of assets and period end accruals are areas of uncertainty for the Company.

Turnover

Turnover represents recharge income from PSMAL and the Syndicate for expenses incurred by PSUL on behalf of the Syndicate, fee income earned on the basis of policies written or signed by third parties and movement on profit commissions. Recharge income is recognised in line with expenses as they are incurred.

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

1. Accounting policies *continued*

Intangible assets

Costs relating to the development of the managing agency in respect of IT purchases and development costs have been capitalised. The start of the managing agency was approved by the regulators on the 6 March 2015. These development costs are amortised over 7 years from the start of the go live dates for each of the projects completed as part of managing agency development.

Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation

Tangible fixed assets and intangible assets are stated net of depreciation. Depreciation of assets is calculated to write off their costs or valuation over their estimated useful lives on a straight-line basis, which are generally as follows:

Fixed assets:

Fixtures and fittings	4 years
Office refurbishment	4 years
Office restoration	4 years
Office equipment	2 years
Computer equipment	5 years

Intangible assets..... 7 years

Taxation

Current tax, being UK corporation tax, is calculated as amounts to be paid or recovered using applicable tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred income tax is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at tax rates enacted, or substantively enacted, at the balance sheet date and expected to apply when the related tax is affected. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be used. Deferred tax assets and liabilities are not discounted.

Pension benefits

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

1. Accounting policies *continued*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. A statement of cash flows has not been presented as the Company is a qualifying entity under FRS 102 section 1.12. Its cash flows are included within the consolidated cash flow statement of ProSight Global Holdings Limited. The consolidated financial statements can be obtained (upon request) from the registered address of ProSight Global Holdings Limited.

2. Turnover

The Company's turnover is comprised of recharge income from PSMAL for expenses incurred by PSUL on behalf of the Syndicate and direct recharges from PSMAL and Syndicate 1110. Turnover also includes fees earned from underwriting activities on behalf of clients and accrued profit commissions, calculated in accordance with the accounting policy above.

Turnover	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Recharge income	13,288	9,216
	<u>13,288</u>	<u>9,216</u>

3. Administrative expenses

Operating loss is stated after charging:

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Auditor remuneration	116	369
Taxation services	21	6
Payroll services	6	5
Depreciation and amortisation	340	456

4. Staff costs and numbers

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Wages and salaries	4,150	4,587
Social security costs	547	576
Contributions to defined contribution pension schemes	580	598
	<u>5,277</u>	<u>5,761</u>

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

4. Staff costs and numbers *continued*

The average number of employees working for the Company during the year was as follows:

	Year to 31 December 2016	Year to 31 December 2015
Underwriting	17	13
Underwriting support	13	7
Claims	3	3
Administration	25	30
	<u>58</u>	<u>53</u>

5. Directors remuneration

The amount of emoluments paid to or receivable by directors were as follows:

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Emoluments	788	880
Contributions to defined contribution pension schemes	34	45
	<u>822</u>	<u>925</u>

The number of directors who accrued benefits under defined contribution pension schemes was 4 (2015: 4).

The emoluments of the Directors shown above include the following amounts paid to or receivable by the highest paid director:

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Emoluments	207	304
Contributions to defined contribution pension schemes	18	28
	<u>225</u>	<u>332</u>

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

6. Taxation on loss on ordinary activities

a. Analysis of charge in year

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Current tax:		
UK Corporation Tax on loss for the year	-	-
Adjustment in respect of prior year	-	-
	<hr/>	<hr/>
Current tax charge for the year (see (b) below)	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total Deferred Tax	-	-
	<hr/>	<hr/>
Tax credit on loss on ordinary activities	-	-
	<hr/>	<hr/>

b. Factors affecting tax charge for the year.

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below:

Factors affecting tax charge for the year/period

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
<i>Loss on ordinary activities before tax</i>	(797)	(1,530)
Loss on ordinary activities multiplied by the blended tax rate of corporation tax in the UK of 20% as at 31 December 2016 (2015: 20.25%)	(158)	(310)
Effects of:		
Expenses not deductible for tax purposes	39	50
Depreciation in excess of capital allowances	40	62
Other timing differences not recognised for deferred tax purposes	-	(17)
Unrelieved tax losses carried forward not recognised for deferred tax purposes	79	215
	<hr/>	<hr/>
Current tax credit for the year (see (a) above)	-	-
	<hr/>	<hr/>

The Company has tax losses carried forward of £13.4m (2015: £13.6m). The Company has an unrecognised deferred tax asset of £2.6m (2015: £2.8m), primarily in relation to accumulated tax losses.

The UK corporation tax rate reduced to 20% from 1 April 2015. Legislation was substantively enacted in July 2015 to reduce the rate of corporation tax by a further 1% to 19% to apply from 1 April 2017 and a further 1% to 18% in 2020. Further legislation was introduced in the Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020 (this supersedes the 18% rate). The unrecognised deferred tax asset has been calculated at the 17% rate.

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

7. Tangible Assets

	Office refurbishment £000	Office equipment £000	Computer equipment £000	Office restoration £000	Total £000
Cost					
At 1 January 2016	1,378	32	91	109	1,610
Additions	171	-	61	133	366
At 31 December 2016	1,549	32	152	242	1,975
Depreciation					
At 1 January 2016	(477)	(32)	(89)	(109)	(707)
Charge for year	(122)	-	(8)	(13)	(143)
At 31 December 2016	(599)	(32)	(97)	(122)	(850)
Net book value at 31 December 2016	950	-	55	120	1,125
Net book value at 31 December 2015	901	-	2	-	903

8. Intangible assets

	Managing agency development £000	PSUL IT development £000	Total £000
Cost			
At 1 January 2016	1,390	245	1,635
Additions	263	-	263
At 31 December 2016	1,653	245	1,898
Amortisation			
At 1 January 2016	(573)	(174)	(747)
Charge for year	(155)	(42)	(197)
At 31 December 2016	(728)	(216)	(944)
Net book value at 31 December 2016	925	29	954
Net book value at 31 December 2015	817	71	888

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

9. Debtors

	2016 £000	2015 £000
Balances with group entities	3,088	2,372
Prepayments	-	69
Other debtors (see below breakdown)	1,034	1,079
	<u>4,122</u>	<u>3,520</u>

Of the other debtors amount £0.4m (2015: £0.4m) is due after one year.

Other debtors represents:

	2016 £000	2015 £000
Rent deposits	447	601
Employee season ticket loans	23	37
Due from ProSight Specialty (TSMC) Limited	112	97
Due from ProSight Specialty (ECUCM) Limited	115	95
VAT	337	231
Other	-	18
	<u>1,034</u>	<u>1,079</u>

10. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Due to Group companies	340	378
Accruals	2,783	1,418
Supplier and employee creditors	-	522
Other creditors	100	-
	<u>3,223</u>	<u>2,318</u>

11. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Provision for dilapidation	137	123
	<u>137</u>	<u>123</u>

ProSight Specialty Underwriters Limited
Financial statements
Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

12. Other financial commitments

At December 2016, the Company was committed to making the following minimum payments under non-cancellable operating leases:

	Land and buildings	
	2016	2015
	£000	£000
Within one year	236	171
In two to five years	1,786	1,541
Over five years	1,616	2,068

The lease expense for the year was £347k (2015: £474k)

13. Other provisions - dilapidations

	2016	2015
	£000	£000
Provision at 1 January 2016	123	120
Decrease in provision	(123)	(120)
Increase in provision	137	123
Provision at 31 December 2016	<u>137</u>	<u>123</u>

The dilapidation provision relates to the contractual obligations of the Company on surrender of the lease on the property, to reinstate the property to the same state and condition as before occupancy.

14. Called up share capital

			Authorised	
	2016	2015	2016	2015
	Number	Number	£000	£000
Ordinary shares of 5p	404,457,660	404,457,660	<u>20,223</u>	<u>20,223</u>
			<u>20,223</u>	<u>20,223</u>
			Allotted, issued and fully paid	
	2016	2015	2016	2015
	Number	Number	£000	£000
Ordinary shares of 5p	404,457,660	404,457,660	<u>20,223</u>	<u>20,223</u>
			<u>20,223</u>	<u>20,223</u>

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

15. Pensions

The Company made defined pensions contributions during the year. The pensions cost to the Company for the year was £580k (2015: £598k). No amounts were payable in respect of pensions at 31st December 2016 (2015: £ nil).

16. Related party disclosure

The Company has taken advantage of the exemption in Section 33 of FRS 102 - Related Party Disclosures available to subsidiaries which are 100% controlled by ProSight Global Holdings Limited ("the group") not to disclose transactions with other group companies and investees of the group qualifying as related parties.

ProSight Specialty Managing Agency Limited (PSMAL) is the managing agent of Syndicate 1110.

ProSight Specialty (TSMC) Limited and ProSight Specialty (ECUCM) Limited allocate the total capacity to Syndicate 1110 for the 2014 to 2016 years of account.

ProSight Specialty Underwriters Limited provides underwriting, administrative, accounting, human resource and information technology services to ProSight companies. These services are provided on a non-profit making basis by way of intra-group cross charges and direct salary charges.

17. Off balance sheet arrangements

The Company has not been party to an arrangement, which is not reflected in its statement of financial position, where material risks and benefits arise for the Company.

18. Capital and other commitments

There were no capital commitments contracted for but not provided at 31 December 2016.

19. Events after the reporting period

At a Board meeting on 7 June, the Board of PSMAL approved a recommendation that Syndicate 1110 be placed in run-off. Lloyd's and other regulators have been notified. At an earlier Board Meeting, the Board had agreed that there was no appetite to manage the run-off of Syndicate 1110.

Subsequent to the Board meeting of 7 June and knowledge of the run-off becoming public, the ultimate shareholder received approaches from some parties wishing to consider the purchase of the Company with the intention of setting up a run-off managing agency in Lloyd's. The shareholder is in advanced negotiations with a party who is expected to be appointed as managing agent for the run-off of the syndicate. Additionally, it is the intention that the same party will acquire the companies that comprise the UK group of ProSight, including PSUL.

The current expectation of the Board, based upon Heads of Terms agreed by the Shareholder and the potential acquirer, is that the net assets of PSUL will be transferred to the new shareholder, with effect from 30 June 2017, although the closure of the deal will likely take place later in 2017. The Board have concluded that no adjustment to the net assets at 31 December 2016 should be recorded and that any such adjustment to the carrying value of any assets should be the responsibility of the acquiring company as a 2017 transaction.

ProSight Specialty Underwriters Limited

Financial statements

Year ended 31 December 2016

Notes to the financial statements

For the year ended 31 December 2016 *continued*

20. Parent undertaking and ultimate controlling party

The Company is a wholly owned subsidiary of ProSight Specialty European Holdings Limited (PSEHL), a company registered in Bermuda. PSEHL owns 100% of the voting and economic rights of the Company.

The Company's ultimate parent is ProSight Global Holdings Limited, a company incorporated in Bermuda.

Financial Statements for the parent companies can be obtained from their Registered Addresses:

Registered addresses:-

ProSight Specialty European Holdings Limited
Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

ProSight Global Holdings Limited
Clarendon House
2 Church Street
Hamilton
HM11
Bermuda