

Company registration number: 4069467

**Orput Family Underwriting Limited**

**Report and financial statements  
31 December 2017**

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**Orput Family Underwriting Limited**  
**Company information**

**Directors**

Mr D Monksfield  
Residual Services Corporate Director Limited

**Company Secretary**

Argenta Secretariat Limited

**Registered Office**

5<sup>th</sup> Floor  
70 Gracechurch Street  
London  
EC3V 0XL

**Auditors**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

**Accountants**

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

## Orput Family Underwriting Limited Strategic Report

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

### Business Review

The Company has ceased to write insurance business in the Lloyd's insurance market as a Lloyd's corporate capital member.

The financial statements incorporate the annual accounting results of the Syndicates on which the Company participates for any run-off years of account. The run-off year movement for the year ending 31 December 2017 was £-

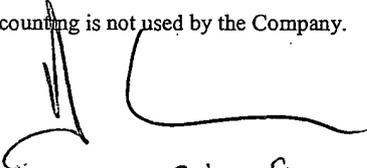
### Results and Dividends

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

### Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.



Approved by the Board on 24-8 - 2018  
and signed on its behalf by:

For and on behalf of RESIDUAL SERVICES CORPORATE DIRECTOR LIMITED

Director

## **Orput Family Underwriting Limited Report of the Directors**

The Directors submit their Report together with the audited financial statements of the Company for the year ended 31 December 2017.

### **Principal Activities**

The principal activity of the Company is that of trading as a run - off Lloyd's corporate capital member. The Company ceased underwriting at 31 December 2005. The Directors do not consider the Company to be a going concern and the financial statements have been prepared on a break up basis.

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### **Directors**

The Directors who served at any time during the year were as follows:

Mr D Monksfield  
Residual Services Corporate Director Limited

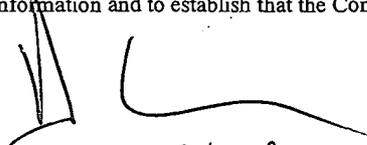
**Orput Family Underwriting Limited  
Report of the Directors (continued)**

**Auditors**

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors.

**In the case of each of the persons who are Directors at the time this report is approved, the following applies:**

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



Approved by the Board on  
and signed on its behalf by: 24-8-2018

For and on behalf of RESIDUAL SERVICES CORPORATE DIRECTOR LIMITED

Director

## **Orput Family Underwriting Limited Independent Auditor's report**

### **Independent auditor's report to the members of Orput Family Underwriting Limited**

We have audited the financial statements of Orput Family Underwriting Limited (the 'company') for the period ended 31 December 2017 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

These financial statements have not been prepared on a going concern basis for the reason set out in note i to the financial statements. We have nothing to report in respect of our conclusions relating to going concern as the accounts have been appropriately prepared on the cessation basis and the appropriate disclosures have been made. Our opinion is not modified in respect of this matter.

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## Orput Family Underwriting Limited Independent Auditor's report (continued)

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

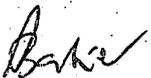
### Auditor's responsibilities for the audit of the financial statements

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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Amanda Barker (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St. Katharine's Way  
London E1W 1DD

23 August 2018

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

	Note	2017 £	2016 £
<b>Premiums</b>			
Gross premiums written	1	-	-
Outward reinsurance premiums	1	-	-
<b>Net premiums written</b>		-	-
<b>Change in the provision for unearned premiums</b>			
Gross provision	1	-	-
Reinsurers' share	1	-	-
<b>Earned premiums, net of reinsurance</b>		-	-
<b>Allocated investment return transferred from the non-technical account</b>		-	-
<b>Other technical income, net of reinsurance</b>		-	-
<b>Claims paid</b>			
Gross amount	1	-	-
Reinsurers' share	1	-	-
<b>Net claims paid</b>		-	-
<b>Change in provision for claims</b>			
Gross amount	1	-	-
Reinsurers' share	1	-	-
<b>Change in net provision for claims</b>		-	-
<b>Claims incurred, net of reinsurance</b>		-	-
<b>Changes in other technical provisions, net of reinsurance</b>		-	-
Net operating expenses	1, 2	-	-
Other technical charges, net of reinsurance		-	-
<b>Balance on the technical account for general business</b>		-	-

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

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

	Note	2017 £	2016 £
<b>Balance on technical account for general business</b>		-	-
Investment income	2	1	-
Allocated investment return transferred to the general business technical account		-	-
Other income		-	-
Other charges, other value adjustments		-	-
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<u>1</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) for the financial year</b>		<u>1</u>	<u>-</u>
<b>Other comprehensive income/(expenditure):</b>			
Currency translation differences		-	-
Tax on other comprehensive income		-	-
<b>Total comprehensive income/(expenditure)</b>	7	<u><u>1</u></u>	<u><u>-</u></u>

All amounts relate to discontinued operations.

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

**Orput Family Underwriting Limited**  
**Balance sheet**  
**As at 31 December 2017**

	Note	31 December 2017			31 December 2016		
		Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Assets</b>							
<b>Investments</b>							
Other financial investments	5	-	-	-	-	-	-
Deposits with ceding undertakings		-	-	-	-	-	-
<b>Reinsurers' share of technical provisions</b>							
Provision for unearned premiums		-	-	-	-	-	-
Claims outstanding		-	-	-	-	-	-
Other technical provisions		-	-	-	-	-	-
<b>Debtors</b>							
Amounts falling due within one year	5	-	-	-	-	-	-
Amounts falling due after one year	5	-	-	-	-	-	-
<b>Other assets</b>							
Cash at bank and in hand		-	1,011	1,011	-	1,010	1,010
Other		-	-	-	-	-	-
		-	1,011	1,011	-	1,010	1,010
<b>Prepayments and accrued income</b>							
Accrued interest		-	-	-	-	-	-
Deferred acquisitions costs		-	-	-	-	-	-
Other prepayments and accrued income		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Total assets</b>		-	1,011	1,011	-	1,010	1,010

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

**Orput Family Underwriting Limited**  
**Balance sheet**  
**As at 31 December 2017**

	Note	31 December 2017			31 December 2016		
		Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Liabilities and shareholders' funds</b>							
<b>Capital and reserves</b>							
Called up share capital	6	-	1	1	-	1	1
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	7	-	(17,473)	(17,473)	-	(17,474)	(17,474)
<b>Shareholders' funds – attributable to equity interests</b>							
		-	(17,472)	(17,472)	-	(17,473)	(17,473)
<b>Technical provisions</b>							
Provision for unearned premiums		-	-	-	-	-	-
Claims outstanding		-	-	-	-	-	-
Other technical provisions		-	-	-	-	-	-
<b>Provisions for other risks</b>							
Deferred taxation	8	-	-	-	-	-	-
Other		-	-	-	-	-	-
<b>Deposit received from reinsurers</b>							
		-	-	-	-	-	-
<b>Creditors</b>							
Amounts falling due within one year	5	-	18,483	18,483	-	18,483	18,483
Amounts falling due after one year	5	-	-	-	-	-	-
		-	18,483	18,483	-	18,483	18,483
<b>Accruals and deferred income</b>							
		-	-	-	-	-	-
<b>Total liabilities</b>		-	1,011	1,011	-	1,010	1,010

Approved and authorised for issue by the Board of Directors on 24-8-2018  
and signed on its behalf by:



For and on behalf of RESIDUAL SERVICES CORPORATE DIRECTOR LIMITED  
Director

Company registration number: 4069467

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

**Orput Family Underwriting Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2017**

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	1	-	-	(17,474)	-	(17,473)
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
<b>As at 31 December 2016</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(17,474)</b>	<b>-</b>	<b>(17,473)</b>
Profit/(loss) for the year	-	-	-	1	-	1
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1	-	1
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
<b>As at 31 December 2017</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(17,473)</b>	<b>-</b>	<b>(17,472)</b>

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

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

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

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

**Orput Family Underwriting Limited**  
**Cash flow statement**  
**For the year ended 31 December 2017**

	2017 £	2016 £
<b>Operating activities</b>		
Profit/(loss) on ordinary activities before tax	1	-
(Profit)/loss attributable to syndicate transactions	-	-
Profit/(loss) - excluding syndicate transactions	<u>1</u>	<u>-</u>
Adjusted for:		
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	-	-
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Investment income	(1)	-
Corporation and overseas taxes (paid)/refunded	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from operating activities	<u>-</u>	<u>-</u>
<b>Investing activities</b>		
Investment income	1	-
Purchase of syndicate capacity	-	-
Proceeds from sale of syndicate capacity	-	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from investing activities	<u>1</u>	<u>-</u>
<b>Financing activities</b>		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from financing activities	<u>-</u>	<u>-</u>
Net cash increase/(decrease) in cash and cash equivalents	1	-
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>1,010</u>	<u>1,010</u>
Cash and cash equivalents at the end of the year	<u>1,011</u>	<u>1,010</u>
Consisting of:		
Cash at bank and in hand	1,011	1,010
Cash equivalents	<u>-</u>	<u>-</u>
	<u>1,011</u>	<u>1,010</u>

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

The accounting policies and notes on pages 13 to 28 form part of these Financial Statements.

# **Orput Family Underwriting Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2017**

#### **Basis of preparation of financial statements**

##### **General information**

The Company is a limited company incorporated in the United Kingdom.

The financial statements have been presented in Pounds Sterling ("Sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

##### **Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These financial statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

##### **Recognition of insurance transactions**

The Company recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

The financial statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

##### **Sources of data**

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the syndicates in which the Company participates.

# Orput Family Underwriting Limited

## Notes to the Financial Statements

### For the year ended 31 December 2017

#### Accounting policies

##### i Going concern

As at 31 December 2017 the Company had net liabilities of £17,472 (2016: £17,473). The directors do not consider the Company to be a going concern as the Company has sold or returned all the capacity and will not be underwriting on any new years of account going forward. Accordingly the financial statements have been prepared on a break up basis.

##### ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

##### iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

##### iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

##### v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

##### vi Deferred acquisition costs

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

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**Accounting policies (continued)**

**vii Reinsurance to close**

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
  - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
  - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

**viii Financial instruments**

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables, trade and other payables and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**Accounting policies (continued)**

**viii Financial instruments (continued)**

Basic financial instruments (except for non-puttable ordinary and non-convertible preference shares) are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

**ix Derivative financial instruments**

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

**x Derecognition of financial assets**

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

**xi Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**Accounting policies (continued)**

**xii Net operating expenses**

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

**xiii Foreign currencies**

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the profit and loss account.

**xiv Insurance contracts – product classification**

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

**xv Taxation**

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these financial statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods.

**xvi Deferred taxation**

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**Accounting policies (continued)**

**xvi Deferred taxation (continued)**

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**xvii Critical accounting judgements and key sources of estimated uncertainty**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicates.

**Critical accounting judgements**

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

*Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimating value in use*

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

*Recoverability of receivables*

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

*Determining the useful life of purchased syndicate capacity*

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

<b>1. Net Operating Expenses</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Acquisition costs	-	-
Change in deferred acquisition costs	-	-
Administrative expenses	-	-
Reinsurance commissions and profit participations	-	-
Personal expenses	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>2. Investment Income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	-	-
Realised gains and losses	-	-
Unrealised gains and losses	-	-
Other	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Financial instruments held at amortised cost:		
Interest	1	-
Other	-	-
	<hr/>	<hr/>
	1	-
	<hr/>	<hr/>
Investment management expenses, including interest	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
	1	-
	<hr/>	<hr/>
<b>3. Profit/(Loss) on Ordinary Activities before Taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) is stated after charging:		
Directors' remuneration	-	-
Amortisation of syndicate capacity	-	-
(Profit)/loss on disposal of intangible fixed assets	-	-
(Profit)/loss on exchange	-	-

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

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

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

4. Taxation	2017	2016
	£	£
<b>Analysis of charge in year</b>		
Current tax:		
UK corporation tax on profit/(loss) of the year	-	-
Adjustment in respect of previous period	-	-
	<hr/>	<hr/>
Foreign tax	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
	<hr/>	<hr/>
Total tax	<hr/>	<hr/>
<b>Factors affecting tax charge for period</b>		
The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:		
Profit/(loss) on ordinary activities before tax	<hr/>	<hr/>
	1	-
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	-	-
Effects of:		
Change in deferred tax rate	-	-
Deferred tax asset previously unrecognised	-	-
Foreign tax	-	-
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Marginal rates of taxation and prior period adjustment	-	-
	<hr/>	<hr/>
Total tax charge/(credit) for the period	<hr/>	<hr/>

The results of the Company's participation on the calendar year movement on any run-off years of account will not be assessed to tax until the year ended 31 December 2018 being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

The current UK corporation tax rate is 19%. The rate will be reduced to 17% from 1 April 2020. The effect of this reduction is reflected in the recognised deferred tax liability/(asset).

**5. Financial Instruments and Financial Risk Management**

**5.1 Financial Investment**

Other financial investments – Corporate	2017	2016
	£	£
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	-	-
Other investments	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Financial Instruments and Financial Risk Management (continued)**

**5.2 Debtors**

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Amounts falling due within one year:</b>						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	-	-	-	-	-	-
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Amounts falling due within one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amounts falling due after one year:</b>						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	-	-	-	-	-	-
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Amounts falling due after one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5.3 Funds at Lloyd's**

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

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

5. Financial Instruments and Financial Risk Management (continued)

5.4 Creditors

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Amounts falling due within one year:</b>						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	-	-	-	-	-	-
Amounts owed to credit institutions	-	-	-	-	-	-
<b>Other creditors:</b>						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	18,483	18,483	-	18,483	18,483
Other creditors	-	-	-	-	-	-
Amount due to group undertakings	-	-	-	-	-	-
<b>Total Amounts falling due within one year</b>	<b>-</b>	<b>18,483</b>	<b>18,483</b>	<b>-</b>	<b>18,483</b>	<b>18,483</b>
<b>Amounts falling due after one year:</b>						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	-	-	-	-	-	-
Amounts owed to credit institutions	-	-	-	-	-	-
<b>Other creditors:</b>						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
Amount due to group undertakings	-	-	-	-	-	-
<b>Total Amounts falling due after one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>18,483</b>	<b>18,483</b>	<b>-</b>	<b>18,483</b>	<b>18,483</b>

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Financial Instruments and Financial Risk Management (continued)**

**5.5 Classification of Financial Instruments**

The tables below set out the Company's financial instruments by classification.

**Other financial investments – Corporate**

	2017		2016			
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
<b>Financial assets</b>						
Investments	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
Cash at bank and in hand	-	1,011	1,011	-	1,010	1,010
Other assets	-	-	-	-	-	-
	-	1,011	1,011	-	1,010	1,010
<b>Financial liabilities</b>						
Other creditors	-	18,483	18,483	-	18,483	18,483
	-	18,483	18,483	-	18,483	18,483

The table below sets out details of the Company's derivative financial instruments.

	2017		2016	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	-	-	-	-
Interest rate future contracts	-	-	-	-
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	-
	-	-	-	-

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Financial Instruments and Financial Risk Management (continued)**

**5.6 Financial Instruments held at fair value through profit or loss**

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

**Other financial investments – Corporate**

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2017</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
<b>2016</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Financial Instruments and Financial Risk Management (continued)**

**5.7 Financial Risk Management**

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Foreign exchange risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

**Credit risk**

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

**Interest rate risk**

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

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

**Equity price risk**

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Financial Instruments and Financial Risk Management (continued)**

**5.7 Financial Risk Management (continued)**

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.

**Currency risk**

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these financial statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the profit and loss.

	Corporate Profit and loss			
	31 December 2017		31 December 2016	
Effect of sterling exchange movement by 10%	Increase £	Decrease £	Increase £	Decrease £
United States Dollar	-	-	-	-
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5.8 Capital Management**

**Lloyd's capital setting process**

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR "to ultimate"). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

**Orput Family Underwriting Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5.8 Capital Management (continued)**

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the solvency capital requirement of the Syndicate, since this has been previously calculated using Solvency II principles.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 5.3 for further information.

**6. Called-up Share Capital**

Issued and fully paid	At 1 January	Issued during the year	Redeemed during the year	At 31 December
Par value per share				
Ordinary £1 shares	1	-	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

**7. Profit and Loss Account**

	2017			2016		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit/(loss) brought forward	-	(17,474)	(17,474)	-	(17,474)	(17,474)
Reallocate distribution	-	-	-	-	-	-
Profit/(loss) for the financial year	-	1	1	-	-	-
Equity dividends	-	-	-	-	-	-
<b>Retained profit/(loss) carried forward</b>	<b>-</b>	<b>(17,473)</b>	<b>(17,473)</b>	<b>-</b>	<b>(17,474)</b>	<b>(17,474)</b>

**Orput Family Underwriting Limited**  
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**For the year ended 31 December 2017**

**8. Deferred Tax**

					2017
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	Total £
At 1 January	-	-	-	-	-
Movement in the year	-	-	-	-	-
At 31 December	-	-	-	-	-

					2016
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	Total £
At 1 January	-	-	-	-	-
Movement in the year	-	-	-	-	-
At 31 December	-	-	-	-	-

The unused tax losses carried forward at the Balance Sheet date are £18,861. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 5.2).

**9. Related Party Disclosure**

Any related party loans and balances do not attract interest and are repayable on demand. Any related party loans and balances do not attract interest and are repayable on demand.

**10. Ultimate Controlling Party**

The Company is controlled by the Estate of Mr A Orput (Deceased) who holds 100% of the issued £1 ordinary share capital.