Company Registration No. 4516776

THREE LIONS UNDERWRITING LIMITED

Report and Financial Statements

31 December 2014

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Niemann
A Durling (resigned 6th June 2014)

SECRETARY

John Nixon

REGISTERED OFFICE

55 King William Street
London
EC4R 9AD

AUDITORS

KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

BANKERS

National Westminster Bank PLC
1 Princes Street
London
EC2R 8PA

STRATEGIC REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The development of the Company's business during the year and its position at the end of the year were very healthy. The profit for the year was £143,677 (2013 - £321,587) and the net assets at year end are £1,433,330 (2013 - £1,289,653).

In the 2014 financial year the Company entered into binding authority agreements with both Great Lakes Reinsurance (UK) plc and ERGO Versicherung Aktiengesellschaft.

During the 2014 financial year the directors continued to develop the Company's core business, and further improve its in-house administrative capabilities in order to streamline the process for its customers.

Post Balance Sheet Event

From 1st January 2015 the Company has transferred a substantial part of its business and staff to ERGO Versicherung UK Branch, under a business transfer agreement. This excludes the runoff or all existing business, which it will continue to administer, and new After the Event legal expenses business. The Company will continue to utilise the capacity of Great Lakes Reinsurance (UK) plc for After the Event legal expenses business. Whilst the transfer represents a substantial part of the Company's business, the activities have not ceased and the business transferred does not represent a clearly distinguishable operation for financial reporting purposes. Therefore the director has continued to classify all results as continuing.

Strategic Objectives

The directors are satisfied with the results for the year. The main strategic objectives were to retain the current clients, prepare for the business transfer in 2015 and to maximise business profitability.

Key Performance Indicators

The overall performance in 2014 was broadly in line with the expectations set at the start of the year. Turnover remained stable at £2,860,813 (2013: £2,851,783). Profit on ordinary activities before taxation decreased by £239,165 (55%) from £433,484 to £194,319.

Company Position

Equity shareholders' funds increased by £143,677 (11%) from £1,289,653 to £1,433,330.

Monthly average number of employees (excluding directors)

The average number of employees was 27 during the year to 31 December 2014 (2013 – 26).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operating activities are exposed to various operational, financial, legal and regulatory risks. These include the key risk factors summarised below. The Company manages these risks within a Key Risk and Control framework ensuring that they are mitigated where possible.

Legal and Regulatory Risk

The Company is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and assessed probability of claims, that the Company has adequate insurance to meet such claims. However, like all businesses of our type, the risk exists that an increase in future claims for errors and omissions could have a material effect on the Company's reported results.

Financial Risks

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are currency risk, credit risk, liquidity risk, cash flow risk and interest rate risk.

STRATEGIC REPORT

Currency risk

The Company is exposed to currency risk in respect of assets and liabilities denominated in currencies other than Sterling. Due to the nature of insurance broking balances, the Company is able to largely mitigate this risk by matching the currencies in which insurance broking assets and liabilities are held.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Full risk transfer mitigates this risk to the Company.

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when they fall due. The Company has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise. The Company operates in a high cash flow business and the controls in place over insurance funds help to ensure that the Company has appropriate cash resource to meet its obligations as they fall due.

Interest Rate Risk

The Company's operating income is subject to the risk that interest rate fluctuations have on the interest earned on the Company's own funds and insurance balances.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems and internal controls, management failure, fraud and human error. The Company mitigates these risks through a system of internal controls, internal audit and compliance functions, back-up procedures, contingency planning and insurance.

The Board has ultimate responsibility for the system of internal control maintained by the Company to manage operational, regulatory and financial risks. The Board, through the Management Committee and the Risk Committee, reviews the effectiveness of internal controls across the Company.

Group Risk

In 2014, the Company has been wholly reliant upon the requirements of Great Lakes Reinsurance (UK) PLC and ERGO Verischerung Aktiengesellschaft to provide underwriting capacity to meet its needs. As outlined above, these arrangements have been amended . The Company will continue to utilise the capacity of Great Lakes Reinsurance (UK) plc for After the Event legal expenses business.

Approved by the Board of Directors
and signed on behalf of the Board

D. Niemann

D Niemann
Chairman

30TH SEPTEMBER 2015

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014 for Three Lions Underwriting Limited ('the Company') (registered number 4516776).

PRINCIPAL ACTIVITY

The Company's principal activity is that of an underwriting agency.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operating activities are exposed to various operational, financial, legal and regulatory risks. These include the key risk factors summarised above in the Strategic Report.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.. The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, based on his assessment of the forecast cashflows for a period of at least 12 months from the date of approval of these financial statements. Therefore he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

DIVIDEND

The amount that the director recommends should be paid by way of a dividend was £nil (2013 - £nil).

DIRECTORS AND THEIR INTERESTS

The present director and the director who served during the year are set out on page 1.

None of the directors had any interests in the shares of the Company.

The Company maintains cover for the risk of errors and omission at a level considered by the Board to be appropriate and which satisfied its regulators. The Directors benefit from a group wide qualifying third party indemnity provision, which was in place during the financial year and at the date of this report.

POLITICAL DONATIONS

There were no political donations during the year (2013 – £nil).

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

On 21 May 2015 KPMG Audit Plc resigned as auditor having instigated an orderly wind down of its business. On the same date KPMG LLP, an intermediate parent of KPMG Audit Plc, was appointed as auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board

D. Niemann

D Niemann
Chairman

30TH SEPTEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE LIONS UNDERWRITING LIMITED

We have audited the financial statements of Three Lions Underwriting Limited for the year ended 31 December 2014 as set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' 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.

Mark Taylor (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

30 September 2015

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Note	2014	2013
		£	£
TURNOVER	2	2,860,813	2,851,783
Other operating income		17,602	12,385
Administrative expenses		(2,684,096)	(2,430,684)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	194,319	433,484
Tax on profit on ordinary activities	6	(50,642)	(111,897)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	143,677	321,587

CONTINUING OPERATIONS

Turnover and operating profit derive from continuing operations.

The Company has no recognised gains and losses other than those included in the results above and, therefore, no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 16 form part of these financial statements.

BALANCE SHEET
31 December 2014

	Note	2014	2013
		£	£
FIXED ASSETS			
Tangible assets	7	157,426	136,668
CURRENT ASSETS			
Debtors	8	7,164,511	6,964,666
Cash at bank and in hand	9	6,971,730	6,974,535
		14,136,241	13,939,201
CREDITORS: amounts falling due within one year	10	(12,804,998)	(12,735,034)
NET CURRENT ASSETS		1,331,243	1,204,167
TOTAL ASSETS LESS CURRENT LIABILITIES		1,488,669	1,340,835
PROVISION FOR LIABILITIES AND CHARGES	11	(55,339)	(51,182)
NET ASSETS		1,433,330	1,289,653
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	1,383,330	1,239,653
EQUITY SHAREHOLDERS' FUNDS	13	1,433,330	1,289,653

The Board of Directors approved these financial statements on pages 7 to 16 on 30TH SEPTEMBER 2015.

Signed on behalf of the Board of Directors

D. Niemann

D Niemann
Chairman

NOTES
Year ended 31 December 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The financial statements have been prepared on the going concern basis. The director has reviewed the budget and cash flow forecasts of the company for a period of not less than 12 months from the date of approving these financial statements and is confident that they show the company will have sufficient resources to meet their liabilities as they fall due.

Accordingly the director believes that it remains appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

A cash flow statement has not been prepared as the Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) where the financial statements of the Company are consolidated by its ultimate parent undertaking and those consolidated statements are available to the public from the address given in note 14.

Turnover

Turnover represents commissions receivable from underwriters on whose behalf the Company binds insurance risks. Where the Company has contractual obligations to perform post placement activities, an appropriate portion of the commission is deferred to future periods and recognised over the period over which contractual obligations are performed.

Profit Commission

Profit commission is taken to income when the right to profit commission is achieved and is capable of reliable measurement. Any adjustments are dealt with in subsequent periods.

Taxation

The charge for taxation is based on the result for the year, at current rates of tax. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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 regarded as more likely than not that they will be recovered. The company anticipates future years results to be in profit rather than loss therefore the deferred tax asset will be covered. Deferred tax assets and liabilities are not discounted.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over their estimated useful lives, which are estimated to be:

Leasehold improvements	-	term of the lease
Furniture, fixtures and fittings	-	80 months
Computer equipment	-	36 months
Office machinery	-	60 months

NOTES
Year ended 31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

Trade debtors and creditors

The Company acts as agent in placing the insurable risks of its clients with insurers and, as such, generally, is not liable as principal for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the Company is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between a client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of trade debtors and trade creditors.

It is normal practice for the Company to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both trade debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of trade debtors and creditors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of insolvency it is generally abandoned. FRS 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating trade debtors and creditors.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the term of the lease.

Pension scheme

The Company operates a Group Personal Pension Scheme ("the GPP"), which is a defined contribution scheme, for all employees. Contributions to the GPP are charged to the profit and loss account in the year in which they are payable.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit and loss account.

2. TURNOVER

Turnover is derived from the principal activity of acting as an underwriting agency. The entire turnover arises in the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2014	2013
	£	£
Amounts receivable by the auditors and their associates in respect of:		
Audit of these financial statements pursuant to legislation	24,623	19,702
Depreciation of tangible fixed assets	91,138	113,670

NOTES
Year ended 31 December 2014

4. DIRECTORS AND EMPLOYEES

Staff costs (including directors)

	2014	2013
	£	£
Wages, salaries and bonuses	1,363,973	1,299,203
Social security costs	162,792	155,073
Defined contribution pension scheme contributions	155,460	90,276
Other staff benefits	67,733	59,719
Other staff costs	20,024	15,069
	1,769,982	1,619,340

Directors' emoluments

	2014	2013
	£	£
Total aggregated emoluments (excluding pension contributions)	173,462	142,900
Pension contributions	87,500	26,460
Total aggregated emoluments	260,962	169,360

The aggregated emoluments and pension contributions shown above include all directors. There were no outstanding pension contributions as at 31 December 2014 (2013 - nil).

	2014	2013
	£	£
Highest paid director emoluments (excluding pension contributions)	173,462	142,900
Highest paid director pension contributions	87,500	26,460
Total aggregated emoluments	260,962	169,360

Monthly average number of employees (excluding directors)

The average number of employees was 27 during the year to 31 December 2014 (2013 – 26).

5. PENSION

The pension scheme run by the company is a group personal pension with Clerical Medical. The cost for the year was £ 155,460 (2013 - £90,276) and there were no outstanding or prepaid contributions at the balance sheet date.

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Year ended 31 December 2014

6. TAXATION

	2014	2013
Analysis of charge in the year	**£**	**£**
UK corporation tax		
Current tax on income for the year	58,234	127,627
Total current tax	58,234	127,627
Deferred tax		
Current year movement	(7,592)	(15,033)
Effect of decrease in tax rate	0	(697)
Total deferred tax	(7,592)	(15,730)
Tax on profit on ordinary activities	50,642	111,897

	2014	2013
Factors affecting tax charge for the year	**£**	**£**
Profit on ordinary activities before tax	194,319	433,484
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.2%)	41,765	100,780
Effects of:		
Expenses not deductible for tax purposes	8,288	9,757
Difference between depreciation and capital allowances	8,181	17,090
Current tax charge for the year	58,234	127,627

Factors affecting future tax charges

The Finance Act 2013 enacted the reduction in corporation tax rate to 21% with effect from April 2014 and 20% from April 2015. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's UK deferred tax asset accordingly.

Deferred taxation	**2014**	**2013**
	£	**£**
Balance at the beginning of the year	10,157	(5,573)
Difference between depreciation and capital allowances	7,592	15,730
Balance at the end of the year (see notes 8)	17,749	10,157

The standard rate of corporation tax in the UK has changed from 24% to 23% with effect from 1st April 2013 and to 21% from 1st April 2014 and 20% from April 2015. As such, the deferred tax balances outstanding at the balance sheet date are stated at 20%.

NOTES
Year ended 31 December 2014

7. TANGIBLE FIXED ASSETS

	Leasehold improvements	Furniture, fixtures & fittings	Computer hardware and software	Office machinery	Total
	£	£	£	£	£
Cost					
At 31 December 2013	276,921	121,857	203,367	47,876	650,021
Additions	-	3,959	95,659	12,291	111,909
Disposals	(61,023)	(14,559)	(41,408)	(21,936)	(138,926)
At 31 December 2014	215,898	111,257	257,618	38,231	623,004
Accumulated depreciation					
At 31 December 2013	230,266	76,278	169,509	37,300	513,353
Charge for the period	43,065	16,276	24,361	7,436	91,138
Disposals	(61,023)	(14,560)	(41,408)	(21,922)	(138,913)
At 31 December 2014	212,308	77,994	152,462	22,814	465,578
Net book value					
At 31 December 2014	3,590	33,263	105,156	15,417	157,426
At 31 December 2013	46,655	45,579	33,858	10,576	136,668

8. DEBTORS

	2014	2013
	£	£
Trade debtors - fellow subsidiary	1,849,671	2,326,762
- others	4,806,039	4,437,605
Other debtors	44,118	8,548
Prepayments and accrued income	446,934	181,594
Deferred tax asset (see note 6)	17,749	10,157
	7,164,511	6,964,666

9. CASH AT BANK AND IN HAND

	2014	2013
	£	£
Insurance accounts	5,857,468	5,541,870
Other accounts	1,114,262	1,432,665
	6,971,730	6,974,535

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors - fellow subsidiary	11,390,212	11,903,952
- others	1,108,720	385,861
Other creditors including taxation and social security	60,873	102,842
Accruals and deferred income	188,293	261,692
Corporation tax payable	56,899	80,687
	12,804,998	12,735,034

11. PROVISIONS

	2014 £	2013 £
Dilapidations	55,339	51,182
	55,339	51,182

The company recognises a provision for the estimated costs for dilapidations that may become payable under the terms of current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year.

12. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Authorised:		
1,000,000 ordinary £1 shares	1,000,000	1,000,000
	1,000,000	1,000,000
Called up, allotted, and fully paid:		
50,000 ordinary £1 shares	50,000	50,000
	50,000	50,000

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND RESERVES RECONCILIATION

(a) Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the year	143,677	321,587
Opening shareholders' funds	1,289,653	968,066
Closing shareholders' funds	**1,433,330**	**1,289,653**

(b) Profit and loss reserve

	2014
	£
At beginning of year	1,239,653
Profit for the year	143,677
At end of year	1,383,330

14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The ultimate parent company and the parent company of the largest and smallest group of companies into which the company is consolidated is Münchener Rückversicherungs-Gesellschaft AG ("Munich Re"). Copies of Munich Re's financial statements are available from Königinstrasse 107, 80802 München, Germany.

The Company has entered into a binding authority agreement with Great Lakes Reinsurance (UK) plc ("Great Lakes") under which the Company earned a commission of £2,150,885 during the year (2013 - £2,682,944), this commission is earned under an arms-length agreement. The Company and Great Lakes are both controlled by Munich Re.

The Company also has a binding authority agreement with ERGO Versicherung Aktiengesellschaft ("ERGO") under which the company earned a commission of £696,000 during the year (2013 – £100,000), this commission is earned under an arms-length agreement. The company and ERGO are both controlled by Munich Re.

During the year the Company paid Bell & Clements Limited £4,286 (2013 - £6,700) in management charges under an arms-length service agreement. There was a balance due to Bell & Clements Limited at the end of the year of £98 in respect of items paid for by Bell & Clements Limited (2013 – £ 923).

15. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2014 Land and Buildings £	2013 Land and Buildings £
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	-	110,460
	-	110,460

The annual lease commitments will transfer to ERGO UK Branch in 2015

16. POST BALANCE SHEET

From 1st January 2015 the Company has transferred a substantial part of its business and staff to ERGO Versicherung UK Branch, under a business transfer agreement. This excludes the runoff or all existing business, which it will continue to administer, and new After the Event legal expenses business. The Company will continue to utilise the capacity of Great Lakes Reinsurance (UK) plc for After the Event legal expenses business. Whilst the transfer represents a substantial part of the Company's business, the activities have not ceased and the business transferred does not represent a clearly distinguishable operation for financial reporting purposes. Therefore the director has continued to classify all results as continuing.