

ICP CAPITAL LIMITED

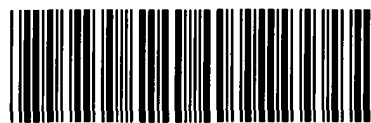
Annual Report and Financial Statements

ICP Capital Limited

Registered Number: 5484332

31 December 2018

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ICP CAPITAL LIMITED

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ICP CAPITAL LIMITED

Company Information

Directors and Advisors

Directors

Sir NHP Bacon
Lord Marland of Odstock
RCW Odey
T Shenton

Company Secretary

AS Fox

Registered Office

Unit A21, Jack's Place
6 Corbet Place
London
E1 6NN

Auditors

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

ICP CAPITAL LIMITED

Strategic Report

The Directors present their Strategic Report and the audited Financial Statements of the Company for the year ended 31 December 2018.

Review of the Business and Future Developments

The Company's principal activity is to carry on the business of underwriting as a corporate member of Lloyd's. The Company is a wholly owned subsidiary of ICP Holdings Ltd, as is ICP General Partner Ltd which is the Company's Members Agent. ICP General Partner Ltd also manages Insurance Capital Partners LP which, until 1 January 2015, provided capital to the Funds at Lloyd's ('FAL') of the Company through ICP Securities Ltd, a company incorporated in Guernsey. Under a FAL provision agreement between the company and ICP Securities Ltd, ICP Securities Ltd receives interest on the FAL and a profit participation.

Effective as of 1 January 2015, most of the partners, who provided the capital to Insurance Capital Partners LP, transferred their capital and interests into a new structure, as explained below and hence for the 2015 underwriting year of account onwards the relationships with Insurance Capital Partners LP and ICP Securities Ltd were replaced with arrangements with ICP Investment Holdings Ltd and ICP Reinsurance Ltd, both newly incorporated companies at the time, in the Cayman Islands. These new arrangements are described below:

- ICP Investment Holdings Ltd and ICP Reinsurance Ltd have entered into a FAL provision agreement with the Company for the 2015 and subsequent years of account. The FAL has, as part of a restructuring, come from the majority of ex-partners in Insurance Capital Partners LP, in return for various Ordinary Shares, Capital Shares, Open Year of Account Shares for 2013 and 2014 and Year of Account Shares for 2015 in ICP Investment Holdings Ltd.
- In addition, ICP Reinsurance Ltd has entered into a whole account quota share Reinsurance Contract with the Company for each of the 2013, 2014, 2015, 2016, 2017, 2018 and 2019 years of account.

These FAL agreements and Reinsurance arrangements transfer the majority of the underwriting results of the Company to these other entities, via ICP Securities where applicable. In addition there is a fee payable to ICP General Partner Ltd for its role as Members Agent.

The FAL provision agreement between the Company and ICP Securities Ltd and through that company to FAL providers outside the group all ceased on 31 December 2014 and the years of account to which those agreements related were all finally closed as at 31 December 2018. The Company took this opportunity to carry out a thorough review of the accounting entries with ICP Securities Ltd and compared them to all distributions made and amounts due to the FAL providers as at 31 December 2018.

The review highlighted entries prior to 2017 that had previously been recorded as due to ICP Securities Ltd as they were considered to be in turn payable to the FAL providers in accordance with the agreements with them. Upon further investigation of these balances they have been identified as relating to amounts that are not payable under FAL agreements and therefore the liability to ICP Securities Ltd and then onto the FAL providers was overstated. This overstatement has now been rectified by restating the prior year amounts. For full details, see note 29.

The Company is underwriting on a capacity of £88.4m for the 2019 year of account, £89.5m for the 2018 year of account, £82.3m for the 2017 year of account, £91.4m for the 2016 underwriting year of account, £88.7m for the 2015 underwriting year of account, £96.6m for the 2014 underwriting year of account and £100.0m for the 2013 underwriting year of account.

The underwriting return for the 2016 year of account was 2.5%, of the capacity written. The 2015 year of account has closed as at 31 December 2017 with a return of 10.37% of the capacity written and there are no further underwriting results flowing into the Company's results. The underwriting return, at 36 months, of the 2014 year of account was 11.7%, of capacity written. The underwriting return, at 36 months, of the 2013 year of account was 9.6% of capacity written. The underwriting return for the 2012 year of account was 9.4% of capacity written. The underwriting return for 2017 is expected to be in the range of -9.92% to -2.37% of capacity written. The underwriting return for 2018 is expected to be in the range of -6.35% to 2.48% of capacity written. Underwriting returns and interest on Funds held at Lloyd's are paid to capital providers.

ICP CAPITAL LIMITED

Strategic Report (continued)

The Company's principal retained economic interest is in syndicate capacity. In 2018 sales of capacity generated a profit of £0.35m (2017: £0.56m). The value of syndicate capacity at 31 December 2018 (2019 Capacity) at 2018 auction average weighted values was £29m (2017: £22m), (Note 16).

The Company's principal retained risk is that changes or losses in the Lloyd's market reduce the value of the syndicate capacity and limit the capacity which capital providers wish to provide.

Financial Instruments

The Company's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. The Company's overall risk management policy focuses on monitoring potential adverse effects where considered material.

The Company accepts a certain degree of interest rate risk and other market price risks and continues to monitor these on an on-going basis. Prudent cash management is used to reduce any exposure to liquidity risk.

The Company has no specific concentration of credit risk. It does not have insurance cover against loss of key staff and is unlikely that this will be put into place.

Key Performance Indicators

The Directors consider the following to be the key performance indicators of the Company:

Calendar year ended:	2018	2017	Change
US\$ exchange rate to £1	1.27	1.35	(5.93%)
Capacity (youngest underwriting year) £'000	89,501	82,300	8.75%
Profit/(loss) after tax £'000	772	867	(25.61%)

Year of account closed	2016	2015	Change
Capacity of Year of Account which closed £'000	91,417	88,720	3.04%
Underwriting profit of latest closed pure year £'000	2,316	9,199	(74.82%)
- as a % of capacity	2.53%	10.37%	(75.60%)

Other Performance Indicators

As a result of the nature of this Company as a Lloyd's Corporate Member the majority of its activities are carried out by the syndicates in which it participates. The Company is not involved directly in the management of the syndicate's activities, including employment of syndicate staff, as these are the responsibility of the relevant Managing Agent. Each Managing Agent will also have responsibility for the environmental activities of each syndicate, although by their nature insurers do not produce significant environmental emissions. As a result, the Directors of the Company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Risk Management

As a corporate member of Lloyd's the majority of the risks to this Company's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the Managing Agent of the syndicate. This Company's role in managing this risk in conjunction with its Members' Agent is limited to selection of syndicate participations and monitoring performance of the syndicates. The Company seeks to achieve a balance of risk and reward in the portfolio of syndicates it chooses to support. The majority of the syndicate risks are transferred to other entities under the FAL provision agreements and reinsurance agreements, as described above. This Company does retain the risk of Syndicate Capacity values changing, which will be influenced by the Syndicates' underlying performance.

ICP CAPITAL LIMITED

Strategic Report (continued)

Syndicate risks

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

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

The Company manages the risks faced by the syndicates on which it participates in conjunction with its Members' Agent by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its Managing Agent. In addition quarterly reports and annual accounts together with any other information made available by the Managing Agent are monitored and if necessary enquired into. If the Company or Members' Agent considers that the risks being run by the syndicate are excessive it will seek confirmation from the Managing Agent that adequate management of the risk is in place and if considered appropriate will withdraw support from the next underwriting year.

Investment and Currency Risks

The other significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, liquidity risk, currency risk and interest rate risk. To mitigate this, the surplus Company funds are invested in the Money Market. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the company to meet the claim. In order to minimise investment, credit and liquidity risk the company's funds are invested in readily realisable money market deposits. The Company usually does not use derivative financial instruments to manage either its interest rate risk or its currency risk and, as such, no hedge accounting is applied.

Regulatory Risks

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

Operational Risks

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

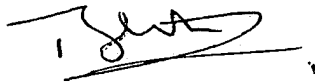
ICP CAPITAL LIMITED

Strategic Report (continued)

Impact of Brexit Vote

Following the referendum vote for the United Kingdom to leave the EU, Lloyd's has been working together with market members to prepare for changes that are likely to arise as a result of leaving the EU. Lloyd's have noted that, although only around 11% of the market's gross written premiums arise from the EU excluding the UK, they are making preparations to maintain access to the insurance market in the EU. At this time the details of future trading with the EU in general and the impact on the Lloyd's market cannot be known, although these uncertainties, together with related economic factors including exchange rates and investments values, may have an impact on results for several years. The Directors are monitoring the Lloyd's market's preparations along with general market conditions to identify if it is appropriate to make any changes to the current strategy of the Company.

BY ORDER OF THE BOARD



T Shenton
Director
Unit A21, Jack's Place
6 Corbet Place
London E1 6NN

24 September 2019

ICP CAPITAL LIMITED

Directors' Report

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2018.

Results and Dividends

The results for the period and the state of the Company's affairs as at 31 December 2018 are shown in the Financial Statements. No dividend was declared during the year (2017: Nil).

Directors

The following have served as Directors during the period from 1 January 2018 to the date of this report, unless otherwise stated.

Sir NHP Bacon
The Lord Marland of Odstock
RCW Odey
T Shenton

Disclosure of Information to the Auditor

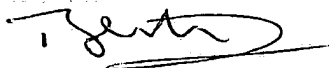
In the case of each of the persons who are Directors at the time this report is approved, the following applies:

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

Auditor

The auditor, PKF Littlejohn LLP has expressed its willingness to continue in office, as auditor.

BY ORDER OF THE BOARD



T Shenton
Director
Unit A21, Jack's Place
6 Corbet Place
London E1 6NN

24 September 2019

ICP CAPITAL LIMITED

Directors' Responsibilities Statement

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 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS102 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 to 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.

ICP CAPITAL LIMITED

Independent Auditor's Report to the Members of ICP Capital Limited

Opinion

We have audited the Financial Statements of ICP Capital Limited (the "Company") for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. 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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

ICP CAPITAL LIMITED

Independent Auditor's Report to the Members of ICP Capital Limited (continued)

Matters on which we are required to report by exception

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

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 specified 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 Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Use of our 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.

NA Coulson

Neil Coulson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

Date *27 September 2019*

ICP CAPITAL LIMITED

Income Statement for the year ended 31 December 2018

	Note	2018	2017
		£000	£000
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Premiums written			
Gross premiums written	5	88,418	88,477
Outward reinsurance premiums		(79,568)	(79,368)
Net premiums written		8,850	9,109
Change in the gross provision for unearned premiums	6	(1,213)	2,403
Change in the provision for unearned premiums, reinsurers' share	6	1,279	(2,452)
Net change in the provision for unearned premiums	6	66	(49)
Earned premiums net of reinsurance		8,916	9,060
Allocated investment return transferred from the non-technical account	8	926	1,660
Total technical income		9,842	10,720
Claims paid:			
Gross amount		(52,062)	(50,649)
Reinsurers' share		46,974	45,565
Net claims paid		(5,088)	(5,084)
Change in the provision for claims:			
Gross amount	6	(1,892)	(17,160)
Reinsurers' share	6	1,762	15,967
Change in the net provision for claims	6	(130)	(1,193)
Claims incurred, net of reinsurance		(5,218)	(6,277)
Other changes in technical provisions		(176)	288
Net operating expenses	7	(4,448)	(4,731)
Balance on the general business technical account transferred to the non-technical account		-	-

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Income Statement for the year ended 31 December 2018 (continued)

	Note	2018 £000	2017 £000
NON TECHNICAL ACCOUNT			
Balance on the general business technical account		-	-
Investment income	8	2,105	2,407
Unrealised gains on investments	8	1,838	1,651
Investment expenses and charges	8	(554)	(609)
Unrealised losses on investments	8	(2,463)	(1,789)
Allocated investment return transferred to the general business technical account	8	(926)	(1,660)
Other income	9	503	746
Profit on sale of syndicate capacity	16	352	559
Other charges	10	(205)	(298)
Profit/(loss) before taxation	11	650	1,007
Tax (charge)/credit on profit/(loss)	14	122	(140)
Profit/(loss) for the year	21	772	867

Statement of Comprehensive Income

	2018 £000	2017 £000
Profit/(loss) for the financial year	772	867
Other comprehensive income:		
Currency translation differences	(281)	34
Prior year adjustment	-	-
Reinsurance and FAL charge	281	(34)
Total comprehensive income for the financial year	772	867

All amounts relate to continuing operations.

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Statement of Financial Position as at 31 December 2018

		2018			2017		
	Note	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
ASSETS							
INTANGIBLE ASSETS	16	-	2,997	2,997	-	3,266	3,266
INVESTMENTS							
Other financial investments	17	97,098	-	97,098	97,205	-	97,205
REINSURERS' SHARE OF TECHNICAL PROVISIONS							
Claims outstanding	6	49,753	82,028	131,781	46,096	82,323	128,419
Provision for unearned premiums	6	8,260	26,024	34,284	6,416	26,206	32,622
Other		325	-	325	486	-	486
		<u>58,338</u>	<u>108,052</u>	<u>166,390</u>	<u>52,998</u>	<u>108,529</u>	<u>161,527</u>
DEBTORS							
Debtors arising out of direct insurance operations		20,147	-	20,147	18,232	-	18,232
Debtors arising out of reinsurance operations		11,942	-	11,942	10,979	-	10,979
Other debtors	18	4,736	2,098	6,834	2,792	1,205	3,997
		<u>36,825</u>	<u>2,098</u>	<u>38,923</u>	<u>32,003</u>	<u>1,205</u>	<u>33,208</u>
DEBTORS DUE AFTER ONE YEAR							
Debtors arising out of direct insurance operations		570	-	570	359	-	359
Debtors arising out of reinsurance operations		1,709	-	1,709	3,165	-	3,165
Other debtors		403	-	403	639	-	639
		<u>2,682</u>	<u>-</u>	<u>2,682</u>	<u>4,163</u>	<u>-</u>	<u>4,163</u>
OTHER ASSETS							
Cash at bank and in hand		8,108	2,428	10,536	7,463	4,598	12,061
Funds at Lloyd's	19	-	6,057	6,057	-	9,987	9,987
		<u>8,108</u>	<u>8,485</u>	<u>16,593</u>	<u>7,463</u>	<u>14,585</u>	<u>22,048</u>
PREPAYMENTS AND ACCRUED INCOME							
Deferred acquisition costs	6	10,957	-	10,957	10,603	-	10,603
Other prepayments and accrued income		763	662	1,425	784	821	1,605
		<u>11,720</u>	<u>662</u>	<u>12,382</u>	<u>11,387</u>	<u>821</u>	<u>12,208</u>
TOTAL ASSETS		<u>214,771</u>	<u>122,294</u>	<u>337,065</u>	<u>205,219</u>	<u>128,406</u>	<u>333,625</u>

The Notes are an integral part of these Financial Statements.

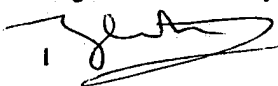
ICP CAPITAL LIMITED

(Registered Number: 5484332)

Statement of Financial Position as at 31 December 2018 (continued)

		2018			2017 as restated		
	Note	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
LIABILITIES AND SHAREHOLDERS EQUITY							
CAPITAL AND RESERVES							
Called up share capital	20	-	1	1	-	1	1
Profit and loss account	21	(15,485)	18,903	3,418	(7,782)	10,428	2,646
Total Shareholder's Equity		(15,485)	18,904	3,419	(7,782)	10,429	2,647
TECHNICAL PROVISIONS							
Claims outstanding	6	158,025	-	158,025	151,315	-	151,315
Provision for unearned premiums	6	40,858	-	40,858	38,342	-	38,342
		198,883	-	198,883	189,657	-	189,657
PROVISIONS FOR LIABILITIES AND CHARGES							
	22	-	449	449	-	595	595
CREDITORS							
Creditors arising out of direct insurance operations		2,172	-	2,172	2,889	-	2,889
Creditors arising out of reinsurance operations	23	11,850	99,045	110,895	9,538	102,433	111,971
Other creditors including taxation and social security	24	12,905	2,981	15,886	7,043	14,113	21,156
		26,927	102,026	128,953	19,470	116,546	136,016
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR							
Creditors arising out of direct insurance operations		50	-	50	33	-	33
Creditors arising out of reinsurance operations		1,754	-	1,754	1,559	-	1,559
Other creditors		391	-	391	187	-	187
		2,195	-	2,195	1,779	-	1,779
ACCRUALS AND DEFERRED INCOME							
		2,251	915	3,166	2,095	836	2,931
TOTAL LIABILITIES		230,256	103,390	333,646	213,001	117,977	330,978
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		214,771	122,294	337,065	205,219	128,406	333,625

The Financial Statements were approved and authorised for issue by the Board of Directors on 24 September 2019 and signed on its behalf by:


T Shenton
Director

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Statement of Changes in Shareholders' Equity as at 31 December 2018

	Note	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2017 - as originally reported		1	-	1,158	1,159
Prior year adjustments	29	-	-	621	621
At 1 January 2017 (as restated)		1	-	1,779	1,780
Total comprehensive income		-	-	867	867
Dividends paid	15	-	-	-	-
Proceeds from issue of shares		-	-	-	-
At 31 December 2017		1	-	2,646	2,647
At 1 January 2018		1	-	2,646	2,647
Total comprehensive income		-	-	772	772
Dividends paid	15	-	-	-	-
Proceeds from issue of shares		-	-	-	-
At 31 December 2018		1	-	3,418	3,419

The Notes are an integral part of these Financial Statements.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018

1. General Information

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of Preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance.

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of certain financial instruments held at fair value through profit or loss.

The preparation of Financial Statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- From preparing a Statement of Cash Flows, based on the requirements of Section 7 Statement of Cash Flows;
- From disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions is wholly owned by such a member, as required by Section 33 Related Party Disclosures - paragraph 33.1A.
- From disclosing key management personnel compensation in total, as required by Section 33 Related Party Disclosures – paragraph 33.7.

The Company is a subsidiary of ICP Holdings Limited, a company incorporated in England and Wales. Consolidated Financial Statements of ICP Holdings Limited can be obtained from:

Unit A21, Jack's Place
6 Corbet Place
London, E1 6NN

Going concern

The Company participates as an underwriting member of Lloyd's. Its underwriting is supported by Funds at Lloyd's, either made available by the Company directly or through FAL agreements and reinsurance contracts, as described in the Strategic Report. The Directors are of the opinion that the Company has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in the preparation of the Financial Statements.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Basis of accounting

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 or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates in which the Company participates.

For each of the Company's financial years, the balance on the general business technical account to be transferred to the non-technical account is £Nil, because the underwriting result is transferred out to related and other third parties based on FAL Agreements and Reinsurance Agreements.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the Statement of Financial Position as "Syndicate participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these Financial Statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

General business

(a) (i) 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" receivable (see (g) 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.

(ii) Reinsurance Premiums

Managing agents enter into reinsurance contracts on behalf of the syndicates, in the normal course of business, in order to limit the potential losses arising from certain exposures. Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

Outward reinsurance premiums may include "reinsurance to close" payable (see (g) below).

(b) Unearned Premiums Provisions

The provision for unearned premium comprises the proportion of gross premiums written, which is estimated to be earned in the following or subsequent financial year, having regard, where appropriate to the incidence of risk. The specific basis adopted by each individual syndicate is determined by the relevant managing agency.

(c) Deferred Acquisition Costs

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(d) **Claims incurred**

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

(e) **Provision for claims**

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision has been increased as appropriate by the company to the extent that deficits are foreseen on unexpired risks.

The provision is based on the Returns and reports from the Managing Agents, which are reviewed by the Group's syndicate analysis team and when appropriate, statistical methods have been applied to past experience of claims frequency and severity.

Adjustments to the amounts of provisions are reflected in the accounts for the period in which the adjustments are made. The methods used to assess provisions, and the provisions made, are regularly reviewed.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experienced for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

(f) **Unexpired risk reserve**

Provision is made for unexpired risks where the expected value of the claims and expenses attributable to the unexpired periods of policies in force at the financial reporting date exceeds the unearned premiums provision, net of deferred acquisition costs. The assessment of whether a provision is necessary is made using information supplied by the relevant managing agents.

(g) **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:

(a) a premium; and

(b) either

- (i) 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, reinsurance and other monies receivable in connection with that insurance business); or
- (ii) 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 benefits so far as they are not applied in discharge of the liabilities of the reinsured members.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(g) Reinsurance to close (continued)

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 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 participations 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 account purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured.

(h) Distribution of syndicate profits and collection of losses

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

(i) Financial assets and financial liabilities

Classification

The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the Income Statement and Other Comprehensive Income. These classifications are made at initial recognition and subsequent classification is only permitted in restricted circumstances.

The syndicate's investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Recognition

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

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(i) Financial investments and assets (continued)

Initial measurement

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

Subsequent measurement

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

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

Other debt instruments are measured at fair value through the profit or loss.

Derecognition of financial assets and liabilities

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

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

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date.

When quoted prices are unavailable, observable inputs developed using market data for the asset or liability, either directly or indirectly, are used to determine fair value.

If the market for the asset is not active and there are no observable inputs, then the syndicate estimates the fair value by using unobservable inputs, i.e. where market data is unavailable.

Impairment of financial instruments measured at amortised cost or cost

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

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

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(i) Financial investments and assets (continued)

Offsetting

Debtors/creditors arising from insurance/reinsurance operations shown in the Statement of Financial Position include the totals of all the syndicate's outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

(j) Investment return

Investment return comprises all investment income, realised investment gains and losses, movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the fair value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

Reinsurance at corporate level

Where considered applicable by the Directors, the Company may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2 (a), (b), (d) and (e) above.

The Company has entered into a whole account quota share Reinsurance Contract for each of the 2013, 2014, 2015, 2016, 2017 and 2018 years of account and continued into the 2019 year of account, with ICP Reinsurance Ltd, a related party.

Intangible assets: Syndicate capacity

Syndicate capacity is an intangible asset which represents costs incurred in the Corporation of Lloyd's auctions, in order to participate on syndicates' years of account.

These costs incurred by the Company to acquire rights to participate on syndicates' underwriting years are included within intangible assets and amortised over a 20 year period from 1 January 2008 or from the date of acquisition if later.

The carrying value of participation rights may be reduced if, at any time, the Directors become aware of a permanent diminution in the value of those rights, having regard to auction prices or other factors. Hence, the intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Income Statement for the period.

Investments and investment returns, at corporate level

The investments and investment return at corporate level, as and when these occur, follow the accountancy policies, as described in 2(i) and (j) above.

Listed and other traded investments are stated at mid-market values. Other investments are stated at Directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

Investment expenses and charges

Investment expenses and charges comprise investment management expenses and losses on the realisation of investments. Realised losses arise from the difference between proceeds and valuation at the previous year end, or cost if there have been no previous revaluations. The realised losses reported by syndicates are net of any realised gains.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

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) and the direct costs of membership of Lloyd's. Where they relate to the Company's underwriting, they are charged to the accounts in relation to the earning patterns of profits and premiums. Reinsurance costs and letter of credit charges in relation to the company's Funds at Lloyd's are charged to the technical account.

Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

Basis of currency translation

The presentation and functional currency of the Company is Pound Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

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

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in Other Comprehensive Income. All other exchange differences are reported within the Income Statements Non-Technical Account (or the Technical Account in respect of Life syndicates).

Debtors/Creditors arising from insurance and reinsurance operations

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

Taxation

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

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the financial reporting date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded probable that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

Cash and cash equivalents

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

Share Capital

Ordinary share capital is classified as equity.

Dividend distributions to shareholders

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the Statement of Changes in Shareholders' Equity.

3. Key accounting judgements and estimation uncertainties

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

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

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate.

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

Purchased syndicate capacity:

Estimating value in use:

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

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is twenty years. This is on the basis, as is the opinion of the Company's Directors, that this is the life over which the original value of the capacity acquired is used up.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

3. Key accounting judgements and estimation uncertainties (continued)

Assessing indicators of impairment:

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

Recoverability of receivables:

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

Performance fees:

Performance fees arise when there is a reasonable degree of certainty that they are recoverable. Performance fees on open years of account are estimated based on forecasts provided by the syndicates. Forecasts provided by the syndicates will include an estimation of provisions for claims outstanding which carries uncertainty as referred to above and in Note 4.

The accrued net performance fees are:

	2018	2017
2016 YOA	14,387	-
2015 YOA	7,400	363,460
2014 YOA	4,877	(6,340)
2013 YOA	7,617	36,048

4. Risk Management

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

Risk background

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

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

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

4. Risk Management (continued)

profiles of syndicates. The Company also mitigates its insurance risks by participating across several syndicates as detailed in Note 16.

Impact of Brexit Vote:

The Brexit vote will have an impact on various risk factors, including currency risks. The Lloyd's market is in the process of developing a strategy for dealing with Brexit and the Company will monitor these developments and identify whether it needs to modify its participation in the Lloyd's market.

The analysis below provides details of the financial risks the Company is exposed to from syndicate insurance activities and at corporate Company level, as required by FRS 103.

Syndicate risks

i. Liquidity risk

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

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

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

2018	No stated maturity £000	0-1 year £000	1-3 year £000	3-5 years £000	>5 years £000	Total £000
Claims outstanding	-	55,117	55,825	24,007	23,076	158,025

2017	No stated maturity £000	0-1 year £000	1-3 year £000	3-5 years £000	>5 years £000	Total £000
Claims outstanding	-	54,117	53,101	24,347	19,750	151,315

ii. Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities which are neither past due nor impaired are as follows:

2018	AAA £000	AA £000	A £000	BBB or lower £000	Not rated £000	Total £000
Financial investments	23,558	29,645	23,655	8,983	11,245	97,086
Deposits with ceding undertakings	-	-	-	-	12	12
Reinsurers share of claims outstanding	2,604	8,083	35,517	42	3,507	49,753
Reinsurance debtors	41	202	1,038	-	307	1,588
Cash at bank and in hand	2,352	72	4,784	875	25	8,108
	28,555	38,002	64,994	9,900	15,096	156,547

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

4. Risk Management (continued)

2017	AAA	AA	A	BBB or lower	Not rated	Total
	£000	£000	£000	£000	£000	£000
Financial investments	26,883	26,473	27,704	8,541	7,593	97,194
Deposits with ceding undertakings	-	-	-	-	11	11
Reinsurers share of claims outstanding	-	7,786	34,819	315	3,201	46,121
Reinsurance debtors	-	151	941	-	502	1,594
Cash at bank and in hand	11	132	6,051	1,214	55	7,463
	26,894	34,542	69,515	10,070	11,362	152,383

Syndicate assets emerging directly from insurance activities past their due date or impaired are as follows:

2018	Neither past due nor impaired	Past due but not impaired				Impaired	Total
		Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year		
	£000	£000	£000	£000	£000	£000	£000
Financial investments	97,086	-	-	-	-	-	97,086
Deposits with ceding undertakings	12	-	-	-	-	-	12
Reinsurers share of claims outstanding	49,753	-	-	-	-	-	49,753
Reinsurance debtors	1,588	952	272	45	3	-	2,860
Cash at bank and in hand	8,108	-	-	-	-	-	8,108
	156,547	952	272	45	3	-	157,819

2017	Neither past due nor impaired	Past due but not impaired				Impaired	Total
		Less than 3 months	Between 3 and 6 months	Between 6 months and 1 year	Greater than 1 year		
	£000	£000	£000	£000	£000	£000	£000
Financial investments	97,194	-	-	-	-	-	97,194
Deposits with ceding undertakings	11	-	-	-	-	-	11
Reinsurers share of claims outstanding	46,121	-	-	-	-	(25)	46,096
Reinsurance debtors	1,594	301	128	32	22	(1)	2,076
Cash at bank and in hand	7,463	-	-	-	-	-	7,463
	152,383	301	128	32	22	(26)	152,840

i. Interest rate and equity price risk

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

ii. Currency risk

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

4. Risk Management (continued)

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

2018	GBP £000 converted	USD £000 converted	EUR £000 converted	CAD £000 converted	Other £000 converted	Total £000 converted
Total assets	54,044	113,032	16,534	21,608	9,553	214,771
Total liabilities	(70,207)	(117,435)	(15,472)	(15,546)	(11,596)	(230,256)
Surplus/(deficiency) of assets	(16,163)	(4,403)	1,062	6,062	(2,043)	(15,485)

2017	GBP £000 converted	USD £000 converted	EUR £000 converted	CAD £000 converted	Other £000 converted	Total £000 converted
Total assets	53,970	107,538	15,662	20,192	7,857	205,219
Total liabilities	(74,046)	(104,280)	(13,790)	(13,598)	(7,287)	(213,001)
Surplus/(deficiency) of assets	(20,076)	3,258	1,872	6,594	570	(7,782)

Company risks

i. Investment, credit, liquidity and currency risks

The significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Company to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The Company is exposed to movements in the US Dollar between the financial reporting date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account.

ii. Regulatory risks

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

iii. Operational risks

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

5. Segmental Information

The business shown in the segmental information has all been underwritten in the Lloyd's insurance market. It has been treated as one geographical segment.

31 December 2018 analysis by class of business

	Total Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
Accident and health	3,647	4,021	(2,119)	(277)	(344)	1,281
Motor – third party liability	403	407	(206)	(21)	(332)	(152)
Motor – other classes	8,488	8,804	(2,980)	(448)	(15,878)	(10,502)
Marine, aviation and transport	6,952	7,029	(3,490)	(415)	(3,396)	(272)
Fire and other damage to property	23,588	22,695	(15,381)	(1,102)	(11,871)	(5,659)
Third party liability	26,467	26,146	(17,961)	(1,500)	8,516	15,201
Other	2,490	2,386	(1,058)	(135)	(1,339)	(146)
Reinsurance	16,383	15,717	(10,759)	(550)	(5,085)	(677)
Total	88,418	87,205	(53,954)	(4,448)	(29,729)	(926)

31 December 2017 analysis by class of business

	Total Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
Accident and health	4,198	4,280	(2,281)	(306)	4,680	6,373
Motor – third party liability	339	412	(350)	(22)	(374)	(334)
Motor – other classes	9,758	11,064	(8,809)	(502)	1,248	3,001
Marine, aviation and transport	6,940	7,436	(3,511)	(468)	26,053	29,510
Fire and other damage to property	22,979	24,267	(22,237)	(1,258)	(49,111)	(48,339)
Third party liability	25,715	24,635	(11,829)	(1,446)	71,888	83,248
Other	2,220	2,333	(1,662)	(129)	62	604
Reinsurance	16,328	16,453	(17,130)	(600)	(74,446)	(75,723)
Total	88,477	90,880	(67,809)	(4,731)	(20,000)	(1,660)

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

6. Technical provisions

			2018			2017
Movement in claims outstanding	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
At 1 January	(151,315)	128,419	(22,896)	(140,076)	114,244	(25,832)
Movement in technical account	(1,892)	1,762	(130)	(17,160)	15,967	(1,193)
Other movements	(4,818)	1,600	(3,218)	5,921	(1,792)	4,129
At 31 December	<u>(158,025)</u>	<u>131,781</u>	<u>(26,244)</u>	<u>(151,315)</u>	<u>128,419</u>	<u>(22,896)</u>

The reinsurance balance on claims outstanding as at 31 December 2018 comprises of syndicate reinsurance amounting to £49.753m (2017: £46.096m) and corporate reinsurance amounting to £82.028m (2017: £82.323m).

			2018			2017
Movement in unearned premiums	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
At 1 January	(38,342)	32,622	(5,720)	(43,135)	35,587	(7,548)
Movement in technical account	(1,213)	1,279	66	2,403	(2,452)	(49)
Other movements	(1,303)	383	(920)	2,390	(513)	1,877
At 31 December	<u>(40,858)</u>	<u>34,284</u>	<u>(6,574)</u>	<u>(38,342)</u>	<u>32,622</u>	<u>(5,720)</u>

The reinsurance balance on unearned premiums as at 31 December 2018 comprises of syndicate reinsurance amounting to £8.260m (2017: £6.416m) and corporate reinsurance amounting to £26.024m (2017: £26.206m).

	2018	2017
Movement in deferred acquisition costs	Net £000	Net £000
At 1 January	10,603	10,968
Movement in deferred acquisition costs (Note 7)	307	(236)
Other movements (Note 7)	47	(129)
At 31 December	<u>10,957</u>	<u>10,603</u>

Included within other movements of the year ended 31 December 2018 are foreign exchange movements and the effect of the 2015 and prior years' technical provisions being reinsured to close into the 2016 year of account (2017: 2014 and prior years' technical provisions being reinsured to close into the 2015 year of account), to the extent where the Company's syndicate participation portfolio has changed between those two years of account.

Assumptions, changes in assumptions and sensitivity

As described in Note 4 the majority of the risks to the Company's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Company's role in managing these risks, in conjunction with the Company's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

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

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

Assumptions, changes in assumptions and sensitivity (continued)

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

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

There have been no changes to these assumptions in 2018.

The amounts carried by the Company arising from insurance contracts are sensitive to various factors. The Company's syndicate risks are transferred to other entities under the FAL provision agreements and reinsurance agreements, and therefore there is no impact on the net profit.

The tables below show the historical gross and net claims development based on the Company's syndicate participations on all syndicate years during the year ended 31 December 2018 excluding the impact of corporate reinsurance. The table does not include the claims development on any syndicates which the Company no longer participates upon and is based on the latest participation shares during the year ended 31 December 2018.

Claims development – Gross

Underwriting Pure year	At end of underwriting year	After one year	After two years	After three years	After four years	After five years	After six years	After seven years	Profit/(loss) on RITC received
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011	32,248	53,555	53,615	54,237	53,529	53,604	52,182	51,552	1,787
2012	31,954	49,846	49,386	48,317	48,664	47,697	46,694	-	4,613
2013	24,565	45,162	46,552	46,354	44,325	43,434	-	-	1,531
2014	24,092	45,172	49,557	47,432	47,249	-	-	-	6,443
2015	21,538	46,230	48,195	48,033	-	-	-	-	5,820
2016	28,778	60,398	64,691	-	-	-	-	-	-
2017	42,141	60,975	-	-	-	-	-	-	-
2018	33,558	-	-	-	-	-	-	-	-

Claims development – Net

Underwriting Pure year	At end of underwriting year	After one year	After two years	After three years	After four years	After five years	After six years	After seven years	Profit/(loss) on RITC received
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011	27,003	45,334	45,325	44,635	43,417	43,337	42,624	42,130	3,470
2012	26,078	41,506	41,476	40,101	39,597	38,994	38,434	-	4,710
2013	21,236	39,638	39,910	39,189	38,203	37,529	-	-	4,203
2014	20,400	38,715	41,416	39,558	39,342	-	-	-	3,862
2015	18,588	39,374	41,610	41,705	-	-	-	-	3,369
2016	22,331	46,652	50,121	-	-	-	-	-	-
2017	26,316	44,873	-	-	-	-	-	-	-
2018	21,548	-	-	-	-	-	-	-	-

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

7. Net Operating Expenses

	2018 £000	2017 £000
Acquisitions costs	23,298	23,888
Change in deferred acquisition costs (Note 6)	(354)	365
Charges from providers of Funds at Lloyd's	32	(882)
Administrative expenses	4,854	5,606
Other income/charges	-	-
Gain/(Loss) on exchange	249	215
Reinsurers share of expenses	(23,631)	(24,461)
	<u>4,448</u>	<u>4,731</u>

The above figures reflect the presentation necessary, mainly in relation to the treatment of the reinsurance contracts that provided part of the Funds of Lloyd's. Since the year ended 31 December 2015, these are now accounted for through the relevant items in the Technical Account (also refer to Note 6), rather than merely through the "Net Operating Expenses" within the "changes from providers of Funds at Lloyd's". Also, there are separate disclosures on the Company's statement of financial position such as reinsurance share of technical provisions and also the debtors/creditors arising out of reinsurance operations, as appropriate.

8. Investment return

	Investments at fair value 2018 £000	Investments available for sale 2018 £000	Total 2018 £000	Investments at fair value 2017 £000	Investments available for sale 2017 £000	Total 2017 £000
Income from investments	1,918	-	1,918	1,774	-	1,774
Gains on realisation of investments	187	-	187	633	-	633
Investment income	<u>2,105</u>	<u>-</u>	<u>2,105</u>	<u>2,407</u>	<u>-</u>	<u>2,407</u>
Unrealised gains on investments	1,838	-	1,838	1,651	-	1,651
Unrealised losses on investments	(2,463)	-	(2,463)	(1,789)	-	(1,789)
Net unrealised gains/(losses)	<u>(625)</u>	<u>-</u>	<u>(625)</u>	<u>(138)</u>	<u>-</u>	<u>(138)</u>
Investment management expenses	(103)	-	(103)	(163)	-	(163)
Losses on realisation of investments	(451)	-	(451)	(446)	-	(446)
Investment expenses and charges	<u>(554)</u>	<u>-</u>	<u>(554)</u>	<u>(609)</u>	<u>-</u>	<u>(609)</u>
Total investment return	<u>926</u>	<u>-</u>	<u>926</u>	<u>1,660</u>	<u>-</u>	<u>1,660</u>

9. Other income

	2018 £000	2017 £000
Performance and agency fee	497	746
Interest income	105	30
Interest income - re-allocated to FAL providers	(99)	(30)
	<u>503</u>	<u>746</u>

ICP CAPITAL LIMITED**Notes to the Financial Statements for the year ended 31 December 2018 (continued)****10. Other charges**

	2018	2017
	£000	£000
Other charges:	595	502
Recharged to FAL providers	(390)	(204)
	<u>205</u>	<u>298</u>

11. Profit Before Taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2018	2017
	£000	£000
Auditor's remuneration - audit of the financial statements	27	17
- other services	-	5
Lloyd's fees	17	17
Staff costs (Note 12)	35	34
(Profit) on sale of syndicate capacity (Note 16)	(352)	(559)
Amortisation of syndicate capacity (Note 16)	<u>290</u>	<u>288</u>

12. Staff Costs

	2018	2017
	£000	£000
Salaries	34	33
Social Security costs	1	1
	<u>35</u>	<u>34</u>

There were no (2017: nil) employees employed by the Company during the year. The above staff costs relate to recharged salaries from ICP General Partner Ltd, the Company's Managing Agent and a group company.

13. Directors' Remuneration

	2018	2017
	£000	£000
Management services:		
Aggregate emoluments	17	16
	<u>17</u>	<u>16</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

14. Taxation

	2018 £000	2017 as restated £000
a) Analysis of tax charge in the year		
Current tax:		
UK corporation tax on profits of the year	30	522
Adjustment to prior period	(6)	-
Current tax charge/(credit) for year (see (b) below)	<u>24</u>	<u>522</u>
Deferred tax:		
Origination and reversal of timing differences (see (c) below)	(146)	(341)
Effect of tax rate change on opening balance	-	(41)
Total deferred tax (Note 22)	<u>(146)</u>	<u>(382)</u>
Tax charge/(credit) on profit on ordinary activities for the year	<u>(122)</u>	<u>140</u>

b) Factors affecting tax charge for year

The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 as restated £000
Profit/(loss) before tax	<u>650</u>	<u>1,007</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	124	194
Effects of:		
Foreign exchange (loss)/gain on distribution	-	-
Disallowable expenses	(22)	40
Overseas tax	(199)	(84)
Effect of change in tax rate	(19)	(10)
Adjustment to prior period	(6)	-
Total tax charge for period (see (a) above)	<u>(122)</u>	<u>140</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

14. Taxation (continued)

c) Deferred tax

	2018	2017
	£000	as restated £000
The deferred tax included in the statement of financial position is as follows:		
Deferred tax asset included in Other Debtors (Note 18)	-	-
Deferred tax liability included in provisions for liabilities and charges (Note 22)	(449)	(595)
Total recognised deferred tax liability	(449)	(595)
Losses carried forward	-	-
Other temporary differences	(449)	(595)
Overseas tax credit carried forward	-	-
Total recognised deferred tax liability	(449)	(595)
Deferred tax liability at the start of the year	(595)	(977)
Effect of change of tax rate on opening balances	-	41
Deferred tax credit in the income statement for the year (see Note 14(a) above)	146	341
Deferred tax liability at the end of the year	(449)	(595)

The deferred tax balance mainly consists of timing differences relating to the taxation of the underwriting results.

During 2015, the government announced legislation setting the corporation tax main rate at 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These rates became substantively enacted on 26 October 2015. The government further announced on 16 March 2016 as part of its Budget that a rate of 17% will apply from 1 April 2020 instead of 18%. This is not expected to have a material effect on the deferred tax balance.

15. Dividends

	2018	2017
	£000	£000
Equity dividends declared and paid	-	-

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

16. Intangible Assets

Syndicate participation rights: Capacity

	£000
<i>Cost</i>	
At 1 January 2018	5,888
Purchases	72
Disposals	(90)
As at 31 December 2018	<u>5,870</u>
<i>Amortisation</i>	
At 1 January 2018	2,622
Provided during the year	290
Disposals	(39)
At 31 December 2018	<u>2,873</u>
<i>Net Book Value</i>	
At 31 December 2018	<u>2,997</u>
At 31 December 2017	<u>3,266</u>

The profit on sale of syndicate capacity arising in the year 2018 amounted to £352k (2017: £559k) and is included in the Income Statement – Non-Technical Account of the year.

The syndicate capacity owned by ICP Capital Limited is as follows:

Syndicate	Underwriting Agency	2019 Capacity £	2018 Capacity £	2017 Capacity £	2019 Auction value £	2018 Auction value £	2017 Auction value £
33	Hiscox	12,154,334	13,890,667	11,115,948	6,871,436	5,190,532	8,379,027
218	Equity	9,831,184	9,831,184	9,831,184	25,496	32,928	826,908
386	QBE	4,551,696	4,551,696	4,551,696	2,758,708	2,018,050	1,730,913
510	RJ Kiln	18,590,927	20,590,927	20,590,927	3,735,244	3,533,161	5,683,380
609	Atrium	10,897,213	10,897,213	10,173,954	6,625,600	5,007,292	6,690,328
727	Meacock	139,998	139,998	139,998	103,610	100,796	118,102
1176	Chaucer	22,053	22,053	17,785	40,253	35,097	43,370
1729	Asta	1,500,000	1,000,000	113,552	-	-	-
1969	Flagstone	3,500,000	6,428,571	6,000,000	3,606	103,222	377,889
1971	Apollo SPA	1,250,000	-	-	-	-	-
1991	R&Q	2,000,000	2,000,000	-	3,498	3,218	-
2010	Cathedral	4,293,786	3,825,171	3,825,171	546,093	523,510	762,779
2014	Pembroke	-	-	1,000,000	-	-	-
2525	Asta	7,386,400	6,871,070	4,900,823	3,050,177	1,390,060	2,980,447
2791	MAP	7,951,958	7,951,958	7,951,958	5,165,185	3,945,251	3,853,229
4242	Beat	2,000,000	-	-	-	-	-
5886	Asta	2,291,667	1,500,000	1,500,000	178,887	115,149	150,000
6104	Hiscox	-	-	500,000	-	-	-
6111	Catlin	-	-	86,554	-	-	-
		<u>88,361,216</u>	<u>89,500,508</u>	<u>82,299,550</u>	<u>29,107,793</u>	<u>21,998,266</u>	<u>31,596,372</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

17. Financial Investments

The Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical assets that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Financial investments - Syndicate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2018						
Shares and other variable yield securities and units in unit trusts	4,782	9,758	376	-	14,916	14,530
Debt securities and other fixed income securities	17,445	50,220	-	-	67,665	67,665
Participation in investment pools	3,112	331	370	-	3,813	3,683
Other	9,708	996	-	-	10,704	11,223
	<u>35,047</u>	<u>61,305</u>	<u>746</u>	<u>-</u>	<u>97,098</u>	<u>97,101</u>

Financial investments - Syndicate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2017						
Shares and other variable yield securities and units in unit trusts	3,648	12,515	396	-	16,559	16,453
Debt securities and other fixed income securities	12,562	55,096	-	-	67,658	67,658
Participation in investment pools	1,541	374	592	-	2,507	2,307
Other	4,876	5,605	-	-	10,481	10,712
	<u>22,627</u>	<u>73,590</u>	<u>988</u>	<u>-</u>	<u>97,205</u>	<u>97,130</u>

Financial investments - Corporate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2018						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

17. Financial Investments (continued)

Financial investments - Corporate	Financial investments held at fair value through profit or loss			Held at amortised cost	Total market value	Total Cost
	Level 1	Level 2	Level 3			
	£000	£000	£000	£000	£000	£000
2017						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
	-	-	-	-	-	-

18. Other Debtors

	2018			2017 as restated		
	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
Amounts due from related undertakings (Note 27)	-	38	38	-	13	13
Corporation tax	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	-
Early release to member	151	-	151	159	-	159
Other	4,585	2,060	6,645	2,633	1,192	3,825
	4,736	2,098	6,834	2,792	1,205	3,997

19. Funds at Lloyd's

Included within cash at bank and in hand held as a corporate asset is £6.06 million (2017: £9.99 million) held within the Lloyd's deposit and subject to the restrictions detailed below.

The Funds at Lloyd's represents monies deposited within 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 the Corporation 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.

In addition to the Funds at Lloyd's held of £6,056,986, the Company's Lloyd's underwriting is supported by bank guarantees and letters of credit of £24,694,839, cash at bank by third parties of £10,048,549 and listed securities of £14,490,078 pledged by third parties to support this company's underwriting, (Note 26).

20. Share Capital

	2018 £000	2017 £000
Issued and fully paid		
1,000 ordinary shares of £1 each	1	1
	1	1

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

21. Profit and Loss Account

	Syndicate £000	2018 Corporate £000	Total £000
At 1 January 2018	(7,782)	10,428	2,646
Profit for the financial year	(7,703)	8,475	772
At 31 December 2018	<u>(15,485)</u>	<u>18,903</u>	<u>3,418</u>
	Syndicate £000	2017 as restated Corporate £000	Total £000
At 1 January 2017 (as restated)	7,133	(5,354)	1,779
Loss for the financial year	(14,915)	15,782	867
At 31 December 2017	<u>(7,782)</u>	<u>10,428</u>	<u>2,646</u>

22. Provisions for Liabilities and Charges

	2018 £000	2017 £000
Deferred tax liability (see Note 14)	449	595
	<u>449</u>	<u>595</u>

23. Creditors Arising out of Reinsurance Operations

Corporate

The amount of £99.045m (2017: £102.433m) payable to the Company's reinsurers' is offset by the reinsurers' share of the technical provisions of £108.052m (2017: £108.529m) to give a net asset of £9.007m (2017: £6.096m). This amount will be settled on a net basis normally following the closure of the underlying years of account. Part of the above payable is with a related party, as disclosed in Note 27.

24. Other Creditors including Taxation and Social Security

	2018			2017 as restated		
	Syndicate £000	Corporate £000	Total £000	Syndicate £000	Corporate £000	Total £000
Amounts due to group undertakings (1)	-	2,702	2,702	-	4,358	4,358
Amounts due to related undertakings (Note 27)	-	1,516	1,516	-	9,528	9,528
Corporation tax (1)	-	125	125	-	522	522
Other tax	-	22	22	-	6	6
Cash calls from syndicates	4,016	(4,016)	-	2,160	(2,160)	-
Other creditors	8,889	2,632	11,521	4,883	1,859	6,742
	<u>12,905</u>	<u>2,981</u>	<u>15,886</u>	<u>7,043</u>	<u>14,113</u>	<u>21,156</u>

(1) Amounts due to group undertakings and corporation tax were restated, as at 31 December 2017, as described in note 29.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

25. Financial Liabilities

The Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical liabilities that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the liability.

Financial Liabilities - Syndicate	Financial liabilities carried at fair value through profit or loss			Held at amortised cost	Total market value
	Level 1	Level 2	Level 3		
	£000	£000	£000	£000	£000
2018					
Derivatives	-	(3)	-	-	(3)
Other	-	-	-	-	-
	-	(3)	-	-	(3)

Financial Liabilities - Syndicate	Financial liabilities carried at fair value through profit or loss			Held at amortised cost	Total market value
	Level 1	Level 2	Level 3		
	£000	£000	£000	£000	£000
2017					
Derivatives	(10)	-	-	-	(10)
Other	-	-	-	-	-
	(10)	-	-	-	(10)

All other financial liabilities of the syndicate participation, including creditors arising out of direct insurance operations, creditors arising out of reinsurance operations and other creditors, are measured at amortised cost.

Financial Liabilities - Corporate

All corporate financial liabilities are measured at amortised cost.

26. Contingent Liabilities

The Company was underwriting at Lloyd's with an allocated capacity for 2018 of £89.5 million (2017 - £82.3 million) (Note 16). This underwriting is supported by Funds at Lloyd's (Note 19) which comprise:

	2018	2017
	£000	£000
Letters of Credit and bank guarantees	24,695	24,656
Cash	16,106	15,059
Listed Securities	14,490	14,035
	<u>55,291</u>	<u>53,750</u>

The majority of the cash and letters of credit are applied under an agreement with ICP Securities Limited, incorporated in Guernsey, which is financed by Insurance Capital Partners LP.

An amount of £6,056,986 (2017: £9,987,441) was held as cash in Funds at Lloyd's for the company. The remaining cash was in the Funds at Lloyd's held for third parties (Note 19).

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

27. Related Party Disclosures

ICP Capital Ltd is a fellow subsidiary of ICP Holdings Ltd with ICP General Partner Ltd which is its Members' Agent. ICP General Partner Ltd also manages Insurance Capital Partners LP which, until 1 January 2015, provided capital to the Funds at Lloyd's ('FAL') of ICP Capital Ltd through ICP Securities Ltd, a company incorporated in Guernsey. Under a FAL provision agreement between ICP Capital Ltd and ICP Securities Ltd, ICP Securities Ltd receives interest on the Funds at Lloyd's and a profit participation. As described in the Strategic Report, as a result of a reorganisation, for the 2015 underwriting year of account the relationship with Insurance Capital Partners LP and ICP Securities Ltd were replaced with arrangements with ICP Investment Holdings Ltd and ICP Reinsurance Ltd, both newly incorporated companies in the Cayman Islands. These new arrangements are described below:

- ICP Investment Holdings Ltd and ICP Reinsurance Ltd have entered into a FAL provision agreement with the Company for the 2015 and subsequent years of account. The FAL has, as part of a restructuring, come from the majority of ex-partners in Insurance Capital Partners LP, in return for various Ordinary, Capital, Open Year of Account and Year of Account Shares in ICP Investment Holdings Ltd.
- In addition, ICP Reinsurance Ltd has entered into a whole account quota share Reinsurance Contract with the company for each of the 2013, 2014, 2015, 2016, 2017, 2018 and 2019 years of account.

T. Shenton, a Director of the Company, is also a Director of ICP Investment Holdings Ltd and ICP Reinsurance Ltd. The Company has, as mentioned above, a quota share Reinsurance Contract with ICP Reinsurance Ltd for the 2013, 2014, 2015, 2016, 2017, 2018 and 2019 years of account.

All the Directors are also shareholders in ICP Investment Holdings Ltd.

During the year the Company provided £38,250 (2017: £Nil) to ICP Investment Holdings Limited for FAL requirements, and as at the balance sheet date £38,250 was receivable from ICP Investment Holdings (2017: £Nil), Note 18.

There is a balance due to Insurance Capital Partners LP of £136,451, Other Creditors, Note 24 (2017: balance due from Insurance Capital Partners LP of £13,412, Other Debtors, Note 18).

The amount due to ICP Reinsurance Ltd is £1,379,218 (2017: £9,527,680) (Other Creditors, Note 24) and £92,288,363 (2017: £95,019,650) (being part of the creditors arising out of reinsurance operations, Note 23).

28. Ultimate Holding Company

The Company's ultimate holding company is ICP Holdings Ltd, a company registered in England & Wales. The Company's results are consolidated in the group accounts of ICP Holdings Ltd, copies of which are available at Unit A21, Jack's Place, 6 Corbet Place, London E1 6NN.

ICP CAPITAL LIMITED

Notes to the Financial Statements for the year ended 31 December 2018 (continued)

29. Prior Year Adjustment

The FAL provision agreement between the Company and ICP Securities Ltd and through that company to FAL providers outside the group all ceased on 31 December 2014 and the years of account to which those agreements related were all finally closed as at 31 December 2018. The Company took this opportunity to carry out a thorough review of the accounting entries with ICP Securities Ltd and compared them to all distributions made and amounts due to the FAL providers as at 31 December 2018.

The review highlighted entries prior to 2017 that had previously been recorded as due to ICP Securities Ltd as they were considered to be in turn payable to the FAL providers in accordance with the agreements with them. Upon further investigation of these balances they have been identified as relating to amounts that are not payable under FAL agreements and therefore the liability to ICP Securities Ltd and then onto the FAL providers was overstated. This overstatement has now been rectified by restating the prior year amounts.

The following entries reflect the restatement of the profit and loss account in respect of this matter.

	2018	2017
	£000	£000
Opening profit and loss account as at 1 January	2,646	1,158
Reduction in respect of other charges	-	716
Corporation tax charge in relation to the above adjustment	-	(95)
Restated opening profit as at 1 January	2,646	1,779
Comprehensive income in the year	772	867
Closing profit and loss account as at 31 December	3,418	2,646

The adjustment to increase the accumulated profit and loss by £621k as at 1 January 2017 and therefore also at 31 December 2017, has also resulted in a reduction in the amount due to other corporate creditors as restated at 31 December 2017 by £621k to £14,113k comprising the amount due to group undertakings reducing by £716k to £4,358k and the corporation tax creditor increasing by £95k to £522k.