LIMITED LIABILITY PARTNERSHIP

Whitten Underwriting LLP

Financial Statements

◆ For the year ended 31 December 2015 ◆

Registered Number: OC330656

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General Information

DESIGNATED MEMBERS
Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' AGENT
(Regulated by the Financial Conduct Authority)
Argenta Private Capital Limited

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

REGISTERED NUMBER
OC330656

REGISTERED OFFICE
Fountain House
130 Fenchurch Street
London, EC3M 5DJ

ACCOUNTANTS
Argenta Tax & Corporate Services Limited
Fountain House
130 Fenchurch Street
London
EC3M 5DJ

Strategic Report
For the year ended 31 December 2015

The Members present their Strategic report for the year ended 31 December 2015.

BUSINESS REVIEW

The Limited Liability Partnership continues to write insurance business in the Lloyd's insurance market as a limited liability underwriting member of Lloyd's.

The financial statements incorporate the annual accounting results of the syndicates on which the Limited Liability Partnership participates for the 2013, 2014 and 2015 years of account, as well as any 2012 and prior run-off years.

RESULTS

The result for the year is shown in the profit and loss account.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Hedge accounting is not used by the Limited Liability Partnership.

Approved by the Members on 14 June 2016 and signed on their behalf by:

D C BOWLES
ARGENTA LLP SERVICES LIMITED
Designated Member

Members' Report
For the year ended 31 December 2015

The Members present their report together with the financial statements for the year ended 31 December 2015.

STATEMENT OF MEMBERS' RESPONSIBILITIES

Legislation applicable to Limited Liability Partnerships requires the Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure 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 Partnership will continue in business.

The Members are responsible for ensuring that proper and up to date books of account are maintained in accordance with generally accepted accounting principles, and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Limited Liability Partnership Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACTIVITIES

The principal activity of the Limited Liability Partnership in the year under review was that of a limited liability underwriting member of Lloyd's.

DESIGNATED MEMBERS

The Designated Members during the period were as follows:

Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' INTERESTS

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account.

AUDITORS

Mazars LLP have signified their willingness to act and continue to be appointed as the auditors to the Limited Liability Partnership.

Approved by the Members on 14 June 2016 and signed on their behalf by:

D C BOWLES
ARGENTA LLP SERVICES LIMITED
Designated Member

Independent Auditor's Report
To the Members of Whitten Underwriting LLP
For the year ended 31 December 2015

We have audited the financial statements of Whitten Underwriting LLP for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Members' Interests, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Limited Liability Partnership's Members, 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 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 Limited Liability Partnership and the Limited Liability Partnership's Members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members and auditors

As described in the Statement of Members' Responsibilities, the Limited Liability Partnership's Members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards of Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 2006 and whether the information given in the Members' Report is consistent with the financial statements. We also report to you if, in our opinion, the Limited Liability Partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Members' remuneration and transactions with the Limited Liability Partnership is not disclosed.

We read the Strategic Report and Members' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Limited Liability Partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditor's Report
To the Members of Whitten Underwriting LLP
For the year ended 31 December 2015

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Limited Liability Partnership's affairs as at 31 December 2015 and of its profit/loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Members' Report is consistent with the financial statements.

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

18 June 2016

Profit & Loss Account – Technical Account
For the year ended 31 December 2015

	Note		2015 £		Restated 2014 £
Earned premiums, net of reinsurance					
Gross premiums written					
Continuing operations	1		2,203,980		1,844,679
Outward reinsurance premiums	1		(371,885)		(309,612)
Net premiums written			1,832,095		1,535,067
Change in the provision for Unearned premiums					
Gross provision	1		(172,051)		(37,372)
Reinsurers' share	1		19,803		7,109
Earned premiums, net of reinsurance			1,679,847		1,504,804
Allocated investment return transferred from the non-technical account			15,424		33,288
Other technical income, net of reinsurance			97		127
Claims incurred net of reinsurance					
Claims paid					
Gross amount	1	(897,021)		(856,582)	
Reinsurers' share	1	132,782		143,786	
Net claims paid		(764,239)		(712,796)	
Change in provision for claims					
Gross amount	1	(49,129)		39,251	
Reinsurers' share	1	(7,313)		(29,104)	
Net change in provisions for claims		(56,442)		10,147	
Claims incurred, net of reinsurance			(820,681)		(702,649)
Changes in other technical provisions, net of reinsurance			5,763		-
Net operating expenses	1, 2		(735,852)		(630,725)
Other technical charges, net of reinsurance			-		-
Balance on the technical account for general business			144,598		204,845

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Profit & Loss Account – Non Technical Account
For the year ended 31 December 2015

	Note	2015 £	Restated 2014 £
Balance on general business technical account		144,598	204,845
Investment income	3	15,454	33,343
Allocated investment return transferred to the technical account		(15,424)	(33,288)
Other income		-	-
Other charges		(56,507)	(44,417)
Profit/(loss) for the financial period before Members' remuneration and profit shares	4	88,121	160,483
Members' remuneration charged as an expense	5	-	-
Profit/(loss) for the financial period available for division among Members		88,121	160,483
Other comprehensive income		6,058	11,893
Total comprehensive income		94,179	172,376

All items derive from continuing activities.

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Balance sheet
As at 31 December 2015

		31 December 2015			Restated 31 December 2014		
	Note	Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
Assets							
Intangible assets	6	-	20,501	20,501	-	42,914	42,914
Investments							
Financial investments	7	1,966,360	-	1,966,360	1,913,394	-	1,913,394
Deposits with ceding undertakings		1,119	-	1,119	404	-	404
		1,967,479	-	1,967,479	1,913,798	-	1,913,798
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	120,225	-	120,225	82,151	-	82,151
Claims outstanding	8	433,353	-	433,353	436,522	-	436,522
Other technical provisions		5,763	-	5,763	12,344	-	12,344
		559,341	-	559,341	531,017	-	531,017
Debtors							
Arising out of direct insurance operations		507,506	-	507,506	398,510	-	398,510
Arising out of reinsurance operations		482,971	-	482,971	460,354	-	460,354
Other debtors	7	287,871	2,017	289,888	227,262	-	227,262
		1,278,348	2,017	1,280,365	1,086,126	-	1,086,126
Other assets							
Cash at bank and in hand		110,920	1	110,921	160,618	-	160,618
Other		107,661	-	107,661	111,206	-	111,206
		218,581	1	218,582	271,824	-	271,824
Prepayments and accrued income							
Accrued interest		2,907	-	2,907	3,009	-	3,009
Deferred acquisitions costs	8	268,701	-	268,701	219,806	-	219,806
Other prepayments and accrued income		14,016	-	14,016	12,544	-	12,544
		285,624	-	285,624	235,359	-	235,359
Total assets		4,309,373	22,519	4,331,892	4,038,124	42,914	4,081,038

The accounting policies and notes on pages 14 to 35form part of these financial statements.

Whitten Underwriting LLP

Balance sheet
As at 31 December 2015

		31 December 2015			Restated 31 December 2014		
	Note	Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
Liabilities and Members' interests							
Loans and other debts due to Members							
Syndicate profit and loss		237,564	-	237,564	303,971	-	303,971
Corporate profit and loss - syndicate capacity		-	24,113	24,113	-	46,351	46,351
Corporate profit and loss - other		-	(52,649)	(52,649)	-	(51,286)	(51,286)
		237,564	(28,536)	209,028	303,971	(4,935)	299,036
Technical provisions							
Provision for unearned premiums	8	1,039,792	-	1,039,792	833,006	-	833,006
Claims outstanding	8	2,460,053	-	2,460,053	2,406,098	-	2,406,098
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges		-	-	-	-	-	-
Deposit received from reinsurers		15,268	-	15,268	25,399	-	25,399
Creditors							
Arising out of direct insurance operations		88,383	-	88,383	81,446	-	81,446
Arising out of reinsurance operations		236,454	-	236,454	221,348	-	221,348
Amounts owed to credit institutions		4,892	-	4,892	3,902	-	3,902
Other creditors including taxation and social security		225,201	-	225,201	162,017	9	162,026
		4,070,043	-	4,070,043	3,733,216	9	3,733,225
Accruals and deferred income		1,766	51,055	52,821	937	47,840	48,777
Total liabilities		4,309,373	22,519	4,331,892	4,038,124	42,914	4,081,038

The financial statements were approved by the Members of the Limited Liability Partnership and signed on its behalf by:

D C BOWLES
ARGENTA LLP SERVICES LIMITED
14 June 2016

Registered Number: OC330656

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Reconciliation of Members' Interests
For the year ended 31 December 2015

		Liabilities		
	Syndicate profit and loss allocated to Members	Partnership profit and loss allocated to Members		
		Syndicate capacity	Other	Total
	£	£	£	£
Members' interests at 1 January 2014	206,248	6,909	(38,671)	174,486
Allocated profits/(losses) 2012 year of account	127,095	-	-	127,095
Allocated profits/(losses) 2013 year of account	112,273	-	-	112,273
Allocated profits/(losses) 2014 year of account	(18,872)	(4,558)	(43,562)	(66,992)
Members' interests after profit/(loss) for the year	426,744	2,351	(82,233)	346,862
Reallocate distribution	(122,773)	-	122,773	-
Introduced by Members	-	44,000	-	44,000
Repayment of debt (including Members' capital classified as a liability)	-	-	(91,826)	(91,826)
Other movements	-	-	-	-
Restated Members' interests at 31 December 2014	303,971	46,351	(51,286)	299,036
Allocated profits/(losses) 2013 year of account	108,950	-	-	108,950
Allocated profits/(losses) 2014 year of account	113,648	-	-	113,648
Allocated profits/(losses) 2015 year of account	(70,093)	(30,857)	(27,469)	(128,419)
Members' interests after profit/(loss) for the year	456,476	15,494	(78,755)	393,215
Reallocate distribution	(218,912)	-	218,912	-
Introduced by Members	-	8,619	-	8,619
Repayment of debt (including Members' capital classified as a liability)	-	-	(192,806)	(192,806)
Other movements	-	-	-	-
Restated Members' interests at 31 December 2015	237,564	24,113	(52,649)	209,028

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Cash Flow Statement
For the year ended 31 December 2015

	2015 £	Restated 2014 £
Operating activities		
Profit/(loss) on ordinary activities before tax	94,179	172,376
(Profit)/loss attributable to syndicate transactions	(152,505)	(220,496)
Profit/(loss) excluding syndicate transactions	(58,326)	(48,120)
Adjustment for:		
(Increase)/decrease in debtors	(2,017)	265
Increase/(decrease) in creditors	3,206	9,418
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	30,857	4,557
Realised/unrealised (gains)/losses on investments	-	-
Investment income	(30)	(55)
Net cash inflow/(outflow) from operating activities	(26,310)	(33,935)
Investing activities		
Investment income	30	55
Purchase of syndicate capacity	(8,444)	(41,067)
Proceeds from sale of syndicate capacity	-	-
Net cash inflow/(outflow) from investing activities	(8,414)	(41,012)
Financing activities		
Repayment of debt to Members	-	-
Capital introduced by Members	34,725	74,947
Net cash inflow/(outflow) from financing activities	34,725	74,947
Net cash increase/(decrease) in cash and cash equivalents	1	-
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	1	-
Consisting of:		
Cash at bank and in hand	1	-
Cash equivalents	-	-
	1	-

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

The accounting policies and notes on pages 14 to 35 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2015

General information

The Partnership is a Limited Liability Partnership incorporated in the United Kingdom.

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

Basis of preparation and transition to FRS 102

These financial statements have been prepared in accordance with:

- FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102");
- The requirements of the Statement of Recommended Practice *Accounting by Limited Liability Partnerships* ("LLP SORP"); and
- Applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410") as modified by the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 ("SI 2008/1913").

These financial statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

The financial statements for the year ended 31 December 2015 are the Limited Liability Partnership's first financial statements that comply with FRS 102; the Limited Liability Partnership's date of transition to FRS 102 is 1 January 2014. The impact on reported profit or loss and Members' interests on transition to FRS 102 is set out in the notes to these financial statements.

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 requires the Limited Liability Partnership to recognise its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Limited Liability Partnership at entity level ("the Partnership").

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 on which the Limited Liability Partnership participates.

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

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

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

Sources of data

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

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

Accounting policies

i. **Going concern**

These financial statements have been prepared on a going concern basis.

ii. **Premiums**

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

iii. **Claims incurred**

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

iv. **Provision for claims outstanding**

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

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

Accounting policies (continued)

v. **Unexpired risk provision**

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

vi. **Reinsurance to close**

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

(1) a premium; and
(2) either:

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

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

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

Accounting policies (continued)

vii. Financial instruments

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

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

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

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

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

All other financial instruments are measured at fair value through profit or loss.

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

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

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

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

viii. Net operating expenses

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

ix. Foreign currencies

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

Accounting policies (continued)

x. Intangible assets

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

xi. Members' participation rights

Members' participation rights are the rights of a Member against the Limited Liability Partnership that arise under the Members' Agreement.

Members' participation rights in the earnings or assets of the Limited Liability Partnership are analysed between those that are, from the Limited Liability Partnership's perspective, either a financial liability or equity, in accordance with Section 22 *Liabilities and Equity*. A Member's participation right results in a liability where there is a contractual obligation on the part of the Limited Liability Partnership to deliver cash, or other financial assets, to the Member.

Amounts subscribed or otherwise contributed by Members, for instance Members' capital, are classified as equity where the Limited Liability Partnership has an unconditional right to avoid delivering cash or other assets to the Member (i.e. the right to any payment or repayment is discretionary on the part of the Limited Liability Partnership). If the Limited Liability Partnership does not have such an unconditional right, such amounts are classified as liabilities.

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account.

Loans and other debts due to Members rank pari passu with other unsecured creditors on the winding up of a partnership.

xii. Taxation

Income tax payable on the Limited Liability Partnership's profits is solely the personal liability of the Members and consequently is not dealt with in these financial statements.

xiii. Critical accounting judgements and key sources of estimation uncertainty

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

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

Accounting policies (continued)

xiii. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements

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

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

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

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2015

1. Class of Business

2015	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Net Operating Expenses	Reinsurance Balance	Total
	£	£	£	£	£	£
Direct Insurance						
Accident and health	65,444	62,325	(30,085)	(28,140)	(2,458)	1,642
Motor – third party liability	11,783	10,139	5,416	(3,836)	722	12,441
Motor – other classes	253,051	196,364	(143,825)	(64,994)	(3,408)	(15,863)
Marine, aviation and transport	227,287	204,834	(84,921)	(88,431)	(20,694)	10,788
Fire and other damage to property	551,867	521,462	(220,168)	(185,873)	(81,496)	33,925
Third party liability	308,177	274,455	(164,631)	(101,418)	(11,574)	(3,168)
Credit and suretyship	22,355	22,606	(11,732)	(6,011)	(2,917)	1,946
Legal expenses	3,740	4,453	(1,729)	(2,276)	(81)	367
Assistance	-	-	-	-	-	-
Miscellaneous	167,667	175,266	(104,247)	(85,418)	(10,572)	(24,971)
	1,611,371	1,471,904	(755,922)	(566,397)	(132,478)	17,107
Reinsurance	592,609	560,025	(190,228)	(169,455)	(94,135)	106,207
Total	2,203,980	2,031,929	(946,150)	(735,852)	(226,613)	123,314

Restated 2014	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Net Operating Expenses	Reinsurance Balance	Total
	£	£	£	£	£	£
Direct Insurance						
Accident and health	61,263	60,112	(25,542)	(26,493)	(2,428)	5,649
Motor – third party liability	8,683	18,620	(10,288)	(5,400)	(3,067)	(135)
Motor – other classes	150,649	145,133	(100,662)	(50,517)	1,441	(4,605)
Marine, aviation and transport	193,051	185,985	(88,093)	(66,055)	(11,033)	20,804
Fire and other damage to property	477,437	442,893	(170,403)	(155,421)	(71,636)	45,433
Third party liability	237,829	217,238	(136,694)	(79,504)	(4,459)	(3,419)
Credit and suretyship	23,483	23,077	(16,179)	(5,852)	(214)	832
Legal expenses	4,657	4,437	(1,733)	(2,467)	(67)	170
Assistance	-	-	-	-	-	-
Miscellaneous	161,481	189,514	(85,260)	(85,630)	(11,343)	7,281
	1,318,533	1,287,009	(634,854)	(477,339)	(102,806)	72,010
Reinsurance	526,146	520,298	(182,477)	(153,386)	(85,015)	99,420
Total	1,844,679	1,807,307	(817,331)	(630,725)	(187,821)	171,430

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

2. Net Operating Expenses

	2015 £	Restated 2014 £
Acquisition costs	613,323	506,730
Change in deferred acquisition costs	(41,752)	(11,772)
Administrative expenses	126,333	98,002
Reinsurance commissions and profit participations	(36,860)	(29,056)
Personal expenses	74,808	66,821
	735,852	630,725

3. Investment Income

	2015 £	Restated 2014 £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	33,491	36,587
Realised gains and losses	(6,489)	807
Unrealised gains and losses	(8,966)	(1,057)
Other	-	-
	18,036	36,337
Financial instruments held at amortised cost:		
Interest	30	55
Other	-	-
	30	55
Investment management expenses, including interest	(2,612)	(3,049)
	(2,612)	(3,049)
Total	15,454	33,343

4. Profit/(Loss) on Ordinary Activities before Taxation

	2015 £	Restated 2014 £
Operating profit/(loss) is stated after charging:		
Amortisation of syndicate capacity	30,857	-
(Profit)/loss on disposal of intangible fixed assets	-	-
(Profit)/loss on exchange	(8,946)	3,750

The Limited Liability Partnership has no employees.

The fees payable to the Limited Liability Partnership's auditors for audit services are included in the fees payable to the Members' Agent.

5. **Members' Remuneration**

The key management personnel of the Limited Liability Partnership are considered to be the Members. The Members are not employees of the Limited Liability Partnership, and consequently the total remuneration of the Members' consists of the allocated profit/(loss) for the year.

The average number of Members during the year was 5.

6. **Intangible Assets**

	2015	Restated 2014
	£	£
Purchased Syndicate Capacity		
Cost		
At 1 January 2015	340,117	299,050
Additions	8,444	41,067
Disposals	(18,598)	-
At 31 December 2015	329,963	340,117
Amortisation		
At 1 January 2015	297,203	292,646
Additions	30,857	4,557
Disposals	(18,598)	-
At 31 December 2015	309,462	297,203
Net Book Value		
At 31 December 2015	20,501	42,914
At 31 December 2014	42,914	6,404

7. **Financial Instruments and Financial Risk Management**

7.1 **Financial Investments**

Other financial investments – Syndicate participation

	2015 Market Value	Restated 2014 Market Value
	£	£
Shares and other variable yield securities and units in unit trusts	30,246	63,308
Debt securities and other fixed income securities	1,470,498	1,455,860
Participation in investment pools	24,365	44,341
Loans with credit institutions	3,871	6,298
Derivative financial instruments	587	1,319
Other investments	-	10,291
Deposits with credit institutions	26,867	34,039
Other	409,926	297,938
	1,966,360	1,913,394

7. Financial Instruments and Financial Risk Management (continued)

7.2 Classification of Financial Instruments

The tables below set out the Limited Liability Partnership's financial instruments by classification.

Other financial investments – Syndicate participation

	2015			Restated 2014		
	At fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	At amortised cost	Total
	£	£	£	£	£	£
Financial assets						
Investments	2,069,476	-	2,069,476	2,020,125	-	2,020,125
Deposits with ceding undertakings	-	1,119	1,119	-	404	404
Insurance debtors	-	507,506	507,506	-	398,510	398,510
Reinsurance debtors	-	482,971	482,971	-	460,354	460,354
Other debtors	-	287,871	287,871	-	227,262	227,262
Cash at bank and in hand	-	110,920	110,920	-	160,618	160,618
Other assets	-	-	-	-	-	-
	2,069,476	1,390,387	3,459,863	2,020,125	1,247,148	3,267,273
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	-	-	-	(344)	-	(344)
Insurance creditors	-	88,383	88,383	-	81,446	81,446
Reinsurance creditors	-	-	-	-	221,348	221,348
Amounts owed to credit institutions	-	-	-	-	3,902	3,902
Other creditors	-	-	-	-	-	-
	-	88,383	88,383	(344)	306,696	306,352

Other financial investments – Partnership

	2015			Restated 2014		
	At fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	At amortised cost	Total
	£	£	£	£	£	£
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	2,017	2,017	-	-	-
Cash at bank and in hand	-	1	1	-	-	-
Other assets	-	-	-	-	-	-
	-	2,018	2,018	-	-	-
Financial liabilities						
Other creditors	-	-	-	-	9	9
	-	-	-	-	9	9

7. Financial Instruments and Financial Risk Management (continued)

7.2 Classification of Financial Instruments (continued)

The table below sets out details of the Limited Liability Partnership's derivative financial instruments.

	2015 Notional amount £	2015 Fair value £	Restated 2014 Notional amount £	Restated 2014 Fair value £
Foreign exchange forward contracts	(21,025)	410	30,497	1,196
Interest rate future contracts	(25,740)	58	3,450	61
Foreign exchange options	-	-	-	-
Equity options	1,809	40	10,277	(19)
Foreign exchange contract for difference	3,563	78	26,554	44
Other	-	-	-	-
	(41,393)	586	70,778	1,282

7.3 Financial Instruments held at fair value through profit or loss

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

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

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

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

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

7.3 **Financial Instruments held at fair value through profit or loss (continued)**

The tables below set out the Limited Liability Partnership's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2015						
Financial assets						
Shares and other variable yield securities and units in unit trusts	58,171	331,384	50,616	440,171	-	440,171
Debt securities and other fixed income securities	655,970	530,630	283,897	1,470,497	-	1,470,497
Participation in investment pools	5,143	8,370	10,852	24,365	-	24,365
Loans and deposits with credit institutions	89,758	29,970	14,105	133,833	-	133,833
Derivatives	76	-	511	587	-	587
Other investments	-	-	22	22	-	22
Financial assets classified as held for sale	-	-	-	-	-	-
	809,118	900,354	360,003	2,069,475	-	2,069,475
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	(184)	-	(654)	(838)	-	(838)
Financial liabilities classified as held for sale	-	-	-	-	-	-
	(184)	-	(654)	(838)	-	(838)

7. Financial Instruments and Financial Risk Management (continued)

7.3 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
Restated - 2014						
Financial assets						
Shares and other variable yield securities and units in unit trusts	63,359	231,899	65,989	361,247	-	361,247
Debt securities and other fixed income securities	559,896	563,933	337,321	1,461,150	-	1,461,150
Participation in investment pools	14,351	10,893	14,229	39,473	-	39,473
Loans and deposits with credit institutions	107,571	32,288	17,054	156,913	-	156,913
Derivatives	207	-	1,113	1,320	-	1,320
Other investments	-	-	22	22	-	22
Financial assets classified as held for sale	-	-	-	-	-	-
	745,384	839,013	435,728	2,020,125	-	2,020,125
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	(125)	-	(219)	(344)	-	(344)
Financial liabilities classified as held for sale	-	-	-	-	-	-
	(125)	-	(219)	(344)	-	(344)

At the Partnership level the Limited Liability Partnership does not hold any financial investments. Consequently investment tables have not been presented for the Partnership.

7.4 Financial Risk Management

The Limited Liability Partnership is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds. The Limited Liability Partnership holds only cash and cash equivalents in respect of financial instruments.

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

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

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

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

Credit risk

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

The Limited Liability Partnership manages credit risk at the Limited Liability Partnership level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions.

The carrying amount of the Limited Liability Partnership's financial assets represents the Limited Liability Partnership's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2015						
Shares and other variable yield securities and units in unit trusts	194,503	21,545	59,013	26,655	138,454	440,170
Debt securities and other fixed income securities	399,478	469,806	393,637	196,571	11,006	1,470,498
Participation in investment pools	6,970	2,887	945	115	13,450	24,367
Loans secured with credit institutions	3,387	74	410	-	-	3,871
Deposits with credit institutions	-	505	2,752	-	-	3,257
Overseas deposits	79,218	24,646	18,376	7,283	165	129,688
Derivative investments	44	-	10	17	516	587
Other investments	-	-	-	-	22	22
Deposits with ceding undertakings	-	-	-	-	1,119	1,119
Reinsurers share of claims outstanding	13,942	134,547	261,985	2,836	13,254	426,564
Reinsurance debtors	2,106	212,426	51,324	485	350	266,691
Cash at bank and in hand	33,143	1,594	60,170	16,011	-	110,918
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	732,791	868,030	848,622	249,973	178,336	2,877,752

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Restated 2014						
Shares and other variable yield securities and units in unit trusts	172,892	19,569	50,992	16,892	100,894	361,239
Debt securities and other fixed income securities	464,468	447,133	393,826	144,284	11,440	1,461,151
Participation in investment pools	14,945	5,291	1,110	-	18,125	39,471
Loans secured with credit institutions	4,865	10,410	892	-	-	16,167
Deposits with credit institutions	-	1,833	4,810	5	3,132	9,780
Overseas deposits	69,235	31,054	21,746	3,908	8,741	134,684
Derivative investments	124	-	60	23	1,113	1,320
Other investments	-	-	-	-	22	22
Deposits with ceding undertakings	-	-	338	-	66	404
Reinsurers share of claims outstanding	16,475	137,488	258,371	3,594	12,814	428,742
Reinsurance debtors	1,732	185,607	56,760	514	731	245,344
Cash at bank and in hand	30,429	355	112,926	16,908	-	160,618
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	775,165	838,740	901,831	186,128	157,078	2,858,942

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2015						
Shares and other variable yield securities and units in unit trusts	440,170	-	-	-	1	440,171
Debt securities and other fixed income securities	1,470,498	-	-	-	-	1,470,498
Participation in investment pools	24,365	-	-	-	-	24,365
Loans secured with credit institutions	3,871	-	-	-	-	3,871
Deposits with credit institutions	3,257	-	-	-	-	3,257
Overseas deposits	129,688	-	-	-	-	129,688
Derivative investments	587	-	-	-	-	587
Other investments	22	-	-	-	-	22
Deposits with ceding undertakings	1,119	-	-	-	-	1,119
Reinsurers share of claims outstanding	426,564	1,138	2	1	(670)	427,035
Reinsurance debtors	266,691	33,141	1,993	489	546	302,860
Cash at bank and in hand	110,919	-	-	-	-	110,919
Insurance debtors	571,573	39,593	9,565	11,093	(433)	631,391
Other debtors	174,538	-	-	198	-	174,736
	3,623,862	73,872	11,560	11,781	(556)	3,720,519

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
Restated 2014						
Shares and other variable yield securities and units in unit trusts	361,240	-	-	-	7	361,247
Debt securities and other fixed income securities	1,461,150	-	-	-	-	1,461,150
Participation in investment pools	39,472	-	-	-	-	39,472
Loans secured with credit institutions	16,167	-	-	-	-	16,167
Deposits with credit institutions	9,780	-	-	-	-	9,780
Overseas deposits	134,685	-	-	-	-	134,685
Derivative investments	1,319	-	-	-	-	1,319
Other investments	22	-	-	-	-	22
Deposits with ceding undertakings	404	-	-	-	-	404
Reinsurers share of claims outstanding	428,741	-	-	-	(595)	428,146
Reinsurance debtors	245,344	13,058	757	1,110	631	260,900
Cash at bank and in hand	160,618	-	-	-	-	160,618
Insurance debtors	486,691	23,560	8,640	3,809	(693)	522,007
Other debtors	138,626	-	-	188	-	138,814
	3,484,259	36,618	9,397	5,107	(650)	3,534,731

At the Partnership level the Limited Liability Partnership is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Partnership.

Liquidity risk

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

The following tables detail the Limited Liability Partnership's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Partnership can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2015						
Derivative financial instruments	-	858	94	-	-	952
Deposits received from reinsurers	-	15,268	-	-	-	15,268
Creditors	47,849	308,549	66,933	2,952	-	426,283
Other	1,678	-	-	-	-	1,678
	49,527	324,675	67,027	2,952	-	444,181

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
Restated - 2014						
Derivative financial instruments	-	663	25	-	-	688
Deposits received from reinsurers	-	25,399	-	-	-	25,399
Creditors	25,810	271,357	64,019	2,802	-	363,988
Other	1,210	2,839	-	-	-	4,049
	27,020	300,258	64,044	2,802	-	394,124

At the Partnership level the Limited Liability Partnership is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Partnership.

Interest rate risk

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

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

At the Partnership level the Limited Liability Partnership manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Limited Liability Partnership.

Syndicate participation	2015 £	Restated 2014 £
Impact of 50 basis point increase on profit or loss	(9,882)	(10,005)
Impact of 50 basis point decrease on profit or loss	8,903	8,796
Impact of 50 basis point increase on equity	(10,136)	(10,372)
Impact of 50 basis point decrease on equity	9,162	9,167

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

Equity price risk

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

The Limited Liability Partnership is exposed to equity price risk in respect of its equity investments.

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Limited Liability Partnership.

Syndicate participation	**2015** £	**Restated 2014** £
Impact on profit or loss of 5% increase in Stock Market Prices	2,173	2,584
Impact on profit or loss of 5% decrease in Stock Market Prices	(2,192)	(2,573)
Impact on equity of 5% increase in Stock Market Prices	2,173	2,584
Impact on equity of 5% decrease in Stock Market Prices	(2,192)	(2,573)

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

Currency risk

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

At the Partnership level the Limited Liability Partnership manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

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

Net assets and liabilities	**2015**		**Restated 2014**	
	Syndicate Participation £	**Partnership** £	**Syndicate Participation** £	**Partnership** £
Sterling	(196,147)	(49,037)	(164,455)	(47,849)
United States Dollar	298,297	-	292,285	-
Euro	3,944	-	26,353	-
Canadian Dollar	77,718	-	94,061	-
Australian Dollar	8,421	-	12,460	-
Japanese Yen	(3,026)	-	(2,156)	-
Other	(6,572)	-	(8,046)	-

7. Financial Instruments and Financial Risk Management (continued)

7.4 Financial Risk Management (continued)

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

The Limited Liability Partnership's assets are held in various currencies but are all cash. As such, any exchange movement would be accounted for in the profit and loss.

	Partnership Profit and loss			
	31 December 2015		Restated - 31 December 2014	
	Increase	Decrease	Increase	Decrease
Effect of sterling exchange movement by 10%	£	£	£	£
United States Dollar	-	-	-	-
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

7.5 Capital Management

The total Members' interests represent the capital which allows the Limited Liability Partnership to participate on the Syndicates.

8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

			2015			Restated 2014
	Gross provision	Reinsurance asset	Net	Gross provision	Reinsurance asset	Net
	£	£	£	£	£	£
At 1 January	2,406,098	436,522	1,969,576	2,454,696	482,640	1,972,056
Movements in the year	47,605	(7,313)	54,918	(35,627)	(29,104)	(6,523)
Exchange differences	6,350	4,144	2,206	(12,971)	(17,014)	4,043
At 31 December	2,460,053	433,353	2,026,700	2,406,098	436,522	1,969,576

8. Insurance Contracts (continued)

The following reconciliation shows the movement in the provision for unearned premium during the year.

	Gross provision	Reinsurance asset	2015 Net	Gross provision	Reinsurance asset	Restated 2014 Net
	£	£	£	£	£	£
At 1 January	833,006	82,151	750,855	751,054	84,988	666,066
Movements in the year	172,051	19,803	152,248	37,372	7,109	30,263
Exchange differences	34,735	18,271	16,464	44,580	(9,946)	54,526
At 31 December	1,039,792	120,225	919,567	833,006	82,151	750,855

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2015	Restated 2014
	£	£
At 1 January	219,806	192,337
Movements in the year	41,752	11,772
Exchange differences	7,143	15,697
At 31 December	268,701	219,806

8.1 Risks arising from Insurance Contracts

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

9. Related Party Disclosure

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

10. Ultimate Controlling Party

The ultimate controlling party of the Partnership is Mr K Whitten.

11. Explanation of transition to FRS 102

This is the first financial year that the Limited Liability Partnership has presented its financial statements in accordance with FRS 102 *The Financial Reporting Framework Applicable in the UK and Republic of Ireland* ("FRS 102"). For financial years up to and including the year ended 31 December 2014, the Limited Liability Partnership prepared its financial statements in accordance with previously extant UK GAAP. The Limited Liability Partnership's date of transition to FRS 102 was therefore 1 January 2014.

This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The Limited Liability Partnership's opening equity position as at 1 January 2014 and its previously published financial statements for the year ended 31 December 2014 have been restated.

In carrying out the transition to FRS 102, the Limited Liability Partnership has not applied any of the optional exemptions as permitted by Section 35 *Transition* to this FRS.

Set out below are the transition tables to reconcile:

- Total Members' interest as at 1 January 2014;
- Total Members' interest as at 31 December 2014; and
- Profit/(loss) for the year ended 31 December 2014.

Reconciliation of Members' interests	**As at 31 December 2014 £**	**As at 1 January 2014 £**
Members' interest as reported under old UK GAAP	305,520	166,275
Effect of change in foreign exchange accounting policy	(6,484)	8,211
Members' interest as reported under FRS 102	299,036	174,486

Reconciliation of Profit and Loss	**For the year ended 31 December 2014 £**
Profit/(loss) as reported under old UK GAAP	187,071
Effect of change in foreign exchange accounting policy	(14,695)
Profit/(loss) as reported under FRS 102	172,376

11. Explanation of transition to FRS 102 (continued)

Transitional adjustments applicable to the Syndicates

The effect of change in foreign exchange accounting policy has arisen from the following adjustments:

Adjustment 1 - Foreign exchange under SSAP 20

For accounting periods up to and including 31 December 2014, a number of Syndicates had adopted Statement of Standard Accounting Practice No 20 ('SSAP 20') Foreign currency translation as the basis on which they accounted for foreign currency translation. SSAP20 permitted 'branch' accounting with exchange movements being reported as adjustments to reserves. In accordance with FRS 103 all exchange differences have been reported in the non-technical account.

Adjustment 2 - Foreign exchange under FRS 23

For accounting periods up to and including 31 December 2014, a number of Syndicates had adopted FRS 23 The Effect of Changes in Foreign Exchange Rates as the basis on which they accounted for foreign currency translation. Some balances arising from foreign currency denominated insurance contracts were treated as non-monetary items, and so were not retranslated at closing rates. FRS 103 requires an entity to treat all assets and liabilities arising from an insurance contract as monetary items.

Adjustment 3 – Cash at bank and in hand

The transition to FRS 102 has impacted the amount reported as cash at bank and in hand. Under FRS 102 financial assets with a maturity of 90 days or less are included within the definition of cash equivalents. Such assets that were previously reported under financial investments are now reported as cash and cash equivalents.

There are no transitional adjustments applicable to the Partnership.