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**LIMITED LIABILITY PARTNERSHIP**

**John Biles LLP**

**Annual Report**

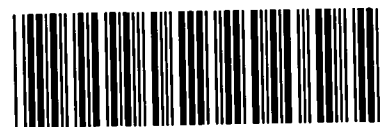
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◆ For the year ended 31 December 2019 ◆

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Registered Number: OC348478

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**John Biles LLP**  
**General Information**

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**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**

OC348478

**REGISTERED OFFICE**

5th Floor, 70 Gracechurch Street  
London  
EC3V 0XL

**John Biles LLP**  
**Strategic Report**  
**For the year ended 31 December 2019**

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The Members present their Strategic Report for the year ended 31 December 2019.

**Business Review**

The Limited Liability Partnership ("the LLP") 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 2017, 2018 and 2019 years of account, as well as any 2016 and prior run-off years.

**Results**

The result for the year is shown in the Statement of Comprehensive Income.

**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.

**Key Performance Indicators**

	2019	2018
Capacity (youngest underwriting year)	£ 2,011,570	£ 1,943,568
Gross premium written as a % of capacity	107%	98%
Underwriting profit of latest closed year:		
as a % of capacity	-8%	2%
Run-off years of account movement	£	£
Combined ratio	100%	105%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Approved by the Members on 18 September 2020 and signed on their behalf by:



**D C BOWLES**  
**ARGENTA LLP SERVICES LIMITED**  
Designated Member

## **John Biles LLP**

### **Members' Report**

### **For the year ended 31 December 2019**

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The Members present their report together with the financial statements for the year ended 31 December 2019.

#### **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.

#### **Principal Risks and uncertainties**

##### **Brexit**

The UK left the EU on 31 January 2020. There is still significant uncertainty whether a trade deal with the EU will be agreed and ratified by 31 December 2020. All legacy European Economic Area business will be moving to Lloyd's Brussels before the end of 2020 via a part VII transfer, providing certainty for the market and Lloyd's clients. The Members are monitoring the Lloyd's market preparations along with general market conditions to identify whether it is appropriate to make any changes to the current strategy of the Limited Liability Partnership.

##### **Coronavirus**

In March 2020, the World Health Organisation declared Coronavirus (Covid-19) to be a global pandemic. Consideration has been given to the potential risks and uncertainties which may occur, however it is too early to assess the full impact on market conditions. As the Partnership participates on multiple syndicates they are regarded as having mitigated the potential effect as far as possible due to underwriting diversified risks.

**John Biles LLP**  
**Members' Report (continued)**  
**For the year ended 31 December 2019**

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**Auditors**

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

**In the case of each of the Members at the time this report is approved, the following applies:**

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

Approved by the Members on 18 September 2020 and signed on their behalf by:



**D C BOWLES**  
**ARGENTA LLP SERVICES LIMITED**  
Designated Member

**John Biles LLP**  
**Independent Auditor's Report**  
**To the Members of John Biles LLP**  
**For the year ended 31 December 2019**

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**Opinion**

We have audited the financial statements of John Biles LLP (the 'LLP') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Reconciliation of Members' Interests, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2019 and of its Profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

**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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the LLP's financial statements, which is not modified, we draw your attention to the members' view on the impact of the COVID-19 as disclosed on page 5, and the consideration in the going concern basis of preparation on page 16 and non-adjusting post balance sheet events on page 39.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the LLP's trade, customers, suppliers and the wider economy.

**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 Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP'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 Members are responsible for the other information. The other information comprises the information included in the whole financial statements, other than the financial statements themselves and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

**John Biles LLP**  
**Independent Auditor's Report (continued)**  
**To the Members of John Biles LLP**  
**For the year ended 31 December 2019**

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Members**

As explained more fully in the Statement of Members' Responsibilities set out on page 5, the Members 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 Members 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 Members are responsible for assessing the LLP'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 Members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.


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

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

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

**Use of the Audit Report**

This report is made solely to the LLP's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's Members as a body for our audit work, for this report, or for the opinions we have formed.

  
Andrew Goldsworthy (Sep 18, 2020 21:14 GMT+1)

**Andrew Goldsworthy (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

18/09/2020

**John Biles LLP**  
**Statement of Comprehensive Income – Technical Account**  
**For the year ended 31 December 2019**

	Note	2019 £	2018 £
<b>Premiums</b>			
Gross premiums written	1	2,148,427	1,906,016
Outward reinsurance premiums	1	(529,574)	(423,213)
<b>Net premiums written</b>		<u>1,618,853</u>	<u>1,482,803</u>
<b>Change in the provision for Unearned premiums</b>			
Gross provision	1	(102,706)	(86,208)
Reinsurers' share	1	38,099	27,449
<b>Earned premiums, net of reinsurance</b>		<u>1,554,246</u>	<u>1,424,044</u>
Allocated investment return transferred from the non-technical account		68,462	18,699
Other technical income, net of reinsurance		137	76
<b>Claims paid</b>			
Gross amount	1	(1,109,826)	(1,006,135)
Reinsurers' share	1	305,739	243,108
<b>Net claims paid</b>		<u>(804,087)</u>	<u>(763,027)</u>
<b>Change in provision for claims</b>			
Gross amount	1	(246,142)	(242,671)
Reinsurers' share	1	93,005	64,327
<b>Net change in provisions for claims</b>		<u>(153,137)</u>	<u>(178,344)</u>
<b>Claims incurred, net of reinsurance</b>		(957,224)	(941,371)
Changes in other technical provisions, net of reinsurance		(2,299)	(2,734)
Net operating expenses	1, 2	(591,479)	(560,695)
Other technical charges, net of reinsurance		-	-
<b>Balance on the technical account for general business</b>		<u>71,843</u>	<u>(61,981)</u>

The accounting policies and notes on pages 15 to 39 form part of these financial statements.

**John Biles LLP**  
**Statement of Comprehensive Income – Non Technical Account**  
**For the year ended 31 December 2019**

	Note	2019 £	2018 £
<b>Balance on general business technical account</b>		71,843	(61,981)
Investment income	3	71,472	18,837
Allocated investment return transferred to the technical account		(68,462)	(18,699)
Other income		112	-
Other charges, including value adjustments		(33,566)	(46,521)
Profit/(loss) for the financial period before Members' remuneration and profit shares	4	41,399	(108,364)
Members' remuneration charged as an expense	5	-	-
<b>Profit/(loss) for the financial period available for discretionary division among Members</b>		41,399	(108,364)
<b>Other comprehensive income/(expenditure):</b>			
Currency translation differences		10,344	(9,636)
<b>Total comprehensive income/(expenditure)</b>		51,743	(118,000)

All items derive from continuing activities.

The accounting policies and notes on pages 15 to 39 form part of these financial statements.

**John Biles LLP**  
**Statement of Financial Position**  
**As at 31 December 2019**

		31 December 2019			Restated 31 December 2018		
	Note	Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Assets</b>							
<b>Intangible assets</b>	6	-	7,277	7,277	-	13,865	13,865
<b>Investments</b>							
Other financial investments	7	1,648,602	-	1,648,602	1,556,240	-	1,556,240
Deposits with ceding undertakings		206	-	206	198	-	198
		1,648,808	-	1,648,808	1,556,438	-	1,556,438
<b>Reinsurers' share of technical provisions</b>							
Provision for unearned premiums	8	185,204	-	185,204	152,767	-	152,767
Claims outstanding	8	912,214	-	912,214	854,563	-	854,563
Other technical provisions		607	-	607	1,978	-	1,978
		1,098,025	-	1,098,025	1,009,308	-	1,009,308
<b>Debtors</b>							
Amounts falling due within one year	7	901,280	6	901,286	867,570	15,814	883,384
Amounts falling due after one year	7	181,749	51,651	233,400	217,074	26,314	243,388
		1,083,029	51,657	1,134,686	1,084,644	42,128	1,126,772
<b>Other assets</b>							
Cash at bank and in hand		118,842	95,509	214,351	111,298	93,015	204,313
Other		187,322	-	187,322	155,916	-	155,916
		306,164	95,509	401,673	267,214	93,015	360,229
<b>Prepayments and accrued income</b>							
Accrued interest		3,238	-	3,238	3,330	-	3,330
Deferred acquisitions costs	8	249,471	-	249,471	229,185	-	229,185
Other prepayments and accrued income		12,244	-	12,244	12,296	-	12,296
		264,953	-	264,953	244,811	-	244,811
<b>Total assets</b>		<b>4,400,979</b>	<b>154,443</b>	<b>4,555,422</b>	<b>4,162,415</b>	<b>149,008</b>	<b>4,311,423</b>

The accounting policies and notes on pages 15 to 39 form part of these financial statements.

**John Biles LLP**  
**Statement of Financial Position**  
**As at 31 December 2019**

	Note	31 December 2019			Restated 31 December 2018		
		Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Liabilities and Members' interests</b>							
<b>Loans and other debts due to Members</b>							
Syndicate profit and loss		(347,348)	-	(347,348)	(388,283)	-	(388,283)
Corporate profit and loss - Syndicate capacity		-	4,198	4,198	-	102,470	102,470
Corporate profit and loss - other		-	133,140	133,140	-	27,410	27,410
		(347,348)	137,338	(210,010)	(388,283)	129,880	(258,403)
<b>Technical provisions</b>							
Provision for unearned premiums	8	944,111	-	944,111	866,054	-	866,054
Claims outstanding	8	3,156,881	-	3,156,881	3,059,460	-	3,059,460
Other technical provisions		1,878	-	1,878	1,696	-	1,696
<b>Provisions for other risks</b>		-	-	-	-	-	-
<b>Deposit received from reinsurers</b>		47,170	-	47,170	28,712	-	28,712
<b>Creditors</b>							
Amounts falling due within one year	7	466,983	1,300	468,283	475,821	1,300	477,121
Amounts falling due after one year	7	78,564	1,300	79,864	78,694	2,600	81,294
		4,695,587	2,600	4,698,187	4,510,437	3,900	4,514,337
<b>Accruals and deferred income</b>		52,740	14,505	67,245	40,261	15,228	55,489
<b>Total liabilities</b>		4,400,979	154,443	4,555,422	4,162,415	149,008	4,311,423

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**  
Date: 18 September 2020

Registered Number: OC348478

The accounting policies and notes on pages 15 to 39 form part of these financial statements.

**John Biles LLP**  
**Reconciliation of Members' Interests**  
**For the year ended 31 December 2019**

	Liabilities			
	Restated Partnership profit and loss allocated to Members			
	Syndicate profit and loss allocated to Members £	Syndicate capacity £	Other £	Total £
Members' interests at 1 January 2018	(153,498)	20,939	(22,613)	(155,172)
Allocated Profit 2016 year of account	82,619	-	-	82,619
Allocated Profit 2017 year of account	28,913	-	-	28,913
Allocated (Loss) 2018 year of account	(194,762)	(13,859)	(20,911)	(229,532)
Members' interests after (Loss) for the year	(236,728)	7,080	(43,524)	(273,172)
Reallocate distribution	(151,555)	-	151,555	-
Introduced by Members	-	95,390	-	95,390
Repayment of debt (including Members' capital classified as a liability)	-	-	(80,621)	(80,621)
Other movements	-	-	-	-
Members' interests at 31 December 2018	(388,283)	102,470	27,410	(258,403)
Allocated Profit 2017 year of account	94,235	-	-	94,235
Allocated Profit 2018 year of account	77,570	-	-	77,570
Allocated Loss 2019 year of account	(91,517)	(6,476)	(22,069)	(120,062)
Members' interests after Profit for the year	(307,995)	95,994	5,341	(206,660)
Reallocate distribution	(39,353)	-	39,353	-
Introduced by Members	-	-	88,446	88,446
Repayment of debt (including Members' capital classified as a liability)	-	(91,796)	-	(91,796)
Other movements	-	-	-	-
Members' interests at 31 December 2019	(347,348)	4,198	133,140	(210,010)

The accounting policies and notes on pages 15 to 39 form part of these financial statements.

**John Biles LLP**  
**Statement of Cash Flows**  
**For the year ended 31 December 2019**

	2019 £	2018 £
<b>Operating activities</b>		
Profit/(loss) on ordinary activities before tax	41,399	(108,364)
(Loss)/profit attributable to Syndicate transactions	(69,944)	73,594
Loss excluding Syndicate transactions	(28,545)	(34,770)
Adjustment for:		
Increase in debtors	(9,529)	(42,128)
Decrease in creditors	(2,023)	(9,203)
Loss/(profit) on disposal of intangible assets	(112)	-
Amortisation of Syndicate capacity	6,588	13,858
Realised/unrealised losses on investments	-	-
Investment income	(3,010)	(138)
Net cash outflow from operating activities	(36,631)	(72,381)
<b>Investing activities</b>		
Investment income	3,010	138
Purchase of Syndicate capacity	-	(1,066)
Proceeds from sale of Syndicate capacity	112	-
Net cash inflow/(outflow) from investing activities	3,122	(928)
<b>Financing activities</b>		
Repayment of debt to Members	(91,796)	(80,621)
Capital introduced by Members	88,446	95,390
Reallocation of distribution	39,353	151,555
Net cash inflow from financing activities	36,003	166,324
Net cash increase in cash and cash equivalents	2,494	93,015
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	93,015	-
Cash and cash equivalents at the end of the year	95,509	93,015
Consisting of:		
Cash at bank and in hand	95,509	93,015
Cash equivalents	-	-
	95,509	93,015

The Limited Liability Partnership has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Statement of Cash Flows 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 15 to 39 form part of these financial statements.

# **John Biles LLP**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2019**

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#### **General information**

The Partnership is a Limited Liability Partnership incorporated in England, 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**

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");
- FRS 103 *Insurance Contracts*;
- 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.

#### **Prior year adjustment**

The Partnership has restated the 2018 figures in respect of funds held at Lloyd's. These funds were previously included as part of the Members' current account funds but are now included as a cash asset of the Partnership. This change results from the decision by Lloyd's to treat these amounts as distribution surpluses belonging to the LLP, which was effective for the year ended 31 December 2018. There is no impact on the profit and loss account. The Members' account and the Funds at Lloyd's have each been adjusted by £93,015.

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

The Limited Liability Partnership recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the 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 Statement of Comprehensive Income. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its Statement of Financial Position (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" Statement of Financial Position is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate Members.

The format of the Returns is established by Lloyd's. Lloyd's collate this data at a Syndicate level analysing it into corporate Member level results which reflects the relevant data in respect of all the Syndicates in which the Limited Liability Partnership participates.

**John Biles LLP**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

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**Accounting policies**

**i. Going concern**

As at 31 December 2019 the partnership had net members' capital of -£210,007 (2018: -£258,403). The Members consider the Limited Liability Partnership to be a going concern and have prepared the Financial Statements on that basis. The Limited Liability Partnership is continuing to underwrite at Lloyd's for the 2020 year of account. The Members have considered the impact of Coronavirus (Covid-19) and believe that, due to participating on multiple syndicates and thus diversifying their risk, it will not impact on the LLP's ability to continue as a going concern.

**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.

**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.

**John Biles LLP**  
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Accounting policies (continued)

**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.

**vii. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Overdrafts are reported separately in creditors.

**John Biles LLP**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

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Accounting policies (continued)

**viii. 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 debtors, trade and other creditors 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. Financial instruments are subsequently measured at amortised cost include cash, debtors and creditors.

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 method.

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

**viii. Derivative financial instruments**

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

**ix. Derecognition of financial assets**

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

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

**John Biles LLP**  
**Notes to the Financial Statements**  
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**Accounting policies (continued)**

**ix. Derecognition of financial assets (continued)**

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

**x. Offsetting of financial instruments**

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

**xi. 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.

**xii. Deferred acquisition costs**

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

**xiii. Foreign currencies**

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

**xiv. 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.

**xv. Insurance contracts – product classification**

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

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

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

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**Notes to the Financial Statements**  
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**Accounting policies (continued)**

**xvi. Members' participation rights and remuneration**

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 and loans, 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.

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.

**xvii. 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.

**xviii. 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.

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.

**John Biles LLP**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

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Accounting policies (continued)

**xviii. 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.

*Impairment review*

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Members perform an impairment review when indications of impairment arise.

*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.

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**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

**1. Class of Business**

<b>2019</b>	<b>Gross Premiums Written £</b>	<b>Gross Premiums Earned £</b>	<b>Gross Claims Incurred £</b>	<b>Net Operating Expenses £</b>	<b>Reinsurance Balance £</b>	<b>Total £</b>
<b>Direct Insurance</b>						
Accident and health	52,356	55,938	(32,933)	(24,506)	(3,224)	(4,725)
Motor – third party liability	15,033	10,718	(6,845)	(3,399)	(183)	291
Motor – other classes	77,990	78,865	(45,572)	(26,548)	(2,671)	4,074
Marine, aviation and transport	156,910	159,385	(81,093)	(53,150)	(10,785)	14,357
Fire and other damage to property	605,594	561,453	(299,831)	(162,836)	(75,789)	22,997
Third party liability	551,127	517,021	(357,596)	(165,696)	16,844	10,573
Credit and suretyship	53,569	52,602	(29,232)	(14,731)	(4,458)	4,181
Legal expenses	3,209	2,798	(1,078)	(1,453)	(158)	109
Assistance	-	-	-	-	-	-
Miscellaneous	1,159	1,214	(986)	(436)	(2)	(210)
	1,516,947	1,439,994	(855,166)	(452,755)	(80,426)	51,647
<b>Reinsurance</b>	631,480	605,727	(500,802)	(138,724)	(12,305)	(46,104)
<b>Total</b>	<b>2,148,427</b>	<b>2,045,721</b>	<b>(1,355,968)</b>	<b>(591,479)</b>	<b>(92,731)</b>	<b>5,543</b>

<b>2018</b>	<b>Gross Premiums Written £</b>	<b>Gross Premiums Earned £</b>	<b>Gross Claims Incurred £</b>	<b>Net Operating Expenses £</b>	<b>Reinsurance Balance £</b>	<b>Total £</b>
<b>Direct Insurance</b>						
Accident and health	58,434	60,995	(31,409)	(25,744)	(1,466)	2,376
Motor – third party liability	8,610	8,668	(4,935)	(2,919)	(876)	(62)
Motor – other classes	75,478	81,971	(33,654)	(26,782)	(17,761)	3,774
Marine, aviation and transport	151,236	155,452	(86,793)	(55,004)	(16,897)	(3,242)
Fire and other damage to property	494,864	462,627	(321,384)	(144,060)	(50,181)	(52,998)
Third party liability	513,885	468,700	(311,130)	(163,774)	19,867	13,663
Credit and suretyship	40,632	38,458	(18,402)	(11,113)	(4,412)	4,531
Legal expenses	2,518	2,509	(853)	(1,632)	18	42
Assistance	-	-	-	-	-	-
Miscellaneous	8,347	7,533	(3,630)	(2,709)	(769)	425
	1,354,004	1,286,913	(812,190)	(433,737)	(72,477)	(31,491)
<b>Reinsurance</b>	552,012	532,895	(436,616)	(126,958)	(15,852)	(46,531)
<b>Total</b>	<b>1,906,016</b>	<b>1,819,808</b>	<b>(1,248,806)</b>	<b>(560,695)</b>	<b>(88,329)</b>	<b>(78,022)</b>

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.

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**Notes to the Financial Statements**  
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<b>2. Net Operating Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Acquisition costs	546,180	499,306
Change in deferred acquisition costs	(22,302)	(19,260)
Administrative expenses	104,400	93,373
Reinsurance commissions and profit participations	(69,133)	(53,580)
Personal expenses	32,334	40,856
	<u>591,479</u>	<u>560,695</u>
<b>3. Investment Income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	42,494	35,772
Realised gains and losses	8,483	(3,937)
Unrealised gains and losses	19,539	(11,367)
Other	-	-
	<u>70,516</u>	<u>20,468</u>
Financial instruments held at amortised cost:		
Interest	3,010	138
Other	-	-
	<u>3,010</u>	<u>138</u>
Investment management expenses, including interest	(2,054)	(1,769)
	<u>(2,054)</u>	<u>(1,769)</u>
Total	<u>71,472</u>	<u>18,837</u>
<b>4. Profit/(Loss) on Ordinary Activities before Taxation</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating Profit/(loss) is stated after charging:		
Amortisation of Syndicate capacity	6,588	13,858
Loss/(profit) on disposal of intangible fixed assets	(112)	-
Loss on exchange	5,852	6,491

The Limited Liability Partnership has no employees.

The auditors charge a fixed fee to Argenta Private Capital Limited of £328 for the provision of the statutory audit, they also provide non-audit services through an outsourcing arrangement of approximately £515.

**John Biles LLP**  
**Notes to the Financial Statements**  
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**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 3.

<b>6. Intangible Assets</b>	<b>Total £</b>
<b>Purchased Syndicate Capacity</b>	
<b>Cost</b>	
At 1 January 2019	421,964
Additions	-
Disposals	(20,386)
At 31 December 2019	401,578
<b>Amortisation</b>	
At 1 January 2019	408,099
Charge	6,588
Disposals	(20,386)
At 31 December 2019	394,301
<b>Net Book Value</b>	
At 31 December 2019	7,277
At 31 December 2018	13,865

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

**7.1 Financial Investments**

**Other financial investments – Syndicate participation**

	<b>2019 Market Value £</b>	<b>2018 Market Value £</b>
Shares and other variable yield securities and units in unit trusts	277,783	255,395
Debt securitities and other fixed income securities	1,295,863	1,220,518
Participation in investment pools	28,805	40,741
Loans with credit institutions	290	834
Derivative financial instruments	3,821	814
Other investments	4,687	894
Deposits with credit institutions	6,246	9,260
Other	31,107	27,784
	<b>1,648,602</b>	<b>1,556,240</b>

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**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

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

**7.2 Debtors**

	<b>2019</b>			<b>Restated 2018</b>		
	<b>Syndicate Participation £</b>	<b>Corporate £</b>	<b>Total £</b>	<b>Syndicate Participation £</b>	<b>Corporate £</b>	<b>Total £</b>
<b>Amounts falling due within one year:</b>						
Arising out of direct insurance operations	458,080	-	458,080	415,263	-	415,263
Arising out of reinsurance operations	351,335	-	351,335	319,843	-	319,843
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	91,865	6	91,871	132,464	15,814	148,278
Total Amounts falling due within one year	901,280	6	901,286	867,570	15,814	883,384
<b>Amounts falling due after one year:</b>						
Arising out of direct insurance operations	6,432	-	6,432	8,952	-	8,952
Arising out of reinsurance operations	151,838	-	151,838	191,294	-	191,294
<b>Other Debtors:</b>						
Amounts due from group undertakings	-	-	-	-	-	-
Other	23,479	51,651	75,130	16,828	26,314	43,142
Total Amounts falling due after one year	181,749	51,651	233,400	217,074	26,314	243,388
	<b>1,083,029</b>	<b>51,657</b>	<b>1,134,686</b>	<b>1,084,644</b>	<b>42,128</b>	<b>1,126,772</b>

**7.3 Funds at Lloyd's**

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

	<b>2019</b>			<b>Restated 2018</b>		
	<b>Syndicate Participation £</b>	<b>Corporate £</b>	<b>Total £</b>	<b>Syndicate Participation £</b>	<b>Corporate £</b>	<b>Total £</b>
Cash	-	95,509	95,509	-	93,015	93,015
Investments	-	-	-	-	-	-
	<b>-</b>	<b>95,509</b>	<b>95,509</b>	<b>-</b>	<b>93,015</b>	<b>93,015</b>

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

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**Notes to the Financial Statements**  
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7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2019			Restated 2018		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
<b>Amounts falling due within one year:</b>						
Arising out of direct insurance operations	73,660	-	73,660	62,962	-	62,962
Arising out of reinsurance operations	277,766	-	277,766	219,362	-	219,362
Amounts owed to credit institutions	-	-	-	-	-	-
<b>Other creditors:</b>						
Corporation tax	-	-	-	-	-	-
Members loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	115,557	1,300	116,857	193,497	1,300	194,797
Amount due to group undertakings	-	-	-	-	-	-
<b>Total Amounts falling due within one year</b>	<b>466,983</b>	<b>1,300</b>	<b>468,283</b>	<b>475,821</b>	<b>1,300</b>	<b>477,121</b>
<b>Amounts falling due after one year:</b>						
Arising out of direct insurance operations	470	-	470	712	-	712
Arising out of reinsurance operations	62,320	-	62,320	66,486	-	66,486
Amounts owed to credit institutions	-	-	-	-	-	-
<b>Other creditors:</b>						
Corporation tax	-	-	-	-	-	-
Members loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	15,774	1,300	17,074	11,496	2,600	14,096
Amount due to group undertakings	-	-	-	-	-	-
<b>Total Amounts falling due after one year</b>	<b>78,564</b>	<b>1,300</b>	<b>79,864</b>	<b>78,694</b>	<b>2,600</b>	<b>81,294</b>
	<b>545,547</b>	<b>2,600</b>	<b>548,147</b>	<b>554,515</b>	<b>3,900</b>	<b>558,415</b>

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7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

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

**Other financial investments – Syndicate participation**

	2019			2018		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
<b>Financial assets</b>						
Investments	1,647,932	670	1,648,602	1,556,240	-	1,556,240
Deposits with ceding undertakings	-	206	206	-	198	198
Insurance debtors	-	464,512	464,512	-	424,215	424,215
Reinsurance debtors	-	503,173	503,173	-	511,137	511,137
Other debtors	-	115,344	115,344	-	149,292	149,292
Cash at bank and in hand	-	118,842	118,842	-	111,298	111,298
Other assets	187,322	-	187,322	155,916	-	155,916
	<b>1,835,254</b>	<b>1,202,747</b>	<b>3,038,001</b>	<b>1,712,156</b>	<b>1,196,140</b>	<b>2,908,296</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	539	-	539	568	-	568
Insurance creditors	-	74,130	74,130	-	63,674	63,674
Reinsurance creditors	-	340,086	340,086	-	285,848	285,848
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
	<b>539</b>	<b>414,216</b>	<b>414,755</b>	<b>568</b>	<b>349,522</b>	<b>350,090</b>

**Other financial investments – Partnership**

	2019			Restated 2018		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
<b>Financial assets</b>						
Investments	-	-	-	-	-	-
Other debtors	-	51,657	51,657	-	42,128	42,128
Cash at bank and in hand	-	95,509	95,509	-	93,015	93,015
Other assets	-	-	-	-	-	-
	<b>-</b>	<b>147,166</b>	<b>147,166</b>	<b>-</b>	<b>135,143</b>	<b>135,143</b>
<b>Financial liabilities</b>						
Other creditors	-	2,600	2,600	-	3,900	3,900
	<b>-</b>	<b>2,600</b>	<b>2,600</b>	<b>-</b>	<b>3,900</b>	<b>3,900</b>

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

**7.5 Classification of Financial Instruments (continued)**

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

	<b>2019</b>		<b>2018</b>	
	<b>Notional amount</b>	<b>Fair value</b>	<b>Notional amount</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Foreign exchange forward contracts	171,601	3,794	120,076	799
Interest rate future contracts	10,015	18	3,666	15
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	23,908	9	-	-
	<b>205,524</b>	<b>3,821</b>	<b>123,742</b>	<b>814</b>

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

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

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

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

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

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

**7.6 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 £
<b>2019</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	94,316	167,717	15,750	277,783	-	277,783
Debt securities and other fixed income securities	300,578	995,285	-	1,295,863	-	1,295,863
Participation in investment pools	16,869	9,926	2,010	28,805	-	28,805
Loans and deposits with credit institutions	8,252	2,118	183	10,553	670	11,223
Overseas deposits	64,182	150,041	4,195	218,418	-	218,418
Derivatives	257	3,564	-	3,821	-	3,821
Other investments	-	11	-	11	-	11
Financial assets classified as held for sale	-	-	-	-	-	-
	484,454	1,328,662	22,138	1,835,254	670	1,835,924
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative liabilities	539	-	-	539	-	539
Financial liabilities classified as held for sale	-	-	-	-	-	-
	539	-	-	539	-	539

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**Notes to the Financial Statements**  
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**7. Financial Instruments and Financial Risk Management (continued)**

**7.6 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 £
<b>2018</b>						
<b>Financial assets</b>						
Shares and other variable yield securities and units in unit trusts	73,111	173,104	9,180	255,395	-	255,395
Debt securities and other fixed income securities	338,159	882,359	-	1,220,518	-	1,220,518
Participation in investment pools	24,077	11,658	5,006	40,741	-	40,741
Loans and deposits with credit institutions	9,246	848	894	10,988	-	10,988
Overseas deposits	90,260	89,294	4,134	183,688	-	183,688
Derivatives	509	305	-	814	-	814
Other investments	-	12	-	12	-	12
Financial assets classified as held for sale	-	-	-	-	-	-
	<b>535,362</b>	<b>1,157,580</b>	<b>19,214</b>	<b>1,712,156</b>	<b>-</b>	<b>1,712,156</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Derivative liabilities	524	44	-	568	-	568
Financial liabilities classified as held for sale	-	-	-	-	-	-
	<b>524</b>	<b>44</b>	<b>-</b>	<b>568</b>	<b>-</b>	<b>568</b>

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

**7.7 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
- Currency 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.

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

**7.7 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 £
<b>2019</b>						
Shares and other variable yield securities and units in unit trusts	54,959	15,815	105,698	8,136	93,175	277,783
Debt securities and other fixed income securities	310,950	451,298	387,619	126,249	19,747	1,295,863
Participation in investment pools	4,215	18,478	3,768	326	2,018	28,805
Loans secured with credit institutions	3,511	-	1,283	-	183	4,977
Deposits with credit institutions	-	-	5,045	-	1,201	6,246
Overseas deposits	109,635	42,970	15,283	28,245	22,285	218,418
Derivative investments	11	-	-	238	3,572	3,821
Other investments	-	-	-	-	11	11
Deposits with ceding undertakings	-	-	-	-	206	206
Reinsurers share of claims outstanding	37,363	174,629	633,148	1,142	65,932	912,214
Reinsurance debtors	504	17,920	40,934	1,305	22,091	82,754
Cash at bank and in hand	37,648	1,341	63,706	8,197	7,950	118,842
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	<b>558,796</b>	<b>722,451</b>	<b>1,256,484</b>	<b>173,838</b>	<b>238,371</b>	<b>2,949,940</b>

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**Notes to the Financial Statements**  
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**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 Financial Risk Management (continued)**

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
<b>2018</b>						
Shares and other variable yield securities and units in unit trusts	29,795	14,416	51,784	8,131	151,269	255,395
Debt securities and other fixed income securities	306,084	403,499	359,585	124,985	26,365	1,220,518
Participation in investment pools	5,942	24,206	1,846	421	8,326	40,741
Loans secured with credit institutions	821	13	-	-	894	1,728
Deposits with credit institutions	-	-	8,120	-	1,140	9,260
Overseas deposits	91,615	40,788	11,971	16,871	22,443	183,688
Derivative investments	-	-	368	120	326	814
Other investments	-	-	-	-	12	12
Deposits with ceding undertakings	-	-	-	-	198	198
Reinsurers share of claims outstanding	41,442	162,330	578,312	678	71,801	854,563
Reinsurance debtors	1,321	7,498	31,853	2	8,592	49,266
Cash at bank and in hand	17,685	1,385	77,176	9,008	6,044	111,298
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	494,705	654,135	1,121,015	160,216	297,410	2,727,481

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 £
<b>2019</b>						
Shares and other variable yield securities and units in unit trusts	277,783	-	-	-	-	277,783
Debt securities and other fixed income securities	1,295,863	-	-	-	-	1,295,863
Participation in investment pools	28,805	-	-	-	-	28,805
Loans secured with credit institutions	4,977	-	-	-	-	4,977
Deposits with credit institutions	6,246	-	-	-	-	6,246
Overseas deposits	218,418	-	-	-	-	218,418
Derivative investments	3,821	-	-	-	-	3,821
Other investments	11	-	-	-	-	11
Deposits with ceding undertakings	206	-	-	-	-	206
Reinsurers share of claims outstanding	912,293	-	-	-	(79)	912,214
Reinsurance debtors	58,788	21,588	1,456	924	(2)	82,754
Cash at bank and in hand	118,842	-	-	-	-	118,842
Insurance debtors	416,804	33,588	7,005	7,242	(127)	464,512
Other debtors	957,969	1,186	53	28	-	959,236
	4,300,826	56,362	8,514	8,194	(208)	4,373,688

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**Notes to the Financial Statements**  
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**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 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 £
<b>2018</b>						
Shares and other variable yield securities and units in unit trusts	255,395	-	-	-	-	255,395
Debt securities and other fixed income securities	1,220,518	-	-	-	-	1,220,518
Participation in investment pools	40,741	-	-	-	-	40,741
Loans secured with credit institutions	1,728	-	-	-	-	1,728
Deposits with credit institutions	9,260	-	-	-	-	9,260
Overseas deposits	183,688	-	-	-	-	183,688
Derivative investments	814	-	-	-	-	814
Other investments	12	-	-	-	-	12
Deposits with ceding undertakings	198	-	-	-	-	198
Reinsurers share of claims outstanding	854,641	-	-	-	(78)	854,563
Reinsurance debtors	27,886	19,966	594	825	(5)	49,266
Cash at bank and in hand	111,298	-	-	-	-	111,298
Insurance debtors	384,068	26,712	6,158	7,422	(145)	424,215
Other debtors	979,215	856	426	1	-	980,498
	4,069,462	47,534	7,178	8,248	(228)	4,132,194

**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 £
<b>2019</b>						
Derivative financial instruments	-	539	-	-	-	539
Deposits received from reinsurers	-	32,088	11,596	2,299	1,187	47,170
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	1,116,744	1,122,820	499,442	417,875	3,156,881
Creditors	18,151	423,738	79,413	6,406	-	527,708
Other	-	-	-	-	-	-
	18,151	1,573,109	1,213,829	508,147	419,062	3,732,298

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

**7.7 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 £
<b>2018</b>						
Derivative financial instruments	-	568	-	-	-	568
Deposits received from reinsurers	-	19,381	7,278	1,761	292	28,712
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	1,098,787	1,107,173	464,369	389,131	3,059,460
Creditors	14,180	366,396	79,674	20,875	1,054	482,179
Other	-	-	-	-	-	-
	14,180	1,485,132	1,194,125	487,005	390,477	3,570,919

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	2019 £	2018 £
Impact of 50 basis point increase on profit or loss	(15,408)	(14,019)
Impact of 50 basis point decrease on profit or loss	13,941	13,478
Impact of 50 basis point increase on equity	(15,408)	(14,019)
Impact of 50 basis point decrease on equity	13,941	13,478

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.

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**Notes to the Financial Statements**  
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**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 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**

	2019 £	2018 £
Impact on profit or loss of 5% increase in Stock Market Prices	1,788	5,593
Impact on profit or loss of 5% decrease in Stock Market Prices	(1,791)	(5,588)
Impact on equity of 5% increase in Stock Market Prices	1,788	5,593
Impact on equity of 5% decrease in Stock Market Prices	(1,791)	(5,588)

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**

	Syndicate Participation £	2019 Partnership £	Syndicate Participation £	Restated 2018 Partnership £
Sterling	(518,665)	130,061	(402,837)	116,015
United States Dollar	(43,180)	-	(202,696)	-
Euro	96,865	-	78,983	-
Canadian Dollar	111,744	-	128,147	-
Australian Dollar	44,337	-	28,423	-
Japanese Yen	(19,454)	-	(6,907)	-
Other	10,755	-	15,459	-

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**Notes to the Financial Statements**  
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**7. Financial Instruments and Financial Risk Management (continued)**

**7.7 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 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
<b>Effect of Sterling exchange movement by 10%</b>				
United States Dollar	-	-	-	-
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

**7.8 Capital Management**

**Lloyd's capital setting process**

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

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

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

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

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

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

The Partnership has complied with all externally imposed capital requirements during the year.

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**8. Insurance Contracts**

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

	2019			2018		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	3,059,460	854,563	2,204,897	2,765,972	779,210	1,986,762
Movements in the year	246,142	93,005	153,137	242,671	64,327	178,344
Exchange differences	(148,721)	(35,354)	(113,367)	50,817	11,026	39,791
At 31 December	3,156,881	912,214	2,244,667	3,059,460	854,563	2,204,897

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

	2019			2018		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	866,054	152,767	713,287	749,099	118,171	630,928
Movements in the year	102,706	38,099	64,607	86,208	27,449	58,759
Exchange differences	(24,649)	(5,662)	(18,987)	30,747	7,147	23,600
At 31 December	944,111	185,204	758,907	866,054	152,767	713,287

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

	2019 £	2018 £
At 1 January	229,185	207,773
Movements in the year	22,302	19,260
Exchange differences	(2,016)	2,152
At 31 December	249,471	229,185

**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.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

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**Notes to the Financial Statements**  
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**8.1 Risks arising from Insurance Contracts (continued)**

Claims development - gross								
	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	508,369	840,221	842,022	837,402	821,370	817,596	807,533	798,643
2012	510,378	779,251	771,687	743,967	739,302	727,329	717,270	712,253
2013	388,342	687,410	688,651	673,608	654,335	639,649	632,470	
2014	379,652	680,665	719,685	699,318	707,177	693,482		
2015	367,638	733,401	753,741	744,610	744,463			
2016	466,118	946,854	985,989	990,794				
2017	930,553	1,416,027	1,496,039					
2018	789,651	1,357,817						
2019	692,473							
	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received				
2010 & prior			213,774					
2011	795,593	747,479	48,114	(52,298)				
2012		651,955	60,298	(94,717)				
2013		565,275	67,195	(67,169)				
2014		571,245	122,237	(121,751)				
2015		540,256	204,207	(65,755)				
2016		668,778	322,016	(66,918)				
2017		839,284	656,755					
2018		515,364	842,453					
2019		72,641	619,832					
			3,156,881					
Claims development - net								
	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	418,309	692,007	693,310	675,955	656,060	653,457	649,414	641,222
2012	407,210	640,874	638,276	610,622	604,304	597,366	589,427	582,830
2013	327,178	596,881	588,747	575,607	565,331	552,709	547,113	
2014	321,380	591,811	616,561	594,081	592,520	582,834		
2015	313,445	625,604	645,004	638,678	625,653			
2016	368,953	745,522	777,511	777,161				
2017	594,788	996,311	1,061,658					
2018	568,294	983,836						
2019	496,560							

**John Biles LLP**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2019**

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**8.1 Risks arising from Insurance Contracts (continued)**

**Claims development - net**

	<b>Eight years later</b>	<b>Cumulative payments to date</b>	<b>Estimated balance to pay</b>	<b>Profit/(loss) on RITC received</b>
2010 & prior			129,207	
2011	636,698	599,272	37,426	(55,194)
2012		536,155	46,675	(93,946)
2013		487,667	59,446	(80,401)
2014		493,890	88,944	(70,016)
2015		474,524	151,129	(68,117)
2016		546,428	230,733	(95,548)
2017		598,372	463,286	
2018		381,936	601,900	
2019		60,602	435,958	
			<u>2,244,704</u>	

**9. Related Party Disclosure**

There are no related party transactions other than those disclosed in the members interest statements. 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 J A Biles.

**11. Post Balance Sheet Event**

In March 2020, the World Health Organisation declared Coronavirus (Covid-19) to be a global pandemic. The full extent of the impact is not yet known, however as the Partnership participates on multiple syndicates the potential impact is mitigated due to the diverse spread of risks underwritten in them. This is a non-adjusting post balance sheet event.