Registered number 01392226

David Holman Holdings Limited

Director's report and financial statements

For the year ended 31 December 2012

David Holman Holdings Limited

Company Information

Director	D M Holman
Registered number	01392226
Registered office	London Underwriting Centre 3 Minster Court Mincing Lane London EC3R 7DD
Independent auditors	Reeves & Co LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

David Holman Holdings Limited

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David Holman Holdings Limited

Director's report
For the year ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012 Comparative figures are provided for the 18 month period ended 31 December 2011

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing these financial statements, the director is required to

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

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

Principal activities

The company is not trading, but is the parent company of a group, the principal activities of which are

- Property ownership and investment
- Trading as a Lloyd's Corporate Capital Member

With regard to the trading as a Lloyd's Corporate Capital Member, the financial statements incorporate the annual accounting results of the syndicates on which Nameco (No 523) Limited (a wholly owned subsidiary undertaking) participates for the 2010, 2011 and 2012 years of account, as well as any prior run-off years The 2010 year closed at 31 December 2012 with a result of £36,753 (2009 £155,781) The 2011 and 2012 open underwriting accounts will normally close at 31 December 2013 and 2014

Business review - general

It has been another year of difficult investment market conditions and a challenging economic environment in the UK

The loss for the period before taxation was £22,763 (2011 profit £50,873) Against the market conditions outlined above, the Group's performance in the period was again creditable

Director's report
For the year ended 31 December 2012

Business review - property ownership and investment

During the year, the Group determined that the valuation of the investment property should be reduced from £800,000 to £750,000 and this has been reflected as a movement on reserves as required As a result of this adjustment and the loss for the year, the net asset value of the Group has reduced from £2,429,935 at the start of the year to £2,367,163 at the end of the year

Key performance Indicators

Profit before tax as a percentage of turnover and investment income ("income") is a key measure of performance The Group monitors activity and performance by means of periodic investment manager reports, income and expenditure budgets and management account information

Lloyds underwriting business

Key performance indicators

The directors monitor the performance of Nameco (No 523) Limited by reference to the following key performance indicators

	2012	2011
Capacity (youngest underwriting year)	835,495	780,893
Gross premium written as a % of capacity	94 1%	89 7%
Underwriting profit of latest closed year as a % of capacity	4 4%	23 0%
Run-off years of account movement	188	(1,182)

Other Performance Indicators

As a result of the nature of Nameco (No 523) Limited being a Lloyd's Corporate Member the majority of its activities are carried out by the syndicates in which it participates Nameco (No 523) Limited is not involved directly in the management of the syndicate's activities, including employment of syndicate staff, as these are the responsibility of the relevant Managing Agent Each Managing Agent will also have responsibility for the environmental activities of each syndicate, although by their nature insurers do not produce significant environmental emissions As a result, the directors of Nameco (No 523) Limited do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters

Risk Management

As a Corporate Member of Lloyd's the majority of the risks to Nameco (No 523) Limited's future cash flows arise from its participation in the results of Lloyd's syndicates As detailed below, these risks are mostly managed by the Managing Agent of the syndicate Nameco (No 523) Limited's role in managing risk is limited to selection of the syndicate participations and monitoring performance of the syndicates

Syndicate Risks

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

Director's report
For the year ended 31 December 2012

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

Nameco (No 523) Limited manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its Managing Agent In addition quarterly reports and annual accounts together with any other information made available by the Managing Agent are monitored and if necessary enquired into If Nameco (No 523) Limited considers that the risks being run by the syndicate are excessive it will seek confirmation from the Managing Agent that adequate management of the risk is in place and if considered appropriate will withdraw support from the next underwriting year Nameco (No 523) Limited relies on advice provided by the Members' Agent which acts for it, who are specialist in assessing the performance and risk profiles of syndicates

Investment and Currency Risks

The other significant risks faced by Nameco (No 523) Limited are with regard to the investment of the available funds within its own custody The elements of these risks are investment risk, liquidity risk, currency risk and interest rate risk The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from Nameco (No 523) Limited to meet the claim In order to minimise investment, credit and liquidity risk Nameco (No 523) Limited's funds are invested in readily realisable short term cash deposits

Regulatory Risks

Nameco (No 523) Limited is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirement of Lloyd's A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the company is able to support

Operational Risks

As there are relatively few transactions actually undertaken by Nameco (No 523) Limited there are only limited systems and staffing requirements of Nameco (No 523) Limited and therefore operational risks are not considered to be significant Close involvement of the director in the Nameco (No 523) Limited's key decision making and the fact that the majority of Nameco (No 523) Limited's operations are conducted by syndicates provides control over operational risks

Results and dividends

The loss for the year, after taxation, amounted to £12,772 (2011 - profit £51,641)

The director does not propose the payment of a dividend

David Holman Holdings Limited

Director's report
For the year ended 31 December 2012

Director

The director who served during the year was

D M Holman

Political and charitable contributions

No political donations were paid during the year (2011 Donation of £4,000 paid to the Conservative party)

Financial instruments

The group's principal financial instruments comprise listed investments, bank balances, loans from related parties, trade debtors and trade creditors As a group whose principal activity is that of making investments, the listed investments are held as a means of generating income and capital growth, as well as a means of retaining funds for making future investments in areas such as property, and as a means of retaining funds to be able to pay out any future insurance claims made Other financial instruments are held as working capital of the group

The group is exposed to price risk in respect of its listed investments This risk is managed through the careful management of the portfolio in order to meet the objectives of the Board, taking professional advice wherever it is appropriate to do so To this end the portfolio is principally held with Ruffer

In respect of bank balances the liquidity risk is managed by ensuring that there always remains sufficient funds to meet the obligations of the group The group does not make use of bank overdrafts, but will borrow funds from related parties in order to meet amounts falling due when necessary

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to tenants and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information

Auditors

Under section 487(2) of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 23 September 2013 and signed on its behalf

D M Holman
Director

Independent auditors' report to the shareholders of David Holman Holdings Limited

We have audited the financial statements of David Holman Holdings Limited for the year ended 31 December 2012, set out on pages 7 to 36 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of director and auditors

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

David Holman Holdings Limited

Independent auditors' report to the shareholders of David Holman Holdings Limited

Matters on which we are required to report by exception

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

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

Reeves & Co LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Statutory Auditor
Chartered Accountants

Canterbury

24 September 2013

David Holman Holdings Limited

Consolidated Profit and loss account
Technical account - general business insurance underwriting
for the year ended 31 December 2012

	Note		Year ended 31 December 2012 £		18 month period ended 31 December 2011 £
Premiums Written					
Gross premiums written	2		**786,087**		700,275
Outward reinsurance premiums			**(218,892)**		(151,790)
Net premiums Written			**567,195**		548,485
Change in the provision for Unearned premiums					
Gross provision			**(42,317)**		8,825
Reinsurers' share			**4,041**		1,034
Earned Premiums, Net of Reinsurance			**528,919**		558,344
Allocated Investment Return Transferred from the Non-Technical Account			**23,221**		15,696
Other technical income, net of reinsurance			-		-
Claims Paid					
Gross amount		**(374,087)**		(382,139)	
Reinsurers's share		**73,955**		64,534	
Net claims paid		**(300,132)**		(317,605)	
Change in Provision for Claims					
Gross amount		**(6,764)**		(133,185)	
Reinsurers' share		**(8,297)**		53,191	
Change in net provision for claims		**(15,061)**		(79,994)	
Claims Incurred, Net of Reinsurance			**(315,193)**		(397,599)
Changes in other technical provisions, net of reinsurance			-		-
Net operating expenses	4		**(233,641)**		(201,674)
Other technical charges, net of reinsurance			-		-
Balance on the Technical Account for General Business			**3,306**		(25,233)

David Holman Holdings Limited
Registered number 01392226

Consolidated profit and loss account
For the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Commercial activities		**94,463**	149,698
Insurance company technical account		**3,306**	(25,233)
Turnover	1	**97,769**	124,465
Operating expenses		**(177,581)**	(258,047)
Other income		**7**	24,361
Operating loss	5	**(79,805)**	(109,221)
Income from other fixed asset investments	7	**9,491**	59,731
Profit on disposal of investments	8	**42,217**	99,140
Interest receivable and similar income		**7,250**	8,991
Interest payable and similar charges	11	**(1,916)**	(7,768)
(Loss)/profit on ordinary activities before taxation		**(22,763)**	50,873
Tax on (loss)/profit on ordinary activities	12	**9,991**	768
(Loss)/profit for the financial year	23	**(12,772)**	51,641

All amounts relate to continuing operations

The notes on pages 13 to 36 form part of these financial statements

David Holman Holdings Limited

Consolidated statement of total recognised gains and losses
For the year ended 31 December 2012

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
(Loss)/profit for the financial year	**(12,772)**	51,641
Unrealised deficit on revaluation of investment properties	**(50,000)**	(200,000)
Total recognised gains and losses relating to the year	**(62,772)**	(148,359)

The notes on pages 13 to 36 form part of these financial statements

David Holman Holdings Limited
Registered number. 01392226

Consolidated balance sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	13		**526,480**		259,054
Tangible assets	14		**-**		82
Investment property	15		**750,000**		800,000
Investments	16		**808,484**		823,870
			2,084,964		1,883,006
Current assets					
Debtors	17	**989,036**		979,256	
Investments	18	**989,086**		952,220	
Cash at bank		**134,810**		182,765	
		2,112,932		2,114,241	
Creditors: amounts falling due within one year	19	**(567,566)**		(304,640)	
Net current assets			**1,545,366**		1,809,601
Total assets less current liabilities			**3,630,330**		3,692,607
Provisions for liabilities					
Deferred tax	20	**(31,310)**		(35,854)	
Other provisions	21	**(1,231,857)**		(1,226,818)	
			(1,263,167)		(1,262,672)
Net assets			**2,367,163**		2,429,935
Capital and reserves					
Called up share capital	22		**1,558**		1,558
Share premium account	23		**18,692**		18,692
Revaluation reserve	23		**250,000**		300,000
Other reserves	23		**355,186**		355,186
Profit and loss account	23		**1,741,727**		1,754,499
Shareholders' funds	24		**2,367,163**		2,429,935

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23 September 2013

D M Holman
Director

The notes on pages 13 to 36 form part of these financial statements

David Holman Holdings Limited
Registered number: 01392226

Company balance sheet
As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	16	**625,748**	625,748
Current assets			
Debtors	17	**702,001**	702,001
Net assets		**1,327,749**	1,327,749
Capital and Reserves			
Called up share capital	22	**1,558**	1,558
Share premium account	23	**18,692**	18,692
Other reserves	23	**355,186**	355,186
Profit and loss account	23	**952,313**	952,313
Shareholders' funds	24	**1,327,749**	1,327,749

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23 September 2013

D M Holman
Director

The notes on pages 13 to 36 form part of these financial statements

David Holman Holdings Limited

Consolidated cash flow statement
For the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	18 month Period ended 31 December 2011 £
Net cash flow from operating activities	26	**202,808**	116,370
Returns on investments and servicing of finance	27	**14,824**	60,953
Taxation		**(1,541)**	(16,795)
Capital expenditure and financial investment	27	**(256,327)**	80,704
Acquisitions and disposals	27	**-**	(538,413)
Cash outflow before management of liquid resources		**(40,236)**	(297,181)
Management of liquid resources	27	**(7,719)**	242,013
Decrease in cash in the year		**(47,955)**	(55,168)

Reconciliation of net cash flow to movement in net funds
for the year ended 31 December 2012

	Year ended 31 December 2012 £	18 month Period ended 31 December 2011 £
Decrease in cash in the year	**(47,955)**	(55,168)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	**7,719**	(242,013)
Change in net debt resulting from cash flows	**(40,236)**	(297,181)
Other non-cash changes	**29,147**	88,220
Movement in net debt in the year	**(11,089)**	(208,961)
Net funds at 1 January 2012	**1,134,985**	1,343,946
Net funds at 31 December 2012	**1,123,896**	1,134,985

The notes on pages 13 to 36 form part of these financial statements

David Holman Holdings Limited

Notes to the financial statements
For the year ended 31 December 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and those listed investments considered to be fixed assets and in accordance with applicable accounting standards

Nameco (No 523) Limited, a subsidiary of David Holman Holdings Limited, participates in insurance business as an underwriting member of various syndicates at Lloyd's

In respect of the group's insurance activity the financial statements have been prepared in accordance with Section 396(3) of the Companies Act 2006, Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006, except that exchange difference arising on syndicate assets and liabilities are dealt with in the technical account as all if these differences arise from technical account transactions

Accounting information in respect of the syndicate participation has been provided by the Syndicate's managing agent and has been reported upon by the syndicate auditors

1 2 Basis of consolidation

The financial statements consolidate the accounts of David Holman Holdings Limited and all of its subsidiary undertakings ('subsidiaries')

1 3 Going concern

A subsidiary of the group participates as an underwriting member of Lloyd's Its underwriting is supported by Funds at Lloyd's either made available by the group directly or by its members

The director is of the opinion that the group has adequate resources to continue in its underwriting and other operational obligations for the foreseeable future Accordingly, the director continues to adopt the going concern basis in preparing the financial statements

1.4 Basis of accounting for insurance business

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 group participates

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' Managing Agents The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors

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

1 Accounting policies (continued)

General Business

Premiums

Premiums written comprise the total premiums receivable in respect of business incepted during the period, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the group participates, less an allowance for cancellations All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them

Unearned Premiums

Written premium is earned according to the risk profile of the policy Unearned premiums represent the proportion of premiums written in the period that relate to unexpired terms of policies in force at the Balance Sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk The specific basis adopted by each syndicate is determined by the relevant Managing Agent

Deferred Acquisition Costs

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

Reinsurance Premiums

Reinsurance premium costs are allocated by the Managing Agent of each syndicate to reflect the protection arranged in respect of the business written and earned

Claims Incurred and Reinsurers' Share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the period and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years Where applicable, deductions are made for salvage and other recoveries

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR) The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in house reserving team and reviewed by external consulting actuaries These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions The provision for claims also includes amounts in respect of internal and external claims handling costs For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions

1. Accounting policies (continued)

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

Accordingly, the two most critical assumptions made by each syndicates' Managing Agent as regards 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 including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of syndicate's Managing Agent 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 the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities The methods used, and estimates made, are reviewed regularly

Unexpired Risks Provision

Provisions for unexpired risks are made where the costs of the outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the Balance Sheet date The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return The provision is made on a syndicate by syndicate basis by the relevant Managing Agent

Closed Years of Account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account The amount of the reinsurance to close premium payable is determined by the Managing Agent, generally by estimating the cost of the claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs

Any subsequent variation in the ultimate liabilities of the closed year account is borne by the underwriting year into which it is reinsured

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims

1 Accounting policies (continued)

The Director considers that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account The group has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account

Run-off Years of Accounts

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year The provision is determined initially by the Managing Agent on a similar basis to the reinsurance to close However, any subsequent variation in the ultimate liabilities for that year remains with the Corporate Member participating therein As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close

Net Operating Expenses (including Acquisition Costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the group participates

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date

Distribution of Profits and Collection Losses

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

Investments

Investments are stated at current value, including accrued interest at the Balance Sheet date

Investment Return

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

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

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

1. Accounting policies (continued)

Basis of Currency Translation

Syndicates maintain separate funds in Sterling, United States dollars, Canadian dollars and Euros

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

Assets and liabilities are translated into sterling at the rates of exchange at the Balance Sheet date

Differences arising on translation of foreign currency amounts in syndicates are included in the technical account

Debtors/Creditors Arising from Insurance/Reinsurance Operations

The amounts shown in the Balance Sheet include the totals of all the syndicates' outstanding debit and credit transactions as processed by the Lloyd's central facility, no account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate

1 5 Turnover

The group's revenue is derived from its investing, rental and underwriting activities

Revenue is recognised to the extent that the group obtains the right to its receipt Revenue is measured at the fair value of the consideration received excluding VAT The following criteria must also be met before revenue is recognised

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established UK dividend income is shown without any associated tax credit

- Profits on sale of investments are recognised when a sale is made under a contract Where any unrealised gain or loss has been recognised in a previous year's accounts, such gain or loss will be dealt with by a reserve transfer

- Rental income arising from investment properties is accounted for on a straight-line basis over the lease term

- Profit on sale of investments is recognised when a sale is made under contract

Underwriting activities can be found within the General Business heading above

Notes to the financial statements
For the year ended 31 December 2012

1. Accounting policies (continued)

1 6 Intangible fixed assets and amortisation

Costs incurred by the Group in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a 5 year period beginning in the year following the purchase of the syndicate participation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities It is amortised to the profit and loss account over its estimated economic life

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	15% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

1.8 Fixed asset investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment

(ii) Other investments

Investments held as fixed assets are shown at cost less provision for impairment

See note 1 4 for the accounting policy for investments held within Nameco (No 523) Limited

1.9 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company and the group

Should the open market value of investment properties fall below original cost the deficit is recognised in the statement of total recognised gains and losses except to the extent that the decline in value is expected to be permanent, in which case it is recognised in the profit and loss account

1. Accounting policies (continued)

1 10 Current asset investments

Investments are stated at the lower of cost or recoverable value at the balance sheet date Provision for recoverable value is made where the provision is expected to be permanent

Income and capital gains realised on the investments are credited to the profit and loss account

1.11 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.12 Taxation

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

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

1.13 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.14 Pensions

The group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge represents contributions payable by the group to the fund

David Holman Holdings Limited

Notes to the Financial Statements
for the year ended 31 December 2012

2 Class of Business

	Gross written premiums	Gross premiums earned	Gross premiums incurred	Net operating expenses	Reinsurance balance	Total
	£	£	£	£	£	£
2012						
Direct Insurance						
Accident and health	**30,004**	**27,879**	**(12,549)**	**(12,078)**	**(789)**	**2,463**
Motor - third party liability	**1,768**	**2,273**	**(579)**	**(854)**	**(56)**	**784**
Motor - other classes	**58,206**	**58,638**	**(45,729)**	**(21,150)**	**3,211**	**(5,030)**
Marine, aviation and transport	**96,705**	**95,300**	**(33,176)**	**(31,868)**	**(4,900)**	**25,356**
Fire and other damage to proper	**180,064**	**175,619**	**(98,105)**	**(59,833)**	**(19,508)**	**(1,827)**
Third party liability	**127,949**	**124,794**	**(63,140)**	**(43,393)**	**(7,591)**	**10,670**
Credit and suretyship	**14,356**	**13,988**	**(3,974)**	**(4,541)**	**(2,589)**	**2,884**
Legal expenses	**2,307**	**2,005**	**(917)**	**(1,020)**	**11**	**79**
Assistance	**-**	**-**	**-**	**-**	**-**	**-**
Miscellaneous	**2,708**	**2,639**	**(948)**	**(1,580)**	**(5)**	**106**
Total direct	**514,067**	**503,135**	**(259,117)**	**(176,317)**	**(32,216)**	**35,485**
Reinsurance	**272,020**	**240,635**	**(121,734)**	**(57,324)**	**(116,977)**	**(55,400)**
Total	**786,087**	**743,770**	**(350,851)**	**(233,641)**	**(149,193)**	**(19,915)**
2011						
Direct Insurance						
Accident and health	25,982	24,875	(13,141)	(9,916)	(922)	896
Motor - third party liability	3,110	3,376	(1,910)	(1,120)	(42)	304
Motor - other classes	60,836	63,059	(52,198)	(21,947)	6,446	(4,640)
Marine, aviation and transport	97,441	96,677	(40,989)	(29,366)	(4,248)	22,074
Fire and other damage to proper	170,313	172,580	(103,470)	(55,100)	(17,058)	(3,048)
Third party liability	119,156	116,335	(55,062)	(38,387)	(8,834)	14,052
Credit and suretyship	15,103	14,483	(8,801)	(3,588)	(951)	1,143
Legal expenses	1,812	1,463	(474)	(922)	(46)	21
Assistance	-	-	-	-	-	-
Miscellaneous	2,459	2,533	(1,160)	(1,689)	(36)	(352)
Total direct	496,212	495,381	(277,205)	(162,035)	(25,691)	30,450
Reinsurance	204,063	213,719	(238,119)	(39,639)	(7,340)	(71,379)
Total	700,275	709,100	(515,324)	(201,674)	(33,031)	(40,929)

3 Geographical analysis

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Direct gross premium written in		
United Kingdom	**425,940**	407,511
Other EU Member States	**6,341**	6,382
Rest of the World	**81,786**	82,319
	514,067	496,212
Geographical analysis of turnover		
United Kingdom	**94,463**	149,868

4 Net Operating Expenses

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Acquisition costs	**170,954**	143,943
Change in deferred acquisition costs	**(13,458)**	1,850
Administrative expenses	**68,366**	56,719
Loss/(Profit) on exchange	**7,779**	(838)
	233,641	201,674

Notes to the financial statements
For the year ended 31 December 2012

5. Operating loss

The operating loss is stated after charging/(crediting)

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Amortisation - intangible fixed assets	**17,357**	13,813
Depreciation of tangible fixed assets		
- owned by the group	**82**	1,282
Operating lease rentals		
- other operating leases	**6,063**	8,813
Difference on foreign exchange	**706**	99

6 Auditors' remuneration

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**2,575**	2,250
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company	**2,575**	2,250
Taxation compliance services	**7,080**	6,270
All other non-audit services not included above	**17,744**	5,303

7. Investment Income

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Income from investments	**32,666**	75,388
Allocated investment return transferred to the general business technical account	**(23,221)**	(15,696)
Other income	**45**	39
	9,490	59,731

8 Investments gains and losses

	2012	2011
	£	£
Realised gains	34,139	108,859
Realised losses	(4,601)	(7,173)
Unrealised gains	19,062	19,504
Unrealised losses	(6,383)	(22,050)
	42,217	99,140

9 Staff costs

Staff costs, including director's remuneration, were as follows

	Year ended 31 December 2012	18 month period ended 31 December 2011
	£	£
Wages and salaries	67,102	91,450
Social security costs	4,807	6,136
Other pension costs	3,000	4,500
	74,909	102,086

The average monthly number of employees, including the director, during the year was as follows

	Year ended 31 December 2012	18 month period ended 31 December 2011
	No.	No
	3	2

10. Director's remuneration

	Year ended 31 December 2012	18 month period ended 31 December 2011
	£	£
Remuneration	12,500	18,750

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

Notes to the financial statements
For the year ended 31 December 2012

11. Interest payable

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
On other loans	152	6,213
Investment manager expenses and interest	1,764	1,555
	1,916	7,768

12. Taxation

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Analysis of tax (credit)/charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year/period	-	6,988
Adjustments in respect of prior periods	(6,988)	2,966
	(6,988)	9,954
Foreign tax on income for the year/period	1,541	2,584
Total current tax	(5,447)	12,538
Deferred tax		
Origination and reversal of timing differences	(4,544)	(15,477)
Change in tax rate	-	2,171
Total deferred tax (see note 20)	(4,544)	(13,306)
Tax on (loss)/profit on ordinary activities	(9,991)	(768)

Notes to the financial statements
For the year ended 31 December 2012

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20 5%) The differences are explained below

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
(Loss)/profit on ordinary activities before tax	**(22,763)**	50,873
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20 5%)	**(4,553)**	10,429
Effects of.		
Non-tax deductible amortisation of goodwill and impairment	**2,618**	2,703
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**56**	-
Capital allowances for year/period in excess of depreciation	**(1,250)**	(2,475)
Utilisation of tax losses	**(5,830)**	(28,684)
Adjustments to tax charge in respect of prior periods	**(6,988)**	2,964
Other timing differences leading to an increase (decrease) in taxation	**(10,489)**	(1,944)
Non-taxable income	**(1,060)**	(9,324)
Underwriting results	**11,472**	11,352
Foreign tax	**1,541**	2,584
Unrelieved tax losses carried forward	**9,036**	24,933
Current tax (credit)/charge for the year/period (see note above)	**(5,447)**	12,538

Factors that may affect future tax charges

The group has unutilised tax losses of approximately £1,500,000 (2011 £1,500,000) being carried forward against future income

13. Intangible fixed assets

Group	Purchased syndicate capacity £	Goodwill £	Total £
Cost			
At 1 January 2012	10,912	261,756	272,668
Additions	284,783	-	284,783
At 31 December 2012	295,695	261,756	557,451
Amortisation			
At 1 January 2012	526	13,088	13,614
Charge for the year	4,269	13,088	17,357
At 31 December 2012	4,795	26,176	30,971
Net book value			
At 31 December 2012	290,900	235,580	526,480
At 31 December 2011	10,386	248,668	259,054

Amortisation of goodwill is calculated so as to write off the cost of an asset less its residual value over the useful economic life of that asset as follows

Goodwill 5%

The director regularly carries out impairment reviews of goodwill

14 Tangible fixed assets

Group	Fixtures & fittings £
Cost or valuation	
At 1 January 2012 and 31 December 2012	60,344
Depreciation	
At 1 January 2012	60,262
Charge for the year	82
At 31 December 2012	60,344
Net book value	
At 31 December 2012	-
At 31 December 2011	82

Notes to the financial statements
For the year ended 31 December 2012

15. Investment property

Group	Freehold investment property £
Valuation	
At 1 January 2012	**800,000**
Surplus/(deficit) on revaluation	**(50,000)**
At 31 December 2012	**750,000**
Comprising	
Cost	**500,000**
Annual revaluation surplus/(deficit)	
2010	**500,000**
2011	**(200,000)**
2012	**(50,000)**
At 31 December 2012	**750,000**

The 2012 valuations were made by D M Holman, a director of the company, on an open market value for existing use basis

16 Fixed asset investments

Other Financial Investments - Syndicate

	2012 Market Value £	2012 Cost £	2011 Market value £	2011 Cost £
Shares and other variable yield securities and units on unit trusts	**88,857**	**88,239**	94,821	93,894
Debit securities and other fixed income securities	**650,352**	**637,921**	676,474	678,829
Participation in investment pools	**41,274**	**52,438**	39,209	38,666
Loans secured by mortgages	**4,950**	**4,898**	5,719	5,756
Other loans	**4,704**	**4,703**	5,444	5,409
Deposits with credit institutions	**892**	**892**	1,818	1,819
Other loans	**17,141**	**16,477**	23	254
	808,170	**805,568**	823,508	824,627
Deposits with ceding undertakings	**314**		362	
	808,484		823,870	
Listed investments included within the above	**780,483**	**778,598**	810,504	311,389

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 Jan 2011 and 31 December 2012	**625,748**
Net book value	
At 31 December 2012	**625,748**
At 31 December 2011	625,748

Notes to the financial statements
For the year ended 31 December 2012

17. Debtors

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Due after more than one year				
Amounts owed by group undertakings	-	-	**702,001**	702,001
Due within one year				
Trade debtors	**194,480**	196,517	-	-
Corporate funds at Lloyds	**305,441**	300,590	-	-
Other assets	**77,111**	88,574	-	-
Arising out of reinsurance operations	**210,763**	192,513	-	-
Other debtors	**102,413**	115,394	-	-
Prepayments and accrued income	**98,828**	85,668	-	-
	989,036	979,256	**702,001**	702,001

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support Nameco (No 523) Limited's underwriting activities as described in the Accounting Policies Nameco (No 523) Limited has entered into a Lloyd's Deposit Trust Deed which gives the Corporation the right to apply these monies in settlement of any claims arising from the participation on the syndicates These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstance where the amounts are either replaced by an equivalent asset, or after the expiration of Nameco (No 523) Limited's liabilities in respect of its underwriting Nameco (No 523) Limited's underwriting is supported by assets made available to it by the shareholder of Nameco (No 523) Limited

18 Current asset investments

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Listed investments	**989,086**	952,220	-	-

Group listed investments

The market value of the listed investments at 31 December 2012 was £1,144,918 (2011 - £1,106,722)

Company listed investments

The market value of the listed investments at 31 December 2012 was £NIL (2011 - £NIL)

19 Creditors

Amounts falling due within one year

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade creditors arising out of insurance operations	**130,889**	128,544	-	-
Corporation tax	-	6,988	-	-
Other creditors	**399,239**	118,454	-	-
Accruals and deferred income	**37,438**	50,654	-	-
	567,566	304,640	-	-

Included within other creditors is £108,263 relating to the group's syndicate participation (2011 £96,440)

20 Deferred taxation

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
At beginning of year/period	**35,854**	-	-	-
(Released during)/charge for the year (P&L)	**(4,544)**	35,854	-	-
At end of year/period	**31,310**	35,854	-	-

The provision for deferred taxation is made up as follows

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Underwriting results	**31,310**	35,854	-	-

Notes to the financial statements
For the year ended 31 December 2012

21 Provisions

Group	Provision for unearned premiums £	Claims outstanding - gross amount £	Provision for unearned premiums £	Claims outstanding £	Total £
At 1 January 2012	287,953	1,241,293	(38,566)	(263,862)	1,226,818
Additions	-	-	(2,749)	-	(2,749)
Amounts used	-	(47,155)	-	20,417	(26,738)
Amounts reversed	34,526	-	-	-	34,526
At 31 December 2012	322,479	1,194,138	(41,315)	(243,445)	1,231,857

Positive provisions relate to the reinsurer's share of technical provisions

The Company has no provisions

22. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1,558 Ordinary shares of £1 each	1,558	1,558

23. Reserves

Group	Share premium account £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2012	18,692	300,000	355,186	1,754,499
Loss for the financial year				(12,772)
(Deficit) on revaluation of freehold property		(50,000)		
At 31 December 2012	18,692	250,000	355,186	1,741,727

Company	Share premium account £	Other reserves £	Profit and loss account £
At 1 January 2012 and 31 December 2012	18,692	355,186	952,313

Notes to the financial statements
For the year ended 31 December 2012

24 Reconciliation of movement in shareholders' funds

Group	2012 £	2011 £
Opening shareholders' funds	**2,429,935**	2,578,294
(Loss)/profit for the financial year/period	**(12,772)**	51,641
Other recognised gains and losses during the year/period	**(50,000)**	(200,000)
Closing shareholders' funds	**2,367,163**	2,429,935

Company	2012 £	2011 £
Shareholders' funds at 1 January 2012 and 31 December 2012	**1,327,749**	1,327,749

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year/period dealt with in the accounts of the company was £NIL (2011 - £NIL)

25 Syndicate Participation

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the Company participates as an underwriting member are as follows

Syndicate or MAPA Number	Managing Agent	2012 Allocated Capacity £	2011 Allocated Capacity £	2010 Allocated Capacity £	2009 Allocated Capacity £
218	Equity Syndicate Management Limited	23,988	26,654	26,654	24,795
510	R J Kiln & Co Limited	59,482	54,339	54,339	37,210
557	R J Kiln & Co Limited	11,460	11,460	22,838	22,838
807	R J Kiln & Co Limited	-	-	-	-
1176	Chaucer Syndicates Limited	10,086	25,086	25,086	25,086
1200	Argo Managing Agency Limited	-	-	-	-
6103	Managing Agency Partners Limited	10,000	10,000	20,000	18,770
6104	Hiscox Syndicates Limited	10,000	10,000	20,000	18,591
6106	Amlin Underwriting	10,000	15,494	15,494	15,494
6107	Beazley Furlonge Limited	5,000	10,000	15,000	-
6110	Pembroke Managing Agency Limited	20,274	-	-	-
6111	Catlin Underwriting Agencies Limited	16,902	-	-	-
7200	Members' Agents Pooling Arrangement	70,885	68,924	71,259	56,463
7201	Members' Agents Pooling Arrangement	366,010	360,191	371,151	298,615
7202	Members' Agents Pooling Arrangement	128,799	126,352	133,002	108,280
7203	Members' Agents Pooling Arrangement	63,319	62,393	64,472	51,915
7212	Members' Agents Pooling Arrangement	29,290	-	-	-

26 Net cash flow from operating activities

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Operating loss	(79,805)	(109,221)
Amortisation of intangible fixed assets	17,357	13,813
Depreciation of tangible fixed assets	82	1,282
(Increase)/decrease in debtors	(9,781)	148,655
Increase in creditors	269,916	15,028
Increase in provisions	5,039	46,813
Net cash inflow from operating activities	202,808	116,370

27 Analysis of cash flows for headings netted in cash flow statement

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Returns on investments and service of finance		
Interest received	7,250	8,991
Interest paid	(1,916)	(7,768)
Income from investments	(23,176)	(15,657)
Dividends received	32,666	75,387
Net cash inflow from returns on investments and servicing of finance	14,824	60,953

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(284,783)	(11,111)
Net sale proceeds from disposal of fixed asset investments	28,456	91,815
Net cash (outflow)/inflow from capital expenditure	(256,327)	80,704

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(640,015)
Net cash acquired with subsidiary	-	101,602
Net cash outflow from acquisitions and disposals	-	(538,413)

27 Analysis of cash flows for headings netted in cash flow statement (continued)

	Year ended 31 December 2012 £	18 month period ended 31 December 2011 £
Management of liquid resources		
Net purchase of short term listed investments	(7,719)	242,013
Net cash (outflow)/inflow from management of liquid resources	(7,719)	242,013

28 Analysis of changes in net funds

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	182,765	(47,955)	-	134,810
Liquid resources				
Current asset investments	952,220	7,719	29,147	989,086
Net funds	1,134,985	(40,236)	29,147	1,123,896

Notes to the financial statements
For the year ended 31 December 2012

29 Pension commitments

The group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge represents contributions payable by the group to the fund

30. Related party transactions

During the year Nameco (No 523) Limited, a subsidiary undertaking of the group, acquired syndicate capacity from the group's controlling party Mr M J Holman totalling £284,129 At 31 December 2012 this amount was unpaid and is included within other creditors as an amount owed to Mr M J Holman

During the prior period the group was lent monies by John Holman Properties Limited, a company controlled by D M Holman, a director of the group The maximum balance outstanding during the year was £10,000 (2011 £10,000) and the balance outstanding at the year end was £Nil (2011 £10,000) The loan is interest free and is repayable on demand

During the year the group lent monies to John Holman & Sons Limited, a company connected by close family ties John Holman & Sons Limited was also recharged costs incurred amounting to £14,602 during the year (2011 £26,867) The maximum balance outstanding during the year was £4,026 (2011 £Nil) and the balance outstanding at the year end was £4,026 (2011 £Nil) The loan is interest free and is repayable on demand

During the year Nomina plc, a director of Nameco (No 523) Limited, provided administration services to the group Nomina plc charged a management fee of £2,750 (2011 £2,750) to cover some of the costs of basic administration of the group

The group has taken advantage of the exemption from disclosing related party transactions within the group provided by FRS8, as all subsidiaries are wholly owned by the parent company

31 Controlling party

The group's ultimate controlling party is Mr M J Holman by virtue of his 100% shareholding in the company

32 Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
David Holman & Co Limited	England	100%	Property ownership and investment
Holman Managed Syndicates Limited	England	100%	Non-active underwriting agent
Nameco (No 523) Limited	England	100%	Lloyd's corporate capital member