Registered Number 3641073

WIESCO LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

Directors	C H Wiese APCL Corporate Director No. 1 Limited APCL Corporate Director No. 2 Limited
Company Secretary	Argenta Secretariat Limited
Registered Office	Fountain House 130 Fenchurch Street London EC3M 5DJ
Bankers	Butterfield Private Bank 99 Gresham Street London EC2V 7NG
Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Registered Number	3641073

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 December 2015.

Results and Dividends

The results for the year are set out on pages 7 and 8 of the Financial Statements. No dividends were declared and paid in the year. The Directors do not recommend the payment of a final dividend.

Directors

The Directors of the Company in office during the year were as follows:

C H Wiese
APCL Corporate Director No. 1 Limited
APCL Corporate Director No. 2 Limited

Disclosure of Information to the Auditor

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

(a) So far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and

(b) They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

By Order of the Board

FOR AND ON BEHALF OF APCL CORPORATE DIRECTOR NO.1 LIMITED

Date: 30/09/2016

The Directors have pleasure in presenting the Strategic Report together with the Financial Statements for the year ended 31 December 2015.

Review of the Business

The principal activity of the Company in the period under review was that of a corporate underwriting member of Lloyd's.

The Financial Statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2013, 2014 and 2015 years of account.

The annual accounting technical result for the year is a profit of £664,973 (2014 – profit of £801,123).

The lack of any major catastrophe losses has seen the company record a strong annual accounting result.

The 2013 year closed at 31 December 2014 with a profit, net of any calendar year run-off movements of £1,012,407 (2012 profit – £823,832). The 2014 and 2015 open underwriting account will normally close at 31 December 2016 and 2017.

Future Developments

The Company continues to write insurance business in the Lloyd's insurance market as a corporate underwriting member of Lloyd's. The capacity being underwritten on the 2016 year of account is £9,287,639 an increase of £932,847 (11%) compared to the 2015 year of account.

Key Performance Indicators

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

	2015	2014	Change
Capacity (youngest underwriting year)	8,354,792	8,579,654	(2.6)%
Profit / (Loss) after tax	466,686	446,165	4.6%
Underwriting profit of latest closed pure year	1,012,407	823,832	22.9%
as a % of capacity	13.3%	11.7%	13.6%

Other Performance Indicators

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

Risk Management

As a corporate member of Lloyd's the majority of the risks to this company's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed in the Notes to the financial statements, these risks are mostly managed by the Managing Agent of the syndicate. This company's role in managing this risk in conjunction with its Members' Agent is limited to selection of syndicate participations and monitoring performance of the syndicates. The Company seeks to achieve a balance of risk and reward in the portfolio of syndicates it chooses to support.

By Order of the Board

FOR AND ON BEHALF OF APCL CORPORATE DIRECTOR NO.1 LIMITED

Date: 30/09/2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors, the Strategic Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not appove the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Shareholders of Wiesco Limited

We have audited the Financial Statements of Wiesco Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the Accounting Policies and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express and 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 Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Report of the Directors and the Strategic Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors' and Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

N A Coulson

Neil Coulson (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
Date: 30 September 2016

1 Westferry Circus
Canary Wharf
London E14 4HD

TECHNICAL ACCOUNT - GENERAL BUSINESS

	Note	2015	2014
Gross Premiums Written	3	7,124,994	6,776,757
Outward reinsurance premiums		(1,216,627)	(1,098,692)
Net Premiums Written		5,908,367	5,678,065
Change in the provision for unearned premiums			
Gross provision	5	(203,608)	(218,953)
Reinsurers' share	5	35,433	17,170
Earned Premiums, Net of Reinsurance		5,740,192	5,476,282
Allocated Investment Return Transferred from the Non-Technical Account		73,951	143,082
Claims Paid			
Gross amount		(3,132,443)	(2,984,832)
Reinsurers' share		389,244	482,634
Net claims paid		(2,743,199)	(2,502,198)
Change in Provision for Claims			
Gross amount	5	112,302	126,825
Reinsurers' share	5	7,455	(95,428)
Net change in provision for claims		119,757	31,397
Claims Incurred, Net of Reinsurance		(2,623,442)	(2,470,801)
Net operating expenses	6	(2,525,728)	(2,347,440)
Balance on Technical Account for General Business		£664,973	£801,123

All the amounts above relate to continuing operations.

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

NON TECHNICAL ACCOUNT

	Note	2015	2014
Balance on the General Business Technical Account		664,973	801,123
Investment income	7	323,673	300,616
Unrealised gains on investments	7	335,975	212,010
Investment expenses and charges	7	(119,561)	(73,614)
Unrealised losses on investments	7	(92,503)	(65,811)
Allocated investment return transferred to the general business technical account		(73,951)	(143,082)
Other income		-	-
Profit/(Loss) on exchange - syndicates		51,730	80,129
Other charges		(503,655)	(503,894)
Profit/(Loss) on Ordinary Activities before Taxation	8	586,681	607,477
Tax on profit/(loss) on ordinary activities	9	(120,015)	(161,312)
Profit/(Loss) on Ordinary Activities after Taxation	15	£466,666	£446,165

All operations are continuing.

The Company had no recognised gains and losses in the year other than the profit above.

STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
Profit/(Loss) for the financial year	466,666	446,165
Other Comprehensive income:		
Currency translation differences	-	-
	£466,666	£446,165

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

	Note	2015 Syndicate Participation	2015 Corporate	2015 Total	2014 Syndicate Participation	2014 Corporate	2014 Total
ASSETS							
Intangible Assets							
Syndicate participation rights	10	-	157,866	157,866	-	2,032	2,032
Investments							
Financial investments	11	9,219,627	3,057,936	12,277,563	9,226,220	2,603,956	11,830,176
Deposits with ceding undertakings		1,758	-	1,758	2,800	-	2,800
		9,221,385	3,057,936	12,279,321	9,229,020	2,603,956	11,832,976
Reinsurers' Share of Technical Provisions							
Provision for unearned premiums	5	444,575	-	444,575	365,284	-	365,284
Claims outstanding	5	1,665,918	-	1,665,918	1,625,391	-	1,625,391
		2,110,493	-	2,110,493	1,990,675	-	1,990,675
Debtors							
Arising out of direct insurance operations							
Policyholders		157	-	157	6,920	-	6,920
Intermediaries		1,632,101	-	1,632,101	1,413,138	-	1,413,138
Arising out of reinsurance operations		1,696,968	-	1,696,968	1,450,171	-	1,450,171
Other debtors	12	774,019	3,857	777,876	527,304	265,336	792,640
	12	4,103,245	3,857	4,107,102	3,397,533	265,336	3,662,869
Other Assets							
Cash at bank and in hand	13	474,008	1,353,353	1,827,361	507,710	830,672	1,338,382
Other		356,293	-	356,293	401,948	-	401,948
		830,301	1,353,353	2,183,654	909,658	830,672	1,740,330
Prepayments and Accrued Income							
Accrued interest		22,713	-	22,713	20,929	-	20,929
Deferred acquisition costs	5	863,059	-	863,059	769,098	-	769,098
Other prepayments and accrued income		42,080	13,709	55,789	36,121	-	36,121
		927,852	13,709	941,561	826,148	-	826,148
Total Assets		£17,193,276	£4,586,721	£21,779,997	£16,353,034	3,701,996	£20,055,030

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

		2015			2014		
	Note	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
LIABILITIES AND SHAREHOLDERS' FUNDS							
Capital and Reserves							
Called-up share capital	14	-	500	500	-	500	500
Share Premium Account		-	-	-	-	-	-
Profit and Loss Account	15	1,051,407	3,536,628	4,588,035	1,158,160	2,963,209	4,121,369
Total Shareholders' Funds	16	1,051,407	3,537,128	4,588,535	1,158,160	2,963,709	4,121,869
Technical Provisions							
Provision for unearned premiums	5	3,384,657	-	3,384,657	3,076,759	-	3,076,759
Claims outstanding - gross amount	5	10,452,315	-	10,452,315	10,108,757	-	10,108,757
		13,836,972	-	13,836,972	13,185,516	-	13,185,516
Provisions for Other Risks							
Deferred Taxation	17	-	747,605	747,605	-	656,392	656,392
Deposits Received from Reinsurers		981	-	981	1,644	-	1,644
Creditors							
Arising out of direct insurance operations		189,527	-	189,527	210,238	-	210,238
Arising out of reinsurance operations		920,618	-	920,618	863,218	-	863,218
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors	18	1,061,759	239,595	1,301,354	820,703	42,169	862,872
		2,171,904	239,595	2,411,499	1,894,159	42,169	1,936,328
Accruals and Deferred Income		132,012	62,393	194,405	113,555	39,726	153,281
Total Liabilities		£17,193,276	£4,586,721	£21,779,997	£16,353,034	£3,701,996	20,055,030

Approved by the Board on 30/09/2016.

FOR AND ON BEHALF OF APCL CORPORATE DIRECTOR NO. 1 LIMITED

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

	Share capital	Share premium account	Profit and Loss account	Total
At 1 January 2014	500	-	3,675,204	3,675,704
Profit/(loss) for the financial year			446,165	446,165
Other comprehensive income			-	-
Dividends paid			-	-
Proceeds from issues of shares			-	-
At 31 December 2014	£500	£-	£4,121,369	£4,121,869
At 1 January 2015	500	-	4,121,369	4,121,869
Profit/(loss) for the financial year			466,666	466,666
Other comprehensive income			-	-
Dividends paid			-	-
Proceeds from issues of shares			-	-
At 31 December 2015	£500	£-	£4,588,035	£4,588,535

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

	Note	2015	2015	2014	2014
Net Cash from Operating Activities	19		325,861		116,146
Corporation Tax received / (paid)		(28,369)		(26,736)	
Overseas Taxation paid		(5,652)		(7,704)	
Taxation paid			(34,021)		(34,440)
Net cash generated from operating activities			291,840		81,706
Cash flow from investing activities					
Purchase of syndicate participations rights		(156,793)		(345)	
Proceeds from sale of syndicate participations rights		-		-	
Purchase of financial assets		(80,799)		(21,632)	
Interest received		452		679	
Interest paid on related party loan		-		(1,538)	
Net Cash Inflow/(Outflow) from Investing Activities			(237,140)		(22,836)
			54,700		58,870
Financing					
Equity Dividends Paid		-		-	
Funds lent by the Company to the Shareholders to meet expenses and cash calls		467,981		467,059	
Net Cash (Outflow) from Financing			467,981		467,059
Net *Cash inflow/(outflow) in the year*			£522,681		£525,929
Decrease/increase in cash and cash equivalents			522,681		525,929
Cash and cash equivalents at beginning of year			830,672		304,743
Cash and cash equivalents at the end of the year			£1,353,353		£830,672

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

The Accounting Policies and Notes on pages 13 to 34 form part of these Financial Statements.

General information

The Company is a private company limited by shares that was incorporated in England and whose registered office is 130 Fenchurch Street, London, EC3M 5DJ. The Company participates in insurance business as an underwriting member of various syndicates at Lloyd's.

Accounting Policies

Basis of Preparation

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable Accounting Standards.

The Company participates in insurance business as an underwriting member of various Syndicates at Lloyd's.

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

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, the Strategic Report includes the Company's objectives, policies and processes for managing the majority of the risk to the company's future cash flows.

The Company continues to participate on the 2014 and 2015 underwriting years of account, which will normally close at 31 December 2016 and 2017 respectively, and has continued this participation since the year end on the 2016 year of account. The 2014 and 2015 underwriting years are expected to be profitable. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the company has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Basis of Accounting

The Financial Statements are prepared under 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 the movements in the calendar year in respect of all relevant years of account of the Syndicates on which the Company participates.

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

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

General Business

i. **Premiums**

Premiums written comprise the total premiums receivable in respect of business incepted during the year, 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 Company participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

ii. **Unearned Premiums**

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year 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.

iii. **Deferred Acquisition Costs**

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

iv. **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.

v. ***Claims Incurred and Reinsurers' Share***

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year 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.

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 year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

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.

v. **Claims Incurred and Reinsurers' Share (continued)**

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 each 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 the estimates made, are reviewed regularly.

vi. **Unexpired Risks Provision**

Provisions for unexpired risks are made where the costs of 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.

vii. **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 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 of 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.

The Directors consider 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 company 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.

viii. **Run-off Years of Account**

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.

ix. **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 Company 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.

x. **Distribution of Profits and Collection of Losses**

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

xi. ***Financial assets and financial liabilities***

The syndicates investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

Debtors/creditors arising from insurance/reinsurance operations 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.

Recognition
Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

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

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

xi. **Financial assets and financial liabilities (continued)**

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

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

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

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

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicates estimate the fair value by using a valuation technique.

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

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

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

xii. **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 year, or if held at the beginning of the year 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.

xiii. **Basis of Currency Translation**

The functional and presentational currency of the Company is sterling.

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 year. 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 the translation of foreign currency amounts in syndicates are included in the technical account or non-technical account depending on the treatment by the underlying syndicates.

Taxation

The company 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.

The taxable results of the syndicates at a syndicate level are calculated by the managing agent and computations submitted to HM Revenue & Customs (HMRC). Any adjustments that may be necessary to the tax provisions established by the Company, as a result of any HMRC enquiry into these computations, will be reflected in the financial statements of subsequent periods.

Deferred Taxation

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

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

Intangible Assets

Costs incurred by the Company 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 3 year period beginning in the year after the underwriting commences in respect of the purchased Syndicate participation.

Cash and cash equivalents

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

Share capital

Ordinary share capital is classified as equity.

Distributions

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders.

1 Key accounting judgements and estimation uncertainties

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

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 5.

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

2 Risk management

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

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

The Company manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Company considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Company relies on advice provided by the members agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The Company also mitigates its insurance risks by participating across several syndicates as detailed in Note 23.

The analysis below provides details of the financial risks the Company is exposed to from syndicate insurance activities as required by FRS 103. Note 5 provides further analysis of sensitivities to reserving and underwriting risks.

Syndicate risks

i. Liquidity risk

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

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

ii. Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, which are neither past due nor impaired are as follows:

2015	AAA	AA	A	BBB or lower	Not rated	Total
Deposits with ceding undertakings	-	-	-	-	1,758	1,758
Reinsurers share of claims outstanding	52,622	624,258	925,860	16,756	46,422	1,665,918
Reinsurance debtors	16,232	1,316,514	356,844	5,510	1,867	1,696,967
Insurance debtors	51,559	611,644	907,153	16,418	45,484	1,632,258
Total	£120,413	£2,552,416	£2,189,857	£38,684	£95,531	£4,996,901

2 Risk management (continued)

Syndicate risks (continued)

ii. Credit risk (continued)

2014	AAA	AA	A	BBB or lower	Not rated	Total
Deposits with ceding undertakings	-	-	-	-	2,800	2,800
Reinsurers share of claims outstanding	51,342	609,071	903,336	16,349	45,293	1,625,391
Reinsurance debtors	13,872	1,125,048	304,947	4,708	1,596	1,450,171
Insurance debtors	44,856	532,128	789,219	14,284	39,571	1,420,058
Total	£110,070	£2,266,247	£1,997,502	£35,341	£89,260	£4,498,420

Syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, past their due date or impaired are as follows:

2015	Neither due nor impaired	Up to three months	Three months to one year	Greater than one year	Financial assets that have been impaired	Total
Deposits with ceding undertakings	1,758	-	-	-	-	1,758
Reinsurers share of claims outstanding	1,664,083	4,325	68	3	(2,562)	1,665,917
Reinsurance debtors	1,648,336	14,814	28,754	1,067	3,996	1,696,967
Insurance debtors	1,515,240	61,412	34,567	22,524	(1,486)	1,632,257
Total	£4,829,417	£80,551	£63,389	£23,594	£(52)	£4,996,899

2014	Neither due nor impaired	Up to three months	Three months to one year	Greater than one year	Financial assets that have been impaired	Total
Deposits with ceding undertakings	2,800	-	-	-	-	2,800
Reinsurers share of claims outstanding	1,623,602	4,220	66	3	(2,500)	1,625,391
Reinsurance debtors	1,408,612	12,659	24,572	912	3,415	1,450,170
Insurance debtors	1,318,253	53,428	30,073	19,596	(1,292)	1,420,058
Total	£4,353,267	£70,307	£54,711	£20,511	£(377)	£4,498,419

iii. Interest rate and equity price risk

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

2 Risk management (continued)

Syndicate risks (continued)

iv. Currency risk

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

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

2015	GBP £	USD converted	EUR converted	CAD converted	Other converted	Total
Total assets	3,314,207	12,295,571	765,291	761,031	57,171	17,193,271
Total liabilities	(4,041,188)	(10,815,646)	(678,836)	(530,289)	(75,905)	(16,141,864)
Surplus/(deficiency) of assets	£(726,981)	£1,479,925	£86,455	£230,742	£(18,734)	£1,051,407

2014	GBP £	USD converted	EUR converted	CAD converted	Other converted	Total
Total assets	3,152,242	11,694,685	727,891	723,839	54,377	16,353,034
Total liabilities	(3,804,105)	(10,181,128)	(639,011)	(499,179)	(71,452)	(15,194,875)
Surplus/(deficiency) of assets	£(651,863)	£1,513,557	£88,880	£224,660	£(17,075)	£1,158,159

The impact of a 5% change in exchange rates between GBP and other currencies would be £88,919 on the result for the year (2014: £90,501).

Company risks

i. Investment, credit, liquidity and currency risks

The significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Company to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The Company is exposed to movements in the US Dollar between the Balance Sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Company does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii. Regulatory risks

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

iii. Operational risks

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

3 Class of Business

2015	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
Direct						
Accident and health	321,313	305,470	(131,320)	(137,115)	(19,313)	17,722
Motor (third party liability)	21,960	18,044	(13,025)	(6,906)	2,492	605
Motor (other classes)	892,736	861,932	(621,745)	(264,949)	(10,682)	(35,444)
Marine, aviation and transport	826,227	824,407	(270,250)	(364,153)	(102,111)	87,893
Fire and other damage to property	1,761,554	1,722,744	(619,041)	(671,650)	(266,404)	165,649
Third party liability	1,290,388	1,160,647	(749,213)	(456,605)	(52,302)	(97,473)
Credit and suretyship	91,900	95,996	(47,599)	(24,555)	(11,437)	12,405
Legal expenses	11,520	16,533	(5,965)	(7,900)	(54)	2,614
Other	226,667	223,525	(133,591)	(85,140)	(12,054)	(7,260)
Total Direct	5,444,265	5,229,298	(2,591,749)	(2,018,973)	(471,865)	146,711
Reinsurance Business						
Reinsurance balance	1,680,729	1,692,088	(428,392)	(506,756)	(312,630)	444,310
Total Reinsurance	1,680,729	1,692,088	(428,392)	(506,756)	(312,630)	444,310
Total	£7,124,994	£6,921,386	£(3,020,141)	£(2,525,729)	£(784,495)	£591,021

2014						
Direct						
Accident and health	311,983	311,361	(123,519)	(135,569)	(15,142)	37,131
Motor (third party liability)	18,165	19,212	(5,653)	(6,716)	(949)	5,894
Motor (other classes)	867,674	668,926	(461,298)	(242,499)	3,394	(31,477)
Marine, aviation and transport	830,471	852,477	(356,857)	(312,370)	(63,598)	119,652
Fire and other damage to property	1,658,141	1,641,758	(590,464)	(586,782)	(258,754)	205,758
Third party liability	1,008,134	921,231	(596,438)	(349,526)	(2,685)	(27,418)
Credit and suretyship	105,008	105,071	(65,363)	(24,094)	(3,053)	12,561
Legal expenses	18,774	19,694	(7,045)	(10,262)	(87)	2,300
Other	214,224	208,952	(90,084)	(82,271)	(18,749)	17,848
Total Direct	5,032,574	4,748,682	(2,296,721)	(1,750,089)	(359,623)	342,249
Reinsurance Business						
Reinsurance balance	1,744,184	1,809,122	(561,285)	(517,222)	(334,691)	395,924
Total Reinsurance	1,744,184	1,809,122	(561,285)	(517,222)	(334,691)	395,924
Total	£6,776,758	£6,557,804	£(2,858,006)	£(2,267,311)	£(694,314)	£738,173

4 Geographical Analysis

	2015	2014
Direct Gross Premium Written In		
United Kingdom	5,444,265	5,032,574
Other EU Member States	-	-
Rest of the World	-	-
	£5,444,265	£5,032,574

5 Technical provisions

	Gross	Reinsurance	2015 Net	Gross	Reinsurance	2014 Net
Movement in claims outstanding						
At 1 January	10,108,757	(1,625,391)	8,483,366	10,015,359	(1,557,398)	8,457,961
Movement in technical account	(112,302)	(7,455)	(119,757)	(126,825)	95,428	(31,397)
Other movements	455,860	(33,072)	422,788	220,223	(163,421)	56,802
At 31 December	£10,452,315	£(1,665,918)	£8,786,397	£10,108,757	£(1,625,391)	£8,483,366

	Gross	Reinsurance	2015 Net	Gross	Reinsurance	2014 Net
Movement in unearned premium						
At 1 January	3,076,759	(365,284)	2,711,475	2,786,199	(341,516)	2,444,683
Movement in technical account	203,608	(35,433)	168,175	218,953	(17,170)	201,783
Other movements	104,290	(43,858)	60,432	71,607	(6,598)	65,009
At 31 December	£3,384,657	£(444,575)	£2,940,082	£3,076,759	£(365,284)	£2,711,475

Movement in deferred acquisitions costs	2015	2014
At 1 January	769,098	703,133
Movement in technical account	74,938	78,673
Other movements	19,023	(12,708)
At 31 December	£863,059	£769,098

Included within other movements are foreign exchange movements in restating the opening balances and the effect of the 2012 and prior years' technical provisions being reinsured to close into the 2013 year of account (2014: 2011 and prior years' technical provisions being reinsured to close into the 2012 year of account), to the extent where the Company's syndicate participation portfolio has changed between those two years of account.

Assumptions, changes in assumptions and sensitivity

As described in Note 2 the majority of the risks to the Company's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Company's role in managing these risks, in conjunction with the Company's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

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

5 *Technical provisions (continued)*

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

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

There have been no changes to these assumptions in 2015.

The amounts carried by the Company arising from insurance contracts are sensitive to various factors as follows:

• a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Company's pre-tax profit/loss by £0.03m (2014: £0.04m);
• a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Company's pre-tax profit/loss by £0.52m (2014: £0.51m);
• a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Company's pre-tax profit/loss by £0.44m (2014: £0.42m).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

The historical gross and net claims development is as follows:

Gross basis

Underwriting year	After 12 months	After 24 months	After 36 months	Ultimate	Cumulative payments	Total
2011 and prior (including RITC)	2,577,451	4,059,104	6,872,129	6,872,129	(3,067,369)	3,804,760
2012	2,597,521	3,785,920	3,534,846	3,534,846	(2,488,865)	1,045,981
2013	2,063,341	3,507,347	3,413,441	3,413,441	(1,929,630)	1,483,811
2014	2,206,223	3,719,131	-	3,719,131	(1,342,421)	2,376,710
2015	2,028,664	-	-	2,028,664	(287,611)	1,741,053
				£19,568,211	£(9,115,896)	£10,452,315

Net basis

Underwriting year	After 12 months	After 24 months	After 36 months	Ultimate	Cumulative payments	Total
2011 and prior (including RITC)	2,191,768	3,525,357	5,731,928	5,731,928	(2,645,840)	3,086,088
2012	2,168,941	3,300,650	3,066,953	3,066,953	(2,186,458)	880,495
2013	1,797,124	3,124,039	3,022,825	3,022,825	(1,726,911)	1,295,914
2014	1,884,168	3,284,301	-	3,284,301	(1,242,081)	2,042,220
2015	1,752,250	-	-	1,752,250	(270,570)	1,481,680
				£16,858,257	£(8,071,860)	£8,786,397

6 Net Operating Expenses

	2015	2014
Acquisition costs	1,974,393	1,827,811
Change in deferred acquisition costs	(74,938)	(78,673)
Administrative expenses	807,506	743,167
(Profit)/loss on exchange	(441)	-
Reinsurers commissions and profit participations	(180,792)	(144,865)
	£2,525,728	£2,347,440

7 Investment Income

	2015	2014
Income from investments	279,747	245,826
Realised gains on investments	43,474	54,113
Bank Deposit Interest	452	678
Investment income	323,673	300,617
Investment management expenses	13,531	15,056
Losses on the realisation of investments	106,030	58,558
Investment expenses and charges	119,561	73,614
Unrealised gains and losses - net	243,472	146,199
Total investment return	£447,584	£373,202

Analysed as follows:

	2015			2014		
	Investments at fair value through profit or loss	Investments available for sale	Total	Investments at fair value through profit or loss	Investments available for sale	Total
Realised gains or losses	(62,556)	-	(62,556)	(4,445)	-	(4,445)
Unrealised gains or losses	243,472	-	243,472	146,199	-	146,199
Other relevant income	-	-	-	-	-	-
	£180,916	£-	£180,916	£141,754	£-	£141,754
Interest and similar income, net of expenses			266,668			231,448
Total investment return			£447,584			£373,202

8 Profit/(Loss) on Ordinary Activities before Taxation

	2015	2014
This is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for:		
- audit of the financial statements	1,500	1,400
- taxation services	800	800
- other services	1,500	1,500
Directors remuneration	-	-
Amortisation of syndicate capacity	959	6,499
(Profit)/loss on sale of syndicate capacity	-	-
Exchange (gain) or loss - Non Technical Account	14,358	11,921
Interest Payable	-	1,538
Charge for Funds at Lloyd's	467,981	549,352

9 Taxation

	2015	2014
Analysis of Charge in Year		
Current tax		
UK Corporation Tax on profits of the year	46,001	44,598
Adjustments in respect of previous years	(13,800)	919
	32,201	45,517
Double taxation relief	(9,051)	-
	23,150	45,517
Foreign tax	5,652	7,704
Total current tax	28,802	53,221
Deferred tax		
Origination and reversal of timing differences	91,213	108,091
Effect of change in tax rate on opening liability or asset	-	-
Total deferred tax	91,213	108,091
Tax on profit / (loss) on ordinary activities	£120,015	£161,312

Factors Affecting Tax Charge for the Year

The tax assessed for the period is different to the standard rate of corporation tax in the UK (20.25%). The differences are explained below:

	2015	2014
Profit/(loss) on ordinary activities before tax	£586,681	£607,477
Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20.25% (2014 - 21.5%)	118,803	130,608
Effects of:		
Expenses not deductible for tax purposes	37,906	40,778
Timing differences arising on the taxation of the underwriting results	75,972	(1,165)
Other timing differences	(80,798)	(6,853)
Foreign tax	(3,399)	7,704
Adjustments in respect of previous periods	(13,800)	919
Trading losses carried forward/(utilised)	-	-
Marginal rate adjustment	-	(1,536)
Income not taxable	(14,669)	(9,143)
Current tax charge for year	£120,015	£161,312

Factors that may affect Future Tax Charges

The results of the Company's participation on the 2013, 2014 and 2015 years of account and the calendar year movement on 2012 and prior run-offs, will not be assessed to tax until the year ended 31 December 2016, 2017 and 2018 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. In addition, tax only Claims Equalisation Reserves (CER) may further affect the timing of the taxation of underwriting profits.

The above charge for foreign taxes has been estimated after making provision for double taxation relief with the UK. However due to the differences of timings and tax rates some foreign taxes may ultimately not be fully recoverable.

10 Intangible Assets

	Syndicate Participation Rights
Cost	
At 1 January 2015	304,066
Additions	156,793
Disposals	-
At 31 December 2015	460,859
Amortisation	
At 1 January 2015	302,034
Charge for the year	959
Disposals	-
At 31 December 2015	302,993
Net Book Value	
At 31 December 2015	£157,866
At 31 December 2014	£2,032

11 Investments

The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets
Level 2: prices based on recent transactions in identical assets.
Level 3: priced determined using a valuation technique.

Other Financial Investments - Syndicate

	2015		2014	
	Market Value	Cost	Market Value	Cost
Shares and other variable yield securities and units in unit trusts	1,154,681	1,126,077	1,012,235	980,513
Debt securities and other fixed income securities	7,798,105	7,864,107	7,804,943	7,820,642
Participation in investment pools	100,591	83,272	156,371	132,145
Loans secured by mortgage	785	797	17,105	17,046
Other Loans	-	-	65,739	65,734
Deposits with credit institutions	10,537	10,537	6,947	6,947
Overseas deposits	154,344	152,525	161,753	157,516
Other	584	415	1,127	712
	£9,219,627	£9,237,730	£9,226,220	£9,181,255
Listed investments included within the above	£9,053,377	£9,073,456	£8,973,549	£8,933,300

11 **Investments (continued)**

Other Financial Investments - Syndicate
2015

	Held at fair value through profit or loss Level 1	Level 2	Level 3	Total	Amortised Cost	Total
Shares and other variable yield securities and units in unit trusts	113,345	886,521	154,815	1,154,681	-	1,154,681
Debt securities and other fixed income securities	4,002,577	3,128,991	666,536	7,798,104	-	7,798,104
Participation in investment pools	11,333	21,217	68,041	100,591	-	100,591
Loans and deposits with credit institutions	123,372	23,046	19,249	165,667	-	165,667
Derivatives	-	-	-	-	-	-
Other investments	493	-	91	584	-	584
Held for sale financial assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Fair Value	£4,251,120	£4,059,775	£908,732	£9,219,627	£-	£9,219,627

Other Financial Investments - Corporate

	2015 Market Value	2015 Cost	2014 Market Value	2014 Cost
Shares and other variable yield securities and units in unit trusts	3,057,936	1,990,566	2,603,956	1,918,121
	£3,057,936	£1,990,566	£2,603,956	£1,918,121
Listed investments included within the above	£3,057,936	£1,990,566	£2,603,956	£1,918,121

Other Financial Investments - Corporate
2015

	Held at fair value through profit or loss Level 1	Level 2	Level 3	Total	Amortised Cost	Total
Shares and other variable yield securities and units in unit trusts	3,057,936	-	-	3,057,936	-	3,057,936
Debt securities and other fixed income securities	-	-	-	-	-	-
Fair Value	£3,057,936	£-	£-	£3,057,936	£-	£3,057,936

11 *Investments (continued)*

Other Financial Investments - Syndicate
2014

	Held at fair value through profit or loss Level 1	Level 2	Level 3	Total	Amortised Cost	Total
Shares and other variable yield securities and units in unit trusts	99,363	777,156	135,716	1,012,236	-	1,012,236
Debt securities and other fixed income securities	4,006,087	3,131,735	667,121	7,804,943	-	7,804,943
Participation in investment pools	17,618	32,982	105,771	156,371	-	156,371
Loans and deposits with credit institutions	187,325	34,993	29,227	251,545	-	251,545
Derivatives	-	-	-	-	-	-
Other investments	-	-	1,127	1,127	-	1,127
Held for sale financial assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Fair Value	£4,310,393	£3,976,866	£938,962	£9,226,222	£-	£9,226,222

Other Financial Investments - Corporate
2014

	Held at fair value through profit or loss Level 1	Level 2	Level 3	Total	Amortised Cost	Total
Shares and other variable yield securities and units in unit trusts	2,603,956	-	-	2,603,956	-	2,603,956
Debt securities and other fixed income securities	-	-	-	-	-	-
Fair Value	£2,603,956	£-	£-	£2,603,956	£-	£2,603,956

The Corporate investments include £1,877,193 (2014 - £1,788,948) held as part of the Lloyd's deposit and subject to the restrictions referred to in Note 13.

12 Debtors

Other debtors analysis:

	2015 Syndicate Participation	2015 Corporate	2015 Total	2014 Syndicate Participation	2014 Corporate	2014 Total
Related Party Loan Account	-	-	-	-	265,336	265,336
Other	774,019	3,857	777,876	527,304	-	527,304
	£774,019	£3,857	£777,876	£527,304	£265,336	£792,640

Other debtors includes £Nil (2014 - £Nil) in respect of cash calls paid to Lloyd's syndicates.

Included in total Debtors of £4,107,102 (2014: £3,662,869) is £719,559 (2014: £741,723) due after more than 1 year.

13 Cash at Bank and in hand

	2015			2014		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Lloyd's deposit	-	52,479	52,479	-	153,102	153,102
Cash at bank and in hand	474,008	1,300,874	1,774,882	507,710	677,570	1,185,280
	£474,008	£1,353,353	£1,827,361	£507,710	£830,672	£1,338,382

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

14 Called-up Share Capital

	2015	2014
	Allotted, Called-up and Fully Paid	Allotted, Called-up and Fully Paid
500 Ordinary shares of £1 each	£500	£500

15 Profit and Loss Account

	2015		
	Syndicate Participation	Corporate	Total
Retained profit/(loss) brought forward	1,158,160	2,963,209	4,121,369
Transfer	(823,456)	823,456	-
Profit/(loss) for the financial year	716,703	(250,037)	466,666
Equity dividends paid and declared	-	-	-
Retained profit/(loss) carried forward	£1,051,407	£3,536,628	£4,588,035

16 Shareholders' Funds

	2015	2014
Opening shareholders' funds	4,121,869	3,675,704
Profit / (loss) for the financial year	466,666	446,165
Equity dividends paid and declared	-	-
Closing shareholders' funds	£4,588,535	£4,121,869

17 Provision for Deferred Tax

	2015	2014
Liability/(asset) at start of year	656,392	548,301
Deferred tax charge/(credit) in Profit and Loss Account for year	91,213	108,091
Liability/(asset) at end of year	£747,605	£656,392

Analysis of Provision for Deferred Taxation

	2015	2014
Timing differences arising from the taxation of the underwriting results	210,282	231,632
Cliams Equalisation Reserves	384,247	338,190
Other timing differences	153,076	86,570
Tax losses carried forward	-	-
	£747,605	£656,392

Deferred tax has been provided at 20% (2014: 20%)

18 Other Creditors

Other creditors analysis:

	2015			2014		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Other creditors	1,061,759	-	1,061,759	820,703	-	820,703
Corporation Tax	-	36,950	36,950	-	42,169	42,169
Related party loan account	-	202,645	202,645	-	-	-
	£1,061,759	£239,595	£1,301,354	£820,703	£42,169	£862,872

Included in total Creditors of £2,431,235 (2014: £1,936,328) is £274,525 (2014: £284,584) payable after more than 1 year.

19 Reconciliation of Operating Profit / (Loss) to Net Cash Inflow / (Outflow) from Operating Activities

	2015	2014
Operating Profit/(Loss)	586,681	607,477
Interest and dividends received - non-technical account	(93,526)	(46,999)
Realised and unrealised profits and losses on corporate investments	(280,107)	(161,488)
Interest charged - non-technical account	-	1,538
Underwriting result in year	(716,703)	(881,252)
Closed Year result distributable in year	823,456	582,023
Increase / (Decrease) in creditors	22,667	29,980
(Increase) / Decrease in debtors	(17,566)	-
(Profit) / Loss on sale of capacity	-	-
Amortisation of syndicate capacity	959	6,499
Net cash Inflow / (Outflow) from operating activities	£325,861	£137,778

20 Funds at Lloyd's

In addition to the Funds held in the Lloyd's Deposit (Note 13) the Company's Lloyd's underwriting is supported by further amounts of £1,871,923 (2014: £1,873,853). These funds are also available to Lloyd's to meet the personal underwriting liabilities of the shareholders for underwriting years commencing prior to 1 January 1999.

21 Related Party Transactions

C H Wiese is a Director of the Company. During 2015 he and Myrtledare Corp have provided funding of £Nil (2014 - £Nil) and made charges of £467,981 (2014: £467,981) for providing Funds at Lloyd's on behalf of the company. During 2015 £Nil (2014 - £922) was repaid and included within creditors at 31 December 2015 is £202,645 (2014: £(265,336)) which is due to Myrtledare Corp. This amount is shown separately in Notes 10 and 16 under Related party loan account. No interest has been charged on the amount outstanding.

As detailed in note 20 additional Funds at Lloyd's have been provided to support the company's underwriting. As part of an agreement for the continuation of this funding the company has agreed to pay a fee to Myrtledare Corp.

22 Ultimate Parent Undertaking

The ultimate parent undertaking is Myrtledare Corp a company registered in the British Virgin Islands that is owned by C H Wiese.

23 Syndicate Participation

Syndicate No.	Managing Agent	Allocated capacity per underwriting year 2016 £'000	2015 £'000	2014 £'000	2013 £'000
33	Hiscox Syndicates Limited	1,100	1,050	1,050	998
218	ERS Syndicate Management Limited	802	720	900	450
308	Tokio Marine Kiln Syndicates Limited	181	181	181	150
510	Tokio Marine Kiln Syndicates Limited	1,100	1,040	1,040	1,040
557	Tokio Marine Kiln Syndicates Limited	300	201	201	201
609	Atrium Underwriters Limited	1,233	1,233	1,233	1,233
623	Beazley Furlonge Limited	1,149	1,026	1,101	1,019
727	S A Meacock & Co Limited	650	650	650	650
1884	Charles Taylor Managing Agency Limited	600	142	-	-
1991	R&Q Managing Agency Limited	533	600	380	-
2010	Cathedral Underwriting Limited	376	306	350	350
2791	Managing Agency Partners Limited	900	770	872	990
6103	Managing Agency Partners Limited	-	-	36	50
6104	Hiscox Syndicates Limited	-	-	150	150
6105	Ark Syndicate Management Limited	-	112	111	-
6106	Amlin Underwriting Limited	-	-	-	100
6111	Catlin Underwriting Agency Limited	364	324	325	250
		£9,288	£8,355	£8,580	£7,631

24 Transition to FRS 102 and FRS 103

This is the first year that syndicates on which the Company participates and the Company have presented their results under FRS 102 and FRS 103. The previous Financial Statements under previous UK GAAP were for the period ended 31 December 2014. The date of transition to FRS 102 and FRS 103 was 1 January 2014. As a consequence, syndicates and the Company were required to amend their accounting policies to ensure compliance with FRS 102 and FRS 103.

As a consequence of adopting FRS 102 & 103, the majority of exchange gains and losses, except for long term business, are now allocated to the non-technical account. Therefore exchange gains or losses previously reported in the technical account have been presented in the non-technical account.

There has been no change to the overall reported result for 2014 or the closing shareholders' funds at 31 December 2014.

The financial effect of representing the prior year amounts for the changes in accounting policy is as follows:

	2014 reported result	Adoption of FRS 103	2014 adjusted result
Balance on technical account before operating expenses	3,148,563		3,148,563
Operating expenses	(2,267,311)	(80,129)	(2,347,440)
Balance on technical account	881,252	(80,129)	801,123
Non-technical account			
Profit/loss on exchange - syndicate participation	-	80,129	80,129
Other items in the Non-technical account	(435,087)	-	(435,087)
Profit on Ordinary Activities after Taxation	£446,165	£-	£446,165