

Company No: 00214549

WILLIAM POWELL & SONS LIMITED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



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**William Powell & Sons Limited (Registered company number 00214549
For the Year ended 31 December 2011
Company Information**

DIRECTORS:

W D Johns-Powell
J N Johns-Powell
V C Johns-Powell
Z K Johns-Powell
W J Johns-Powell
C A N Johns-Powell

SECRETARY:

J N Johns-Powell

REGISTERED OFFICE:

Cottrell Park
St Nicholas
CARDIFF
CF5 6SJ

REGISTERED NUMBER:

00214549 (England and Wales)

AUDITORS:

KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

William Powell & Sons Limited (Registered company number 00214549)
Report of the Directors
For the Year ended 31 December 2011

The directors present their annual report and the group's audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

William Powell & Sons Limited operates as a holding company. Its subsidiaries are Powell Underwriting LLP, which underwrites in the Lloyd's insurance market and Cottrell Park Ltd, which operates and manages a golfing/leisure facility. In addition the group holds an investment portfolio which is used to support underwriting capacity.

RESULTS AND DIVIDENDS

The results for the group for the year are shown on pages 5 and 6. The loss on ordinary activities after taxation amounted to £1,197,618 (2010 £232,150). The directors do not propose the payment of a dividend (2010 £nil).

The group results include William Powell & Sons Limited which contributed £274,811 (2010 £739,384), Powell Underwriting LLP which contributed a loss of £1,409,373 (2010 £780,940) and Cottrell Park Ltd which made a profit of £18,138 (2010 £1,401).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is provided in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

W D Johns-Powell
J N Johns-Powell
C A N Johns-Powell
V C Johns-Powell
Z K Johns-Powell
W J Johns-Powell

FINANCIAL INSTRUMENTS

The group does not enter into any hedging transactions.

PRINCIPAL RISKS AND UNCERTAINTIES

The group manages and monitors its key risks through its board of directors. The board of directors consider the key risk areas facing the group are as follows:

- Insurance risk
- Financial risk

Insurance risk is the risk that the claims payable on an insurance or reinsurance book of policies outweigh the premiums charged. Such a risk could crystallise as a result of under-pricing premiums, a major claim event, such as a hurricane, or a general (or "attritional") value of claims that exceeds expectations. The risk is managed by spreading underwriting capacity between various syndicates that write differing classes of risks. The board of directors are advised by one member's agency regarding syndicate selection. There are also clear authority limits in place known as Realistic disaster scenarios ('RDS') which seek to estimate the effect of certain loss events, such as windstorms and earthquakes.

Financial risk arises where the value of assets and liabilities changes as a result of movements in foreign exchange rates, interest rates and market prices. The group adopts a conservative approach to its investment portfolio as it believes that the business should be focused on insurance risk and returns.

KEY PERFORMANCE INDICATORS

The group monitors its underwriting performance against the Lloyd's Market median result. The Golf Club activities are monitored using profit margins and facility utilisation.

FUTURE OUTLOOK

William Powell & Sons Limited continue to develop its underwriting activities through the Powell Underwriting LLP by the acquisition of syndicate capacity and exploring opportunities for the expansion of its golfing/leisure facility.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- make judgements 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, 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

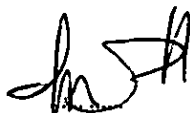
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, KTS OWENS THOMAS LIMITED, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



J N Johns-Powell - Director

Date.

31.10.2012

We have audited the financial statements of William Powell & Sons Limited for the year ended 31 December 2011 on pages 5 to 30. 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 a Report of the Auditors 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the 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 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 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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent mis-statements 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 of the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- the financial statements 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.

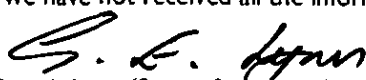
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Gareth Lynn (Senior Statutory Auditor)
for and on behalf of KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN
Date 31/10/12

William Powell & Sons Limited (Registered company number 00214549)
Consolidated Profit and Loss Account
For the Year ended 31 December 2011

	Notes	2011 £	2010 £
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written			
Continuing operations	2	11,134,743	11,329,326
Outward reinsurance premiums	2	<u>(2,032,860)</u>	<u>(2,055,699)</u>
Net premiums written		9,101,883	9,273,627
Change in the provision for unearned premiums			
Gross provision		312,123	(3,652)
Reinsurers' share		<u>(23,071)</u>	<u>(85,532)</u>
Earned premiums, net of reinsurance		9,390,935	9,184,443
Allocated investment return transferred from the non-technical account		205,267	289,194
Other technical income, net of reinsurance		-	129
Claims incurred net of reinsurance claims paid			
Gross amount	2	<u>(6,525,802)</u>	<u>(5,415,621)</u>
Reinsurers' share	2	<u>971,588</u>	<u>764,968</u>
Net claims paid		<u>(5,554,214)</u>	<u>(4,650,653)</u>
Change in provision for claims			
Gross amount	2	<u>(2,634,995)</u>	<u>(2,178,561)</u>
Reinsurers' share	2	<u>1,013,158</u>	<u>299,676</u>
Net change in provisions for claims		<u>(1,621,837)</u>	<u>(1,878,885)</u>
Claims incurred, net of reinsurance		(7,176,051)	(6,529,538)
Net operating expenses	3	<u>(3,421,002)</u>	<u>(3,523,545)</u>
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		<u>(1,000,851)</u>	<u>(579,317)</u>

The notes on pages 12 to 30 form part of these Financial Statements

William Powell & Sons Limited (Registered company number: 00214549)
Consolidated Profit and Loss Account (Continued)
For the Year ended 31 December 2011

	Notes	2011 £	2010 £
NON – TECHNICAL ACCOUNT			
Balance on the general business technical account		(1,000,851)	(579,317)
Investment Income	4	734,163	1,403,019
Unrealised gains on investments		187,960	83,435
Investment expenses and charges	5	(108,881)	(224,219)
Unrealised losses on investments		(217,225)	(99,376)
Allocated investment return transferred to the general business technical account		(205,267)	(289,194)
Income from other activities	6	<u>1,318,960</u>	<u>1,453,921</u>
Total income		708,859	1,748,269
Interest receivable		2,445	71
Interest payable		-	(477)
Operating expenses, including value adjustments		(1,828,332)	(1,824,376)
Amounts written off investments	7	<u>(105,000)</u>	<u>(125,546)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	7	(1,222,028)	(202,059)
Tax on ordinary activities	9a	<u>24,410</u>	<u>(30,091)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(1,197,618)	(232,150)
Non equity minority interest		<u>140,937</u>	<u>78,094</u>
RETAINED LOSS FOR THE FINANCIAL YEAR FOR THE GROUP	18	<u>(1,056,681)</u>	<u>(154,056)</u>

Revenue and operating profits and losses derive wholly from continuing operations

The notes on pages 12 to 30 form part of these Financial Statements

William Powell & Sons Limited (Registered company number: 00214549)
Consolidated Statement of Total Recognised Gains and Losses
For the Year ended 31 December 2011

	Notes	2011 £	2010 £
LOSS FOR THE FINANCIAL YEAR		(1,056,681)	(154,056)
Revaluation of other investments	13a	(264,676)	(510,525)
Revaluation of investment properties	13a	-	(163,925)
Revaluation of fixed assets	18	(107,241)	(102,154)
Other movement	18	<u>(592,272)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(2,020,870)</u>	<u>(930,660)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes on pages 12 to 30 form part of these Financial Statements

William Powell & Sons Limited (Registered company number: 00214549)
Consolidated Balance Sheet
As at 31 December 2011

	Notes	2011			2010		
		Syndicate £	Other £	Total £	Syndicate £	Other £	Total £
ASSETS							
Intangible fixed assets	10	-	559,637	559,637	-	964,098	964,098
Fixed assets	11	-	5,284,198	5,284,198	-	5,180,560	5,180,560
Other financial investments							
Other financial investments	12/13	10,218,548	2,343,700	12,562,248	10,129,411	3,199,045	13,328,456
Deposits with ceding undertakings		3,111	-	3,111	3,702	-	3,702
		10,221,659	8,187,535	18,409,194	10,133,113	9,343,703	19,476,816
Reinsurers' share of technical provisions							
Provision for Unearned premium		499,617	-	499,617	541,434	-	541,434
Claims outstanding		3,716,201	-	3,716,201	2,587,794	-	2,587,794
		4,215,818	-	4,215,818	3,129,228	-	3,129,228
Debtors							
Debtors arising out of direct insurance operations		2,330,668	-	2,330,668	2,298,617	-	2,298,617
Debtors arising out of reinsurance operations		2,564,386	-	2,564,386	2,170,633	-	2,170,633
Other debtors	14	1,250,794	315,186	1,565,980	897,429	15,900	913,329
		6,145,848	315,186	6,461,034	5,366,679	15,900	5,382,579
Other assets							
Stocks		-	20,969	20,969	-	25,005	25,005
Cash at bank and in hand		677,530	693,001	1,370,531	577,108	157,509	734,617
Other assets		1,151,948	-	1,151,948	912,604	-	912,604
		1,829,478	713,970	2,543,448	1,489,712	182,514	1,672,226
Prepayments and accrued income							
Accrued interest		9,426	-	9,426	10,277	-	10,277
Deferred acquisition costs		1,061,273	-	1,061,273	1,517,117	-	1,517,117
Other prepayments and accrued income		68,435	152,813	221,248	54,698	65,312	120,010
		1,139,134	152,813	1,291,947	1,582,092	65,312	1,647,404
TOTAL ASSETS		23,551,937	9,369,504	32,921,441	21,700,824	9,607,429	31,308,253

The notes on pages 12 to 30 form part of these financial statements

William Powell & Sons Limited (Registered company number: 00214549)
Consolidated Balance sheet (Continued)
As at 31 December 2011

	Notes	2011			2010		
		Syndicate £	Other £	Total £	Syndicate £	Other £	Total £
LIABILITIES							
Capital and reserves							
Called up share capital	17	-	91,102	91,102	-	91,102	91,102
Freehold revaluation reserve	18	-	1,423,520	1,423,520	-	1,530,761	1,530,761
Capital redemption reserve	18	-	19,000	19,000	-	19,000	19,000
Investment property revaluation reserve	18	-	99,063	99,063	-	1,146,412	1,146,412
Other revaluation reserve	18	-	(68,292)	(68,292)	-	196,384	196,384
Profit and loss account	18	(1,443,184)	7,035,661	5,592,477	341,527	5,852,554	6,194,081
Total Shareholders' funds	19	(1,443,184)	8,600,054	7,156,870	341,527	8,836,213	9,177,740
Non equity minority interest		-	(313,813)	(313,813)	-	(101,310)	(101,310)
Capital employed		(1,443,184)	8,286,241	6,843,057	341,527	8,734,903	9,076,430
Technical provisions							
Provision for unearned premium		4,472,150	-	4,472,150	5,241,907	-	5,241,907
Claims outstanding - gross amount		16,897,547	-	16,897,547	13,522,940	-	13,522,940
		21,369,697	-	21,369,697	18,764,847	-	18,764,847
Deposit received from reinsurers		2,490	-	2,490	3,585	-	3,585
Creditors: due within one year							
Creditors arising out of direct insurance operations		538,763	-	538,763	506,713	-	506,713
Creditors arising out of reinsurance operations		1,377,078	-	1,377,078	1,178,646	-	1,178,646
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security	15	1,956,951	380,860	2,337,811	1,018,273	357,995	1,376,268
		3,872,792	380,860	4,253,652	2,703,632	357,995	3,061,627
Creditors: due after one year							
Other creditors	16	-	25,887	25,887	-	25,887	25,887
Accruals and deferred income							
		(249,858)	676,516	426,658	(112,767)	488,644	375,877
Total liabilities		23,551,937	9,369,504	32,921,441	21,700,824	9,607,429	31,308,253

The financial statements were approved by the Board of Directors on 31.10.12 and were signed on its behalf by


J N Johns Powell - Director

The notes on pages 12 to 30 form part of these financial statements

William Powell & Sons Limited (Registered company number: 00214549)**Company Balance sheet****As at 31 December 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	11	5,032,891	5,038,423
Investments	13	<u>4,493,193</u>	<u>5,348,538</u>
		<u>9,526,084</u>	<u>10,386,961</u>
CURRENT ASSETS			
Amounts due from group undertakings	14	340,541	165,471
Other debtors	14	22,240	37,872
Cash at bank		<u>585,193</u>	<u>22,859</u>
		947,974	226,202
CREDITORS			
Amounts falling due within one year			
Other creditors including taxation and social security	15	(55,458)	(189,795)
Accruals and deferred income	15	<u>(11,734)</u>	<u>(26,637)</u>
		(67,192)	(216,432)
NET CURRENT ASSETS		<u>880,782</u>	<u>9,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,406,866</u>	<u>10,396,731</u>
NET ASSETS		<u>10,406,866</u>	<u>10,396,731</u>
CAPITAL AND RESERVES			
Called up share capital	17	91,102	91,102
Freehold property revaluation reserve	18	1,763,258	1,763,258
Capital redemption reserve	18	19,000	19,000
Investment property revaluation reserve	18	99,063	1,146,412
Other revaluation reserves	18	101,599	366,275
Profit and loss account	18	<u>8,332,844</u>	<u>7,010,684</u>
SHAREHOLDERS' FUNDS	19	<u>10,406,866</u>	<u>10,396,731</u>

The financial statements were approved by the Board of Directors on 31.10.12 and were signed on its behalf by


J N Johns, Powell - Director

The notes on pages 12 to 30 form part of these financial statements

William Powell & Sons Limited (Registered company number: 00214549)
Consolidated Cashflow Statement
For the Year ended 31 December 2011

	Notes	2011 £	2010 £
OPERATING ACTIVITIES			
Net cash inflow from operating activities	20a	529,144	1,302,618
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,445	71
Interest paid		-	(477)
Non equity minority interest (paid)/received		<u>34,599</u>	<u>(21,510)</u>
		37,004	(21,916)
TAXATION			
UK Corporation tax (payment)/repayment		13,528	(3,500)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of syndicate capacity		(86,711)	(119,001)
Sale of syndicate capacity		112,581	94,475
Purchase of tangible fixed assets		(247,471)	(161,132)
Purchase of investments		(1,322,543)	(1,029,393)
Sale of investment property		<u>1,500,000</u>	<u>-</u>
		(44,144)	(1,215,051)
FINANCING	20b	<u>-</u>	<u>(14,685)</u>
NET CASH INFLOW FOR THE YEAR		<u><u>535,532</u></u>	<u><u>47,466</u></u>
Cashflows were invested as follows:			
Increase in cash holdings		<u><u>535,532</u></u>	<u><u>47,466</u></u>

The notes on pages 12 to 30 form part of these financial statements

I. ACCOUNTING POLICIES

a. BASIS OF PREPARATION

i) Current basis

The financial statements have been prepared in accordance with

- a) In respect of the underwriting activity, Statutory Instrument 2008 410 and with the Statement of Recommended Accounting Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006)
- b) In respect of all other activity, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

ii) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of the company and its subsidiary undertakings up to the year end. The results of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. No individual profit and loss account is presented for the company, as permitted by S408 of the Companies Act 2006.

iii) Recognition of Insurance transactions

Preparing financial statements in accordance with Statutory Instrument 2008 410 requires the company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ("the syndicates").

For each such syndicate, the group's proportion of the underwriting transactions, investment return and operating expenses are reflected within the group's profit and loss account. Similarly, its proportion of the syndicate's assets and liabilities are reflected in its balance sheet (under the column heading "syndicate"). The "syndicate" assets are held subject to trust deeds for the benefit of the group's insurance creditors. The proportion referred to above is calculated by reference to the group's participation as a percentage of the syndicate's total capacity.

The group has delegated sole management and control of its underwriting through each syndicate to the managing agent of the syndicate ("the managing agent") and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the syndicates are therefore responsible for determining the insurance transactions to be recognised by the company. The only exception to this rule is the level of provision for the outstanding claims. These provisions have been determined by the directors of the company.

iv) Sources of data

The information used to compile the technical account and the "syndicate" balance sheet is based on returns prepared for this purpose by the managing agents of the syndicates ("the Returns"). These Returns are subjected to audit by the syndicate auditors and are based on the audited syndicate returns to Lloyd's and the audited annual reports to the syndicate members.

b. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention modified by the revaluation of certain assets and investments and in accordance with applicable Accounting Standards in the United Kingdom.

c. BASIS OF ACCOUNTING FOR UNDERWRITING RESULTS

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 providing insurance cover during earlier accounting periods.

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Limited Liability Partnership participates

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

The information included in these financial statements in respect of the syndicates has been supplied by the managing agent based upon the accounting policies they have adopted.

General Business:

i) Premiums

Premiums written comprise the total premiums receivable in respect of business inception 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 Limited Liability subsidiary undertaking 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 Reinsurer's 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 reclaims 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 syndicate's 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 estimates 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 estimated made, are reviewed regularly.

vi) Unexpired Risks Provision

Provision 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 in to 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 year of account into which it is reinsured.

The payment of 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 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.

viii) Run-off Years of Account

Where a year of account is not closed 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 within the

underwriting members participating therein. As a result any run off year will continue to report movements in its results after the third year until such as it secures a reinsurance to close.

ix) Income from other activities

Income from other activities represents the net invoiced rent, excluding value added tax arising within the Group.

x) 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 Limited Liability Partnership anticipates.

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.

xi) Distribution of Profit 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 underwriting members. Lloyd's continues to require membership of syndicates to be on a year of account basis and profits and losses belong to underwriting members according to their membership of a year account. Normally profits and losses are transferred between the syndicate and underwriting 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.

xii) Investments

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

xiii) Investment Return

Investment return comprises all investment income, realised investment gains and losses and movement 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.

xiv) 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 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 translation of foreign current amounts in syndicates are included in the non-technical account.

xv) 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.

d. MEMBERS' REMUNERATION

Under the partnership agreement the net profit of the LLP is allocated to each Member in accordance with their respective profit share for relevant underwriting years of account on a fair and equitable basis

Under the agreement the net profits are divided between Members when determined. Accordingly the net profits have been treated as an expense in the profit and loss account. To the extent they remain unpaid at the year end they are shown as liabilities in the balance sheet.

e. TAXATION

The group is taxed on its share of the underwriting results of syndicates and these are deemed to accrue evenly over the calendar year in which they are declared.

HM Revenue and Customs ("HMRC") determines the taxable results of syndicates on the basis of computations submitted by the management agent. Any adjustments that may be necessary to the tax provisions established by the company as a result of HMRC's agreement of individual syndicate taxable results will be reflected in the financial statements of subsequent years. Other profits are assessable to Corporation tax in the year as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

f. CASHFLOW

The group 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 syndicates at Lloyd's.

g. INTANGIBLE FIXED ASSETS

Costs incurred by the Partnership 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 two year period beginning in the year the underwriting commences in respect of the purchased syndicate participation.

Goodwill, being the amount paid in connection with the acquisition of a business in 2004, is being amortised evenly over its estimated useful life of twenty years.

h. TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & Machinery	- Straight line over 5 years
Fixtures & Fittings	- Straight line over 5 years

Freehold property is valued at an open market value. The surplus or deficit on revaluation is transferred to the revaluation reserve unless the impairment creates a deficit below original cost, in which case the impairment is recognised in the profit and loss account for the year.

No depreciation is provided in respect of freehold property; this constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic lives and is necessary to enable the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

i. DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

j. HIRE PURCHASE AND LEASING COMMITMENTS

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

k. INVESTMENT PROPERTIES

The directors have revalued the fixed asset investment properties to the value which they consider to be the open market value as at 31 December 2010. No subsequent valuations or impairments are considered necessary. The surplus or deficit on revaluation is transferred to the investment property revaluation reserve, unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

No depreciation has been provided as investment properties are not required to be depreciated under Statements of Standard Accounting Practice 19. This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

l. LISTED INVESTMENTS

Listed investments are valued at market value. The surplus or deficit on revaluation is transferred to the "Other Revaluation Reserve", unless the impairment creates a deficit below original cost on an individual investment which is expected to be permanent, in which case the impairment is recognised in the profit and loss account for the year.

m. OTHER INVESTMENTS

Other investments are valued by the directors based on the percentage of the investments in the net assets of the relevant undertaking. The surplus or deficit on revaluation is transferred to the other revaluation reserve.

2. CLASS OF BUSINESS

	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Re- insurance Balance £	Total £
2011						
Direct Insurance						
Accidental and health	425,229	447,715	(256,305)	(170,781)	(10,313)	10,316
Motor – third party liability	41,651	42,753	(38,419)	(14,394)	7,824	(2,236)
Motor – other classes	1,346,443	1,399,550	(1,164,338)	(485,962)	151,972	(98,778)
Marine, aviation & transport	1,302,956	1,294,846	(603,256)	(384,246)	(78,110)	229,234
Fire & other damage to property	3,092,622	3,194,861	(2,147,478)	(1,060,588)	(221,038)	(234,243)
Third party liability	1,120,615	1,074,955	(627,001)	(384,663)	(82,924)	(19,633)
Credit and suretyship	171,929	162,000	(99,321)	(38,733)	(14,423)	9,523
Legal expenses	24,780	20,322	(3,447)	(13,166)	(944)	2,765
Assistance	-	-	-	-	-	-
Miscellaneous	130,462	295,285	(20,732)	(168,504)	(82,474)	23,575
Total direct	7,656,687	7,932,287	(4,960,297)	(2,721,037)	(330,430)	(79,477)
Reinsurance	3,478,056	3,514,579	(4,200,500)	(699,965)	259,245	(1,126,641)
Total	11,134,743	11,446,866	(9,160,797)	(3,421,002)	(71,185)	(1,206,118)
	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Re- insurance Balance £	Total £
2010						
Direct Insurance						
Accidental and health	556,281	605,087	(333,651)	(236,315)	(32,299)	2,822
Motor – third party liability	52,408	94,618	(122,424)	(26,018)	15,973	(37,851)
Motor – other classes	1,341,891	1,456,693	(2,206,545)	(460,235)	(18,950)	(1,229,037)
Marine, aviation & transport	1,060,003	953,121	(453,203)	(272,444)	(53,588)	173,886
Fire & other damage to property	2,978,583	2,755,708	(1,477,854)	(956,868)	(372,243)	(51,257)
Third party liability	1,000,633	982,597	(428,864)	(316,397)	(128,291)	109,045
Credit and suretyship	551,415	568,493	(284,934)	(155,685)	(88,766)	39,108
Legal expenses	70,389	74,109	(44,061)	(27,822)	(3,449)	(1,223)
Assistance	-	-	-	-	-	-
Miscellaneous	277,911	442,135	(172,998)	(248,865)	17,657	37,929
Total direct	7,889,514	7,932,561	(5,524,534)	(2,700,649)	(663,956)	(956,578)
Reinsurance	3,439,812	3,393,113	(2,069,648)	(822,896)	(412,631)	87,938
Total	11,329,326	11,325,674	(7,594,182)	(3,523,545)	(1,076,587)	(868,640)

All insurance business is underwritten in the UK in the Lloyd's insurance market, which has been treated as one geographical segment for the purpose of SSAP25 Segmental Reporting. All other trading activities occur in the UK.

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3. NET OPERATING EXPENSES

	2011	2010
	£	£
Acquisition costs	2,758,352	2,814,781
Change in deferred acquisition costs	189,104	61,954
Administrative expenses	363,339	423,642
Reinsurance commission and profit participants	(165,893)	(163,860)
Personal expenses	276,100	387,028
	<u>3,421,002</u>	<u>3,523,545</u>

4. INVESTMENT INCOME

	2011	2010
	£	£
Income from Investments	643,388	1,164,042
Realised gains on Investments	90,248	238,855
Deposit interest	527	122
	<u>734,163</u>	<u>1,403,019</u>

5. INVESTMENT EXPENSES AND CHARGES

	2011	2010
	£	£
Investment management charges, including interest	19,633	20,278
Realised losses on investments	89,248	203,941
	<u>108,881</u>	<u>224,219</u>

6. INCOME FROM OTHER ACTIVITIES

	2011	2010
	£	£
Underwriting investment	(95,390)	(9,616)
Income from trading activities	1,414,350	1,463,537
	<u>1,318,960</u>	<u>1,453,921</u>

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

	2011	2010
	£	£
Loss on ordinary activities before tax is stated after charging/(crediting)		
Amortisation of syndicate capacity	273,589	300,667
Loss on disposal of syndicate capacity	95,390	9,616
Loss on exchange	(11,162)	(117,178)
Amortisation of goodwill	5,368	5,368
Depreciation of tangible fixed assets – owned assets	48,213	39,235
Depreciation of tangible fixed assets – hire purchase	-	11,763
Profit on disposal of fixed assets	(4,107)	(29,756)
Hire of other assets under operating leases	50	50
Amounts written off investments	105,000	125,546
Fees payable to the company's auditors for the audit of the		
- Companies and group annual accounts	5,400	9,375
Fees payable to the auditors for other services		
- the audit of the company's subsidiaries	7,350	5,350
- other services relating to taxation	7,770	3,575
- other non audit services	3,500	5,500
Fees payable to other auditors		
- the audit of a subsidiary	95	95
	<u>95</u>	<u>95</u>

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8. STAFF COSTS

	2011 £	2010 £
Salaries and associated expenses		
Wages, salaries and bonuses	469,061	415,490
Social security costs	<u>34,908</u>	<u>53,183</u>
	<u>503,969</u>	<u>468,673</u>
Average number of employees		
Cottrell Park Ltd	16	38
William Powell & Sons Limited	3	3
Powell Underwriting LLP	<u>-</u>	<u>-</u>
Directors remuneration	<u>78,645</u>	<u>69,836</u>

9. TAXATION ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
United Kingdom corporation tax on (loss)/profit of the year	-	35,382
Adjustments in respect of prior periods	<u>-</u>	<u>(14,987)</u>
	-	20,395
Deferred tax		
Origination and reversal of timing differences (note 16)	<u>-</u>	<u>9,696</u>
Tax on profit on ordinary activities	<u>-</u>	<u>30,091</u>

(b) Factors affecting the tax charge for the year

(Loss)/profit on ordinary activities before tax	<u>1,222,028</u>	<u>(202,059)</u>
(Loss)/profit on ordinary activities multiplied by standard rate of Corporation tax in the UK 26.5% (2010 28%)	<u>(323,837)</u>	<u>(56,577)</u>
Effects of:		
Expenses not deductible for tax purposes	41,276	52,167
Non taxable income	(128,505)	(244,592)
Depreciation in excess of capital allowances	(19,190)	1,636
Utilisation of tax losses	(105,870)	(191,099)
Tax adjustment for investments	355,579	487,467
Losses carried forward	43,744	-
Chargeable gains	136,803	-
Marginal relief	-	(8,308)
Foreign tax relief	-	(5,312)
Prior year adjustment	<u>(24,410)</u>	<u>(14,987)</u>
Current tax charge for the year (see (a) above)	<u>(24,410)</u>	<u>20,395</u>

(b) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing freehold property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £458,457 (2010 £458,457). At present, it is not envisaged that any tax will become payable in the foreseeable future.

10. INTANGIBLE FIXED ASSETS

Group	Purchased Syndicate Capacity £	Positive Goodwill £	Total £
COST			
At 1 January 2011	1,657,851	107,378	1,765,229
Additions	86,711	-	86,711
Disposals	<u>(282,990)</u>	<u>-</u>	<u>(282,990)</u>
At 31 December 2011	<u>1,461,572</u>	<u>107,378</u>	<u>1,568,950</u>
AMORTISATION			
At 1 January 2010	764,450	36,681	801,131
Provided during the year	273,589	5,368	278,957
Disposals	<u>(70,775)</u>	<u>-</u>	<u>(70,775)</u>
At 31 December 2011	<u>967,264</u>	<u>42,049</u>	<u>1,009,313</u>
NET BOOK VALUE			
At 31 December 2011	<u>494,308</u>	<u>65,329</u>	<u>559,637</u>
At 1 January 2011	<u>893,401</u>	<u>70,697</u>	<u>964,098</u>

11. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST OR VALUATION				
At 1 January 2011	5,021,900	575,061	464,230	6,061,191
Additions	-	140,231	-	140,231
Reclassification (see note 13)	-	-	-	-
Revaluation	-	-	-	-
Disposals	<u>-</u>	<u>(17,637)</u>	<u>-</u>	<u>(17,637)</u>
At 31 December 2011	<u>5,021,900</u>	<u>697,655</u>	<u>464,230</u>	<u>6,183,785</u>
DEPRECIATION				
At 1 January 2011	-	416,505	464,126	880,631
Charge for year	-	34,636	72	34,708
Eliminated on disposals	<u>-</u>	<u>(15,752)</u>	<u>-</u>	<u>(15,752)</u>
At 31 December 2011	<u>-</u>	<u>435,389</u>	<u>464,198</u>	<u>899,587</u>
NET BOOK VALUE				
At 31 December 2011	<u>5,021,900</u>	<u>262,266</u>	<u>32</u>	<u>5,284,198</u>
At 1 January 2011	<u>5,021,900</u>	<u>158,556</u>	<u>104</u>	<u>5,180,560</u>

11. TANGIBLE FIXED ASSETS (CONTINUED)

Group (Continued)

Cost or valuation at 31 December 2011 is represented by

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
Valuation in 2010	1,763,258	-	-	1,763,258
Cost	<u>3,258,642</u>	<u>697,655</u>	<u>464,230</u>	<u>4,420,527</u>
Total	<u>5,021,900</u>	<u>697,655</u>	<u>464,230</u>	<u>6,183,785</u>

If freehold property had not been re-valued they would have been included at the following historical cost.

	2011	2010
	£	£
Cost	<u>3,258,642</u>	<u>3,258,642</u>

Freehold property was valued on open market basis on 29 July 2010 by Herbert R Thomas LLP a firm of Chartered Surveyors. The directors consider that there are no significant variations in the market value between the date of the valuation and 31 December 2011 and have accordingly applied the valuation as at 31 December 2011.

Company

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
COST OR VALUATION				
At 1 January 2011	5,021,900	380,085	464,230	5,866,215
Additions	-	-	-	-
Reclassification (see note 16)	-	-	-	-
Disposal	-	(14,500)	-	(14,500)
At 31 December 2011	<u>5,021,900</u>	<u>365,585</u>	<u>464,230</u>	<u>5,851,715</u>
DEPRECIATION				
At 1 January 2011	-	363,666	464,126	827,792
Charge for year	-	5,460	72	5,532
Eliminated on disposal	-	(14,500)	-	(14,500)
At 31 December 2011	-	<u>354,626</u>	<u>464,198</u>	<u>818,824</u>
NET BOOK VALUE				
At 31 December 2011	<u>5,021,900</u>	<u>10,959</u>	<u>32</u>	<u>5,032,891</u>
At 31 December 2010	<u>5,021,900</u>	<u>16,419</u>	<u>104</u>	<u>5,038,423</u>

II TANGIBLE FIXED ASSETS (Continued)
Company (continued)

Cost or valuation at 31 December 2011 is represented by

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
Valuation in 2010	1,763,258	-	-	1,763,258
Cost	<u>3,258,642</u>	<u>365,585</u>	<u>464,230</u>	<u>4088,457</u>
Total	<u>5,021,900</u>	<u>365,585</u>	<u>464,230</u>	<u>5,851,715</u>

If freehold property had not been re-valued they would have been included at the following historical cost.

	2011	2010
	£	£
Cost	<u>3,258,642</u>	<u>3,258,642</u>

Freehold property was valued on open market basis on 29 July 2010 by Herbert R Thomas LLP a firm of Chartered Surveyors. The directors consider that there are no significant variations in the market value between the date of the valuation and 31 December 2011 and have accordingly applied the valuation as at 31 December 2011.

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12. SYNDICATE INVESTMENTS

Group	2011 Market Value £	2011 Costs £	2010 Market Value £	2010 Cost £
Shares and other variable yield securities & units in unit trusts	1,248,522	1,236,142	1,244,919	1,218,115
Debt securities and other fixed income Securities	8,344,872	8,349,216	8,204,314	8,213,164
Participation in vestment pools	456,646	450,376	545,827	523,596
Loans secured by mortgages	54,226	54,469	57,265	57,510
Other loans	62,326	61,936	55,764	55,763
Deposits with credit institutions	51,768	51,767	21,458	21,458
Other	188	3,591	(136)	6,712
	<u>10,218,548</u>	<u>10,207,497</u>	<u>10,129,411</u>	<u>10,096,318</u>
Listed investments included within the above	<u>10,050,040</u>	<u>10,035,734</u>	<u>9,995,060</u>	<u>9,954,875</u>

13. OTHER INVESTMENTS

(a) Group

	Listed & other Investments £	Investment properties £	Totals £
COST OR VALUATION			
At 1 January 2011	1,599,045	1,600,000	3,199,045
Additions	1,322,543	-	1,322,543
Disposals	(308,212)	(1,500,000)	(1,808,212)
Revaluations	(264,676)	-	(264,676)
Impairment	(105,000)	-	(105,000)
Reclassification/transfer	-	-	-
At 31 December 2011	<u>2,243,700</u>	<u>100,000</u>	<u>2,343,700</u>
NET BOOK VALUE			
At 31 December 2011	<u>2,243,700</u>	<u>100,000</u>	<u>2,343,700</u>
At 31 December 2010	<u>1,599,045</u>	<u>1,600,000</u>	<u>3,199,045</u>

Cost or revaluation at 31 December 2011 is represented by

	Listed & other Investments £	Investment properties £	Totals £
Valuation	(66,755)	937	(65,818)
Cost	<u>2,310,455</u>	<u>99,063</u>	<u>2,409,518</u>
Total	<u>2,243,700</u>	<u>100,000</u>	<u>2,343,700</u>

Listed and other investments

Included in the net book value of listed and other investments of £2,243,700 (2010 £1,599,045) are listed investments listed on the London Stock Exchange, the market value of which at 31 December 2011 amounted to £1,605,980 (2010 £1,599,045)

13. OTHER INVESTMENTS(CONTINUED)

Investment properties

Investment properties were valued on an open market basis on 31 December 2011 by the directors and have been determined to be a fair value in the current market conditions

(b) Company

	2011	2010
	£	£
Shares in group undertakings	1,622,937	1,622,937
Loan to group undertaking	526,556	526,556
Other investments	<u>2,343,700</u>	<u>3,199,045</u>
	<u>4,493,193</u>	<u>5,348,538</u>

Additional information is as follows

	Shares in group undertakings £	Listed & other Investments £	Investment properties £	Totals £
COST OR VALUATION				
At 1 January 2011	1,627,937	1,599,045	1,600,000	4,821,982
Additions	-	1,322,543	-	1,322,543
Disposals	-	(308,212)	(1,500,000)	(1,808,212)
Revaluations	-	(264,676)	-	(264,676)
Impairment	-	(105,000)	-	(105,000)
Reclassification/transfer	-	-	-	-
At 31 December 2011	<u>1,622,937</u>	<u>2,243,700</u>	<u>100,000</u>	<u>3,966,637</u>
NET BOOK VALUE				
At 31 December 2011	<u>1,622,937</u>	<u>2,243,700</u>	<u>100,000</u>	<u>3,966,637</u>
At 31 December 2010	<u>1,622,937</u>	<u>1,599,045</u>	<u>1,600,000</u>	<u>4,821,982</u>

Cost or revaluation at 31 December 2011 is represented by

	Shares in group undertakings £	Listed & other Investments £	Investment properties £	Totals £
Valuation	169,891	(66,755)	937	104,073
Cost	<u>1,453,046</u>	<u>2,310,455</u>	<u>99,063</u>	<u>3,862,564</u>
Total	<u>1,622,937</u>	<u>2,243,700</u>	<u>100,000</u>	<u>3,966,637</u>

Listed and other investments

Included in the net book value of listed and other investments of £2,243,700 (2010 £1,599,045) are listed investments listed on the London Stock Exchange, the market value of which at 31 December 2011 amounted to £1,605,980 (2010 £1,599,045)

Investment properties

Investment properties were valued on an open market basis on 31 December 2011 by the directors and have been determined to be a fair value in the current market conditions

13. OTHER INVESTMENTS (CONTINUED)

Investments statement of Total Recognised Gains and Losses

Non LLP investment revaluation

LLP revaluations are disclosed in technical format as presented in the financial statements of the Powell Underwriting LLP (non technical account) in line with the stated accounting policy reference c (xiii)

Shares in group undertakings

The company's principal subsidiary undertakings at 31 December 2011 (and at 31 December 2010) were

	Country of Registration	Basis of Control
Cottrell Park Ltd	England & Wales	100% of ordinary share capital
Powell Underwriting LLP	England & Wales	90% General partner

14. OTHER DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts receivable from managed Syndicates	1,250,794	897,429	-	-
Other	<u>315,186</u>	<u>15,900</u>	<u>362,781</u>	<u>203,343</u>
	<u>1,565,980</u>	<u>913,329</u>	<u>362,781</u>	<u>203,343</u>

All amounts are due within one year

15. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Amounts payable to managed syndicates	1,956,951	1,018,273	-	-
Other	380,860	357,995	55,458	189,795
Accruals and deferred income	-	-	11,734	26,637
	<u>2,337,811</u>	<u>1,376,268</u>	<u>67,192</u>	<u>216,432</u>

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due after one year:				
Other Creditors				
Deferred taxation (note 16)	<u>25,887</u>	<u>25,887</u>	<u>-</u>	<u>-</u>
	<u>25,887</u>	<u>25,887</u>	<u>-</u>	<u>-</u>

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16. DEFERRED TAXATION

Group

	2011 £	2010 £
At 1 January	25,887	16,191
Charge during the year (note 9)	-	9,696
At 31 December	<u>25,887</u>	<u>25,887</u>

Deferred tax consists entirely of accelerated capital allowances

17. CALLED UP SHARE CAPITAL

	2011 Number	2011 £	2010 Number	2010 £
Allotted and called up Ordinary £1 shares	<u>91,102</u>	<u>91,102</u>	<u>91,102</u>	<u>91,102</u>

18. RESERVES

Group

	Profit & Loss Account £	Freehold Property Revaluation Reserve £	Capital Redemption Reserve £
At 1 January 2011	6,194,081	1,530,761	19,000
Loss for the year	(1,056,681)	-	-
Revaluation of Investments	-	-	-
Revaluation of freehold property	-	(107,241)	-
Other	(592,272)	-	-
Realisation on sale of investment property	<u>1,047,349</u>	-	-
At 31 December 2011	<u>5,592,477</u>	<u>1,423,520</u>	<u>19,000</u>

	Investment Property Revaluation Reserve £	Other Revaluation Reserve £	Totals £
At 1 January 2011	1,146,412	196,384	9,086,638
Loss for year	-	-	(1,056,681)
Revaluation of other investments	-	(264,676)	(264,676)
Revaluation of freehold property	-	-	(107,241)
Other	-	-	(592,272)
Realisation on sale of investment property	<u>(1,047,349)</u>	-	-
At 31 December 2011	<u>99,063</u>	<u>(68,292)</u>	<u>7,065,768</u>

18. RESERVES (CONTINUED)

Company

	Profit & Loss Account	Freehold Property Revaluation Reserve	Capital Redemption Reserve
	£	£	£
At 1 January 2011	7,010,684	1,763,258	19,000
Profit for the year	274,811	-	-
Revaluation of other investments	-	-	-
Realisation on sale of investment property	<u>1,047,349</u>	-	-
At 31 December 2011	<u>8,332,844</u>	<u>1,763,258</u>	<u>19,000</u>

	Investment Property Revaluation Reserve	Other Revaluation Reserve	Totals
	£	£	£
At 1 January 2011	1,146,412	366,275	10,305,629
Profit for the year	-	-	274,811
Revaluation of other investments	-	(264,676)	(264,676)
Realisation on disposal of investment property	<u>(1,047,349)</u>	-	-
At 31 December 2011	<u>99,063</u>	<u>101,599</u>	<u>10,315,764</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Profit/(loss) for the financial year	(1,056,681)	(154,056)	1274,811	739,384
Other recognised gains and losses attributable to the group (net)	<u>(964,189)</u>	<u>(776,604)</u>	<u>(264,676)</u>	<u>(674,450)</u>
Net (reduction)/addition to Shareholders funds	(2,020,870)	(930,660)	10,135	64,934
Opening shareholders' funds	<u>9,177,740</u>	<u>10,108,400</u>	<u>10,396,731</u>	<u>10,331,797</u>
Closing shareholders' funds	<u>7,156,870</u>	<u>9,177,740</u>	<u>10,406,866</u>	<u>10,396,731</u>

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20. a) CONSOLIDATED CASHFLOW STATEMENT

	2011	2010
		£
Loss on ordinary activities before tax	(1,222,028)	(202,059)
Amounts written off investments	105,000	125,546
Interest payable	-	477
Interest receivable	(2,445)	(71)
Loss on ordinary activities before tax	(1,119,473)	(76,107)
Profit attributable to syndicate transactions	<u>936,118</u>	<u>469,049</u>
Profit excluding syndicate transactions	183,355	392,942
Increase/(Decrease) in stock	4,036	(2,271)
(Decrease)/Increase in debtors	(386,786)	12,623
Increase in creditors	371,853	448,675
Loss on disposal of syndicate capacity	95,390	9,616
Amortisation of syndicate capacity	277,833	300,667
Amortisation of goodwill	5,368	5,368
Depreciation	34,708	50,998
Loss or impairment on sale of investment	(308,212)	84,000
Loss on sale of fixed assets	<u>1,885</u>	<u>-</u>
Net cash inflow from operating activities	<u>529,144</u>	<u>1,302,618</u>

20. b) ANALYSIS OF CHANGES IN NET DEBT

	At January 1 2011 £	Cashflow £	Non Cash Movement £	At December 31 2011 £
Net cash				
Cash and at bank	<u>157,469</u>	<u>535,532</u>	<u>-</u>	<u>693,001</u>
Debt	157,469	535,532	-	693,001
Hire purchase	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>157,469</u>	<u>535,532</u>	<u>-</u>	<u>693,001</u>

21. NON EQUITY MINORITY INTEREST

The non equity minority interest represents a 10% holding of the members yearly share capacity and a share of the profit in Powell Underwriting LLP from 1 January 2010 onwards. The holder of 5% of the non equity minority interest is also a 50% shareholder of William Powell Limited.

22. RELATED PARTY DISCLOSURE

There are no related party transactions to be disclosed.

23. TRANSACTIONS WITH DIRECTORS

Mr W D Johns-Powell was owed £87,667 (2010 £177,021) by the group at the end of the year which consisted of £47,714 (2010 £167,938) in William Powell and £39,953 (2010 £20,083) in Cottrell Park. During the year he made drawings on this amount of £120,354 and advanced £20,000 into his loan account.

No interest was charged on the director's loan during the year (2010 £nil).

The loan is repayable on demand.

24. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party