

Company No: 00214549

WILLIAM POWELL & SONS LIMITED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

TUESDAY



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William Powell & Sons Limited (Registered company number 00214549)
For the Year ended 31 December 2012

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William Powell & Sons Limited (Registered company number 00214549)
For the Year ended 31 December 2012
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 2012

The directors present their annual report and the group's audited financial statements for the year ended 31 December 2012

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 profit on ordinary activities after taxation amounted to £887,723 (2011 £1,197,618 loss). The directors do not propose the payment of a dividend (2011 £nil).

The group results include William Powell & Sons Limited which contributed £498,971 (2011 £274,812), Powell Underwriting LLP which contributed a profit of £732,573 (2011 £1,409,373 loss) and Cottrell Park Ltd which made a profit of £14,157 (2011 £18,138).

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 2012 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

William Powell & Sons Limited and Cottrell Park Limited do not enter into any hedging transactions. The LLP participates upon 22 insurance entities known as syndicates which do not hedge currency exposure at a member level.

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 underpricing 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.

William Powell & Sons Limited (Registered company number 00214549)
Report of the Directors
For the Year ended 31 December 2012

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 continues 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 Standard 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:



W D Johns-Powell - Director

Date

16-12-13



We have audited the financial statements of William Powell & Sons Limited for the year ended 31 December 2012 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 2012 and of the group's profit 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 **16-12-13**

William Powell & Sons Limited (Registered company number 00214549)
Consolidated Profit and Loss Account
For the Year ended 31 December 2012

	Notes	2012 £	2011 £
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written			
Continuing operations	2	11,026,966	11,134,743
Outward reinsurance premiums	2	(2,926,807)	(2,032,860)
Net premiums written		8,100,159	9,101,883
Change in the provision for unearned premiums			
Gross provision		(48,220)	312,123
Reinsurers' share		138,271	(23,071)
Earned premiums, net of reinsurance		8,190,210	9,390,935
Allocated investment return transferred from the non-technical account		317,546	205,267
Other technical income, net of reinsurance		-	-
Claims incurred net of reinsurance claims paid			
Gross amount	2	(6,454,924)	(6,525,802)
Reinsurers' share	2	1,186,180	971,588
Net claims paid		(5,268,744)	(5,554,214)
Change in provision for claims			
Gross amount	2	759,868	(2,634,995)
Reinsurers' share	2	497,413	1,013,158
Net change in provisions for claims		1,257,281	(1,621,837)
Claims incurred, net of reinsurance		(4,011,463)	(7,176,051)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	3	(3,316,024)	(3,421,002)
Other technical charges net of reinsurance		-	-
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		1,180,269	(1,000,851)

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 2012

	Notes	2012 £	2011 £
NON – TECHNICAL ACCOUNT			
Balance on the general business technical account		1,180,269	(1,000,851)
Investment Income	4	541,605	734,163
Unrealised gains on investments		164,236	187,960
Investment expenses and charges	5	(101,633)	(108,881)
Unrealised losses on investments		(82,911)	(217,225)
Allocated investment return transferred to the general business technical account		(317,546)	(205,267)
Income from other activities	6	1,295,067	1,318,960
Total income		2,679,087	708,859
Interest receivable		888	2,445
Interest payable		-	-
Operating expenses, including value adjustments		(1,799,154)	(1,828,332)
Amounts written off investments	7	-	(105,000)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	7	880,821	(1,222,028)
Tax on ordinary activities	9a	6,902	24,410
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX		887,723	(1,197,618)
Non equity minority interest		(73,217)	140,937
RETAINED PROFIT/ (LOSS) FOR THE FINANCIAL YEAR FOR THE GROUP	18	814,506	(1,056,681)

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 2012

	Notes	2012 £	2011 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		814,506	(1,056,681)
Revaluation of other investments	13a	295,817	(264,676)
Revaluation of investment properties	13a	(30,000)	-
Revaluation of fixed assets	18	-	(107,241)
Other movement	18	577,373	(592,272)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>1,657,696</u>	<u>(2,020,870)</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 2012

	Notes	Syndicate £	2012 Other £	Total £	Syndicate £	2011 Other £	Total £
ASSETS							
Intangible fixed assets	10		255,976	255,976	-	559,637	559,637
Fixed assets	11		5,408,911	5,408,911	-	5,284,198	5,284,198
Other financial investments							
Other financial investments	12/13	10,785,082	3,206,385	13,991,467	10,218,548	2,343,700	12,562,248
Deposits with ceding undertakings		2,730	-	2,730	3,111	-	3,111
		10,787,812	8,871,272	19,659,084	10,221,659	8,187,535	18,409,194
Reinsurers' share of technical provisions							
Provision for Unearned premium		608,198	-	608,198	499,617	-	499,617
Claims outstanding		4,249,279	-	4,249,279	3,716,201	-	3,716,201
		4,857,477	-	4,857,477	4,215,818	-	4,215,818
Debtors							
Debtors arising out of direct insurance operations		2,259,768	-	2,259,768	2,330,668	-	2,330,668
Debtors arising out of reinsurance operations		2,561,859	-	2,561,859	2,564,386	-	2,564,386
Other debtors	14	1,034,757	508,969	1,543,726	1,250,794	315,186	1,565,980
		5,856,384	508,969	6,365,353	6,145,848	315,186	6,461,034
Other assets							
Stocks		-	25,755	25,755	-	20,969	20,969
Cash at bank and in hand		653,674	529,336	1,183,010	677,530	693,001	1,370,531
Other assets		1,081,511	-	1,081,511	1,151,948	-	1,151,948
		1,735,185	555,091	2,290,276	1,829,478	713,970	2,543,448
Prepayments and accrued income							
Accrued interest		4,528	-	4,528	9,426	-	9,426
Deferred acquisition costs		1,040,371	-	1,040,371	1,061,273	-	1,061,273
Other prepayments and accrued income		53,355	32,109	85,464	68,435	152,813	221,248
		1,098,254	32,109	1,130,363	1,139,134	152,813	1,291,947
TOTAL ASSETS		24,335,112	9,967,441	34,302,553	23,551,937	9,369,504	32,921,441

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 2012

	Notes	2012			2011		
		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	-	1,423,520	1,423,520
Capital redemption reserve	18	-	19,000	19,000	-	19,000	19,000
Investment property revaluation reserve	18	-	69,063	69,063	-	99,063	99,063
Other revaluation reserve	18	-	227,075	227,075	-	(68,292)	(68,292)
Profit and loss account	18	(640,399)	7,625,205	6,984,806	(1,443,184)	7,035,661	5,592,477
Total Shareholders' funds	19	(640,399)	9,454,965	8,814,566	(1,443,184)	8,600,054	7,156,870
Non equity minority interest		-	(221,486)	(221,486)	-	(313,813)	(313,813)
Capital employed		(640,399)	9,233,479	8,593,080	(1,443,184)	8,286,241	6,843,057
Technical provisions							
Provision for unearned premium		4,372,473	-	4,372,473	4,472,150	-	4,472,150
Claims outstanding - gross amount		16,446,126	-	16,446,126	16,897,547	-	16,897,547
		20,818,599	-	20,818,599	21,369,697	-	21,369,697
Deposit received from reinsurers							
		2,139	-	2,139	2,490	-	2,490
Creditors: due within one year							
Creditors arising out of direct insurance operations		307,906	-	307,906	538,763	-	538,763
Creditors arising out of reinsurance operations		2,322,730	-	2,322,730	1,377,078	-	1,377,078
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security	15	1,358,350	248,836	1,607,186	1,956,951	380,860	2,337,811
		3,988,986	248,836	4,237,822	3,872,792	380,860	4,253,652
Creditors: due after one year							
Other creditors	16	-	25,887	25,887	-	25,887	25,887
Accruals and deferred income							
		165,787	459,239	625,026	(249,858)	676,516	426,658
Total liabilities		24,335,112	9,967,441	34,302,553	23,551,937	9,369,504	32,921,441

The financial statements were approved by the Board of Directors on 16.12.13 and were signed on its behalf by



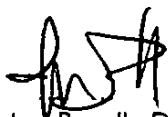
W D Johns-Powell – Director

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 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	5,027,431	5,032,891
Investments	13	5,798,473	4,493,193
		<u>10,825,904</u>	<u>9,526,084</u>
CURRENT ASSETS			
Amounts due from group undertakings	14	514,628	340,541
Other debtors	14	54,857	22,240
Cash at bank		310,175	585,193
		879,660	947,974
CREDITORS			
Amounts falling due within one year			
Other creditors including taxation and social security	15	(47,714)	(55,458)
Accruals and deferred income	15	(10,640)	(11,734)
		(58,354)	(67,192)
NET CURRENT ASSETS		<u>821,306</u>	<u>880,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,647,210</u>	<u>10,406,866</u>
NET ASSETS		<u>11,647,210</u>	<u>10,406,866</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	69,063	99,063
Other revaluation reserves	18	872,972	101,599
Profit and loss account	18	8,831,815	8,332,844
SHAREHOLDERS' FUNDS	19	<u>11,647,210</u>	<u>10,406,866</u>

The financial statements were approved by the Board of Directors on 16.12.13 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 2012

	Notes	2012 £	2011 £
OPERATING ACTIVITIES			
Net cash inflow from operating activities	20a	578,497	569,717
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		888	2,445
Non equity minority interest paid		(6,185)	<u>(6,015)</u>
		(5,297)	(3,570)
TAXATION			
UK Corporation tax repayment		6,902	13,528
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of syndicate capacity		(2,659)	(86,711)
Sale of syndicate capacity		6,019	112,582
Purchase of tangible fixed assets		(168,739)	(247,471)
Purchase of investments		(693,305)	(1,322,543)
Sale of investments		114,917	-
Sale of investment property		<u>-</u>	<u>1,500,000</u>
		(743,767)	(44,143)
FINANCING	20b	<u>-</u>	<u>-</u>
NET CASH (OUTFLOW)/INFLOW FOR THE YEAR		<u>(163,665)</u>	<u>535,532</u>
Cashflows were invested as follows:			
(Decrease)/Increase in cash holdings		<u>(163,665)</u>	<u>535,532</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.

William Powell & Sons Limited (Registered company number: 00214549)
For the Year ended 31 December 2012
Notes to the accounts

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 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 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

William Powell & Sons Limited (Registered company number: 00214549)
For the Year ended 31 December 2012
Notes to the accounts

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

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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 subsidiary 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.

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 of 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 at 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 purchase 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 (SUBSIDIARY)

Under the partnership agreement the net profit of the LLP subsidiary 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

Other profits are assessable to Corporation tax in the year as they are recognised for accounting purposes, after adjustment in accordance with tax legislation. 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

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 five 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

Plant and machinery, fixtures and fittings are stated at historical cost net of depreciation and any provision for impairment. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant & Machinery	- Straight line over 5 – 10 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

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- 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. LEASING COMMITMENTS

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 2012. 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".

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2. CLASS OF BUSINESS

	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Re- insurance Balance £	Total £
2012						
Direct Insurance						
Accidental and health	417,416	422,033	(192,890)	(168,290)	(26,526)	34,327
Motor – third party liability	21,414	28,719	(2,225)	(9,950)	(7,220)	9,324
Motor – other classes	1,541,654	1,415,266	(1,088,246)	(486,329)	51,125	(108,184)
Marine, aviation & transport	1,077,006	1,136,154	(511,255)	(347,041)	(29,838)	248,020
Fire & other damage to property	2,766,379	2,251,062	(1,431,762)	(958,852)	(394,087)	136,361
Third party liability	1,635,487	1,447,674	(794,318)	(425,610)	(105,632)	122,114
Credit and suretyship	156,370	152,585	(56,769)	(46,350)	(19,302)	30,164
Legal expenses	23,192	23,611	(9,620)	(12,030)	134	2,095
Assistance	-	-	-	-	-	-
Miscellaneous	248,168	188,503	(94,858)	(107,682)	(13,510)	(27,547)
Total direct	7,887,086	7,735,607	(4,181,943)	(2,562,134)	(544,856)	446,674
Reinsurance	3,139,880	3,243,139	(1,513,113)	(753,890)	(560,087)	416,049
Total	11,026,966	10,978,746	(5,695,056)	(3,316,024)	(1,104,943)	862,723
	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)

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

	2012	2011
	£	£
Acquisition costs	2,771,397	2,758,352
Change in deferred acquisition costs	152	189,104
Administrative expenses	458,351	363,339
Reinsurance commission and profit participants	(228,323)	(165,893)
Personal expenses	314,447	276,100
	3,316,024	3,421,002

4. INVESTMENT INCOME

	2012	2011
	£	£
Income from Investments	439,603	643,388
Realised gains on Investments	100,793	90,248
Deposit interest	1,209	527
	541,605	734,163

5. INVESTMENT EXPENSES AND CHARGES

	2012	2011
	£	£
Investment management charges, including interest	22,720	19,633
Realised losses on investments	78,913	89,248
	101,633	108,881

6. INCOME FROM OTHER ACTIVITIES

	2012	2011
	£	£
Underwriting investment	(8,141)	(95,390)
Income from trading activities	1,303,208	1,414,350
	1,295,067	1,318,960

7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

	2012	2011
	£	£
Loss on ordinary activities before tax is stated after charging/(crediting)		
Amortisation of syndicate capacity	286,793	273,589
Loss on disposal of syndicate capacity	8,141	95,390
Loss/(Profit) on foreign currency exchange	108,647	(11,162)
Amortisation of goodwill	5,368	5,368
Depreciation of tangible fixed assets – owned assets	42,595	48,213
Loss/(Profit) on disposal of fixed assets	1,431	(4,107)
Hire of other assets under operating leases	50	50
Amounts written off investments	-	105,000
Group Auditors Remuneration		
- Parent company and group accounts	5,350	5,400
- Audit of subsidiaries	7,435	7,350
Non Audit Remuneration		
- Tax services	3,920	7,770
- Other services	2,794	3,500
Fees payable to other auditors		
- the audit of a subsidiary	85	95

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8. STAFF COSTS

	2012 £	2011 £
Salaries and associated expenses		
Wages and salaries	424,794	469,061
Social security costs	29,628	34,908
	454,422	503,969
Average number of employees		
Cottrell Park Ltd	10	16
William Powell & Sons Limited	3	3
Powell Underwriting LLP	-	-
Directors' remuneration	48,231	78,645

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

(a) Analysis of (credit)/charge in the year

	2012 £	2011 £
Current tax		
United Kingdom corporation tax on (loss)/profit of the year	3,950	-
Adjustments in respect of prior periods	(10,852)	(24,410)
	(6,902)	(24,410)
Deferred tax		
Origination and reversal of timing differences (note 16)	-	-
Tax on profit on ordinary activities	(6,902)	(24,410)

(b) Factors affecting the tax charge for the year

Profit/(Loss) on ordinary activities before tax	880,821	(1,222,028)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 24.42% (2011 26.5%)	215,096	(323,837)
Effects of		
Expenses not deductible for tax purposes	824	41,276
Non taxable income	(148,565)	(128,505)
Depreciation in excess of capital allowances	1,333	(19,190)
Utilisation of tax losses	(50,573)	(105,870)
Tax adjustment for investments	(86,887)	355,579
Losses carried forward	-	43,744
Chargeable gains	4,584	136,803
Lloyds syndicate adjustments	86,445	-
Foreign tax relief	(18,307)	-
Prior year adjustment	(10,852)	(24,410)
Current tax (credit)/charge for the year (see (a) above)	(6,902)	(24,410)

(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 £13,813 (2011 £458,457). At present, it is not envisaged that any tax will become payable in the foreseeable future.

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10. INTANGIBLE FIXED ASSETS

Group	Purchased Syndicate Capacity £	Positive Goodwill £	Total £
COST			
At 1 January 2012	1,461,572	107,378	1,568,950
Additions	2,659	-	2,659
Disposals	(27,612)	-	(27,612)
At 31 December 2012	1,436,619	107,378	1,543,997
AMORTISATION			
At 1 January 2012	967,264	42,049	1,009,313
Provided during the year	286,793	5,368	292,161
Disposals	(13,453)	-	(13,453)
At 31 December 2012	1,240,604	47,417	1,288,021
NET BOOK VALUE			
At 31 December 2012	196,015	59,961	255,976
At 31 December 2011	494,308	65,329	559,637

11. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST OR VALUATION				
At 1 January 2012	5,021,900	697,655	464,230	6,183,785
Additions	101,223	67,516	-	168,739
Disposals	-	(2,320)	-	(2,320)
At 31 December 2012	-	762,851	464,230	6,350,204
DEPRECIATION				
At 1 January 2012	-	435,389	464,198	899,587
Charge for year	-	42,595	-	42,595
Eliminated on disposals	-	(889)	-	(889)
At 31 December 2012	-	477,095	464,198	941,293
NET BOOK VALUE				
At 31 December 2012	5,123,123	285,756	32	5,408,911
At 31 December 2011	5,021,900	262,266	32	5,284,198

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11. TANGIBLE FIXED ASSETS (CONTINUED)

Group (Continued)

Cost or valuation at 31 December 2012 is represented by.

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
Valuation in 2010	1,763,258	-	-	1,763,258
Cost	3,359,865	762,851	464,230	4,586,946
Total	<u>55,123,123</u>	<u>762,851</u>	<u>464,230</u>	<u>6,350,204</u>

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

	2012	2011
	£	£
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 2012 and have accordingly applied the valuation as at 31 December 2012.

Company

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
COST OR VALUATION				
At 1 January 2012 and at 31 December 2012	5,021,900	365,585	464,230	5,851,715
DEPRECIATION				
At 1 January 2012	-	354,626	464,198	818,824
Charge for year	-	5,460	-	5,460
At 31 December 2012	-	<u>360,086</u>	<u>464,198</u>	<u>824,284</u>
NET BOOK VALUE				
At 31 December 2012	<u>5,021,900</u>	<u>5,499</u>	<u>32</u>	<u>5,027,431</u>
At 31 December 2011	<u>5,021,900</u>	<u>10,959</u>	<u>32</u>	<u>5,032,891</u>

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II TANGIBLE FIXED ASSETS (Continued)
Company (continued)

Cost or valuation at 31 December 2012 is represented by

	Freehold Property	Plant & Machinery	Fixtures & Fittings	Total
	£	£	£	£
Valuation in 2010	1,763,258	-	-	1,763,258
Cost	3,258,642	365,585	464,230	4,088,457
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.

	2012	2011
	£	£
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 2012 and have accordingly applied the valuation as at 31 December 2012.

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12. SYNDICATE INVESTMENTS

Group	2012 Market Value £	2012 Costs £	2011 Market Value £	2011 Costs £
Shares and other variable yield securities & units in unit trusts	1,545,203	1,536,101	1,248,522	1,236,142
Debt securities and other fixed income Securities	8,360,517	8,196,484	8,344,872	8,349,216
Participation investment pools	551,415	681,202	456,646	450,376
Loans secured by mortgages	54,473	53,818	54,226	54,469
Other loans	56,971	56,955	62,326	61,936
Deposits with credit institutions	16,578	16,579	51,768	51,767
Other	199,925	192,516	188	3,591
	10,785,082	10,733,655	10,218,548	10,207,497
Listed investments included within the above	10,457,135	10,413,787	10,050,040	10,035,734

13. OTHER INVESTMENTS

(a) Group

	Listed & other Investments £	Investment properties £	Totals £
COST OR VALUATION			
At 1 January 2012	2,243,700	100,000	2,343,700
Additions	693,305	-	693,305
Disposals	(96,437)	-	(96,437)
Revaluations	295,817	(30,000)	265,817
At 31 December 2012	3,136,385	70,000	3,206,385
NET BOOK VALUE			
At 31 December 2012	3,136,385	70,000	3,206,385
At 31 December 2011	2,243,700	100,000	2,343,700

Cost or revaluation at 31 December 2012 is represented by

	Listed & other Investments £	Investment properties £	Totals £
Valuation	227,075	69,063	296,138
Cost	2,909,310	937	2,910,247
Total	3,136,385	70,000	3,206,385

Listed and other investments

Included in the net book value of listed and other investments of £3,136,385 (2011 £2,243,700) are listed investments listed on the London Stock Exchange, the market value of which at 31 December 2012 amounted to £2,438,137 (2011 £1,605,980)

13 OTHER INVESTMENTS (CONTINUED)

Investment properties

Investment properties were valued on an open market basis on 31 December 2012 by the directors and have been determined to be a fair value in the current market conditions

(b) Company

	2012 £	2011 £
Shares in group undertakings	2,218,311	1,622,937
Loan to group undertaking	373,777	526,556
Other investments	3,206,385	2,343,700
	5,798,473	4,493,193

Additional information is as follows

	Shares in group undertakings £	Listed & other Investments £	Investment properties £	Totals £
COST OR VALUATION				
At 1 January 2012	1,622,937	2,243,700	100,000	3,966,637
Additions	-	693,305	-	693,305
Disposals	-	(96,437)	-	(96,437)
Revaluations	475,556	295,817	(30,000)	741,373
Reclassification	119,818	-	-	119,818
At 31 December 2012	2,218,311	3,136,385	70,000	5,424,406
NET BOOK VALUE				
At 31 December 2012	2,218,311	3,136,385	70,000	5,424,696
At 31 December 2011	1,622,937	2,243,700	100,000	3,966,637

During the year £119,818 of the loan to group undertaking was reclassified as "shares in group undertakings" to better reflect the subsistence of the transaction

Cost or revaluation at 31 December 2012 is represented by

	Shares in group undertakings £	Listed & other Investments £	Investment properties £	Totals £
Valuation	645,899	227,073	69,063	942,035
Cost	1,572,412	2,909,312	937	4,482,661
Total	2,218,311	3,136,385	70,000	5,424,696

Listed and other investments

Included in the net book value of listed and other investments of £3,136,385 (2011 £2,243,700) are listed investments listed on the London Stock Exchange, the market value of which at 31 December 2012 amounted to £2,438,137 (2011 £1,605,980)

Investment properties

Investment properties were valued on an open market basis on 31 December 2012 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 2012 (and at 31 December 2011) were

	Nature of Business	County of Registration	Basis of Control	Aggregate Capital Reserves	Profit for the year
Cottrell Park Ltd	Golf Club	England & Wales	100% ordinary share capital	123,109	14,157
Powell Underwriting LLP	Underwriting Member of Lloyds	England & Wales	90% general partner	(658,242)	732,573

14. OTHER DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts receivable from managed Syndicates	1,034,757	1,250,794	-	-
Other	508,969	315,186	569,485	362,781
	1,543,726	1,565,980	569,485	362,781

All amounts are due within one year

15. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Amounts payable to managed syndicates	1,358,350	1,956,951	-	-
Other	248,836	380,860	47,714	55,458
Accruals and deferred income	-	-	10,640	11,734
	1,607,186	2,337,811	58,354	67,192
Amounts falling due after one year:				
Deferred taxation (note 16)	25,887	25,887	-	-
	25,887	25,887	-	-

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16. DEFERRED TAXATION

Group

	2012 £	2011 £
At 1 January and at 31 December	25,887	25,887

Deferred tax consists entirely of accelerated capital allowances

17. CALLED UP SHARE CAPITAL

	2012 Number	2012 £	2011 Number	2011 £
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 2012	5,592,477	1,423,520	19,000
Profit for the year	814,506	-	-
Revaluation of other investments	-	-	-
Other (non syndicate)	577,823	-	-
Revaluation of investment property	-	-	-
At 31 December 2012	6,984,806	1,423,520	19,000

	Investment Property Revaluation Reserve £	Other Revaluation Reserve £	Totals £
At 1 January 2012	99,063	(68,292)	7,065,768
Loss for year	-	-	814,506
Revaluation of other investments	-	295,817	295,817
Other (non syndicate)	-	-(450)	577,373
Revaluation of investment property	(30,000)	-	(30,000)
At 31 December 2012	69,063	227,075	8,723,464

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18. RESERVES (CONTINUED)

Company

	Profit & Loss Account	Freehold Property Revaluation Reserve	Capital Redemption Reserve
	£	£	£
At 1 January 2012	8,332,844	1,763,258	19,000
Profit for the year	498,971	-	-
Revaluation of other investments	-	-	-
At 31 December 2012	8,831,815	1,763,258	19,000

	Investment Property Revaluation Reserve	Other Revaluation Reserve	Totals
	£	£	£
At 1 January 2012	99,063	101,599	10,315,764
Profit for the year	-	-	498,971
Revaluation of other investments	(30,000)	771,373	741,373
At 31 December 2012	69,063	872,972	11,556,108

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Profit/(loss) for the financial year	814,506	(1,056,681)	498,971	274,811
Other recognised gains and losses attributable to the group (net)	843,190	(964,189)	741,373	(264,676)
Net addition/(reduction) to Shareholders' funds	1,657,969	(2,020,870)	1,240,344	10,135
Opening shareholders' funds	7,156,870	9,177,740	10,406,866	10,396,731
Closing shareholders' funds	8,814,566	7,156,870	11,647,210	10,406,866

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20. a) CONSOLIDATED CASHFLOW STATEMENT

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	880,821	(1,222,028)
Amounts written off investments	-	105,000
Interest receivable	(888)	(2,445)
Adjusted Profit/(loss) on ordinary activities before tax	879,933	(1,119,473)
(Profit)/loss attributable to syndicate transactions	(1,218,177)	936,118
Profit excluding syndicate transactions	(338,244)	(183,355)
(Increase)/decrease in stocks	(4,786)	4,036
(Increase)/decrease in debtors	270,439	(346,213)
Increase in creditors	325,240	371,853
Loss on disposal of syndicate capacity	8,141	95,390
Amortisation of syndicate capacity	286,793	277,833
Amortisation of goodwill	5,368	5,368
Depreciation	42,595	34,708
Loss on or on sale of investment	(18,480)	308,212
Loss on sale of fixed assets	1,431	1,885
Net cash inflow from operating activities	578,497	569,717

20. b) ANALYSIS OF CHANGES IN NET DEBT

	At January 1 2012 £	Cashflow £	Non Cash Movement £	At December 31 2012 £
Net cash				
Cash and at bank	693,001	(163,665)	-	529,336
Debt	693,001	(163,665)	-	529,336
Hire purchase				
Total	693,001	(163,665)	-	529,336

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.