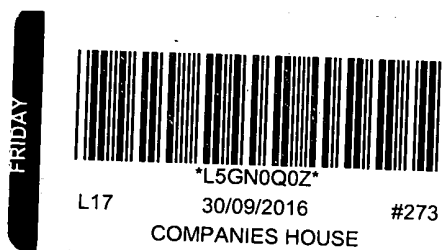


LONHAM GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2015



Registered number: 01679607

Registered office: Plantation Place, 30 Fenchurch Street, London EC3M 3AD

LONHAM GROUP LIMITED

STRATEGIC REPORT

FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

The Directors present their strategic report of Lonham Group Limited (the Company) for the nine months ended 31 December 2015.

Principal activity

The Company's principal activity is to act as an agent in underwriting insurance risks.

During the period the Company disposed of its subsidiary undertakings, Lonham Marine Underwriters Limited and Lonham Claims and Recovery Bureau Limited, at cost.

On 30 October the Company was acquired by Chaucer Syndicates Limited, a UK registered subsidiary of The Hanover Insurance Group, Inc.

Following a review of the Company's accounting policies and periods; the financial period has changed to 31 December and no other changes were required.

Results and dividends

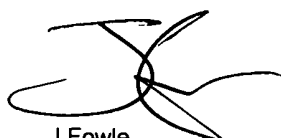
The profit for the financial period was £543,017 (31 March 2015: £380,765). The Directors do not recommend the payment of a final dividend and the Company has paid dividends of £199,994 during the period (31 March 2015: £543,017).

Principal risks and uncertainties

Credit risk

The Company's assets consist mainly of intra-group debtors. The recoverability of these balances is assessed each year as part of a group wide exercise.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by



J Fowle
Director

LONHAM GROUP LIMITED

DIRECTORS' REPORT

FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

The Directors present their report and the audited financial statements of Lonham Group Limited for the nine months ended 31 December 2015.

Directors and their interests

The Directors, as set out below, held office throughout the period, unless otherwise stated.

M J Ayres	
N H Hamer	(resigned 30 October 2015)
C G Midwood	(resigned 30 October 2015)
D Stannard	(resigned 30 October 2015)
J G Slabbert	(appointed 30 October 2015)
J Fowle	(appointed 30 October 2015)

No Director had any interest in the voting share capital of the Company at any time during the year.

During the period from 1 April 2015 to (and including) the date of approval of this report, the Company provided its Directors and Officers with a qualifying third party indemnity, and cover under a Directors and Officers insurance policy taken out by The Hanover Insurance Group, Inc.

Company secretary

D Stannard (resigned 30 October 2015)
R N Barnett (appointed 12 February 2016)

Registered office

Plantation Place
30 Fenchurch Street
London EC3M 3AD

Registered number

01679607

Independent Auditors

PricewaterhouseCoopers LLP, London

Ultimate parent company

The Hanover Insurance Group, Inc.

Going concern basis

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors.

LONHAM GROUP LIMITED

DIRECTORS' REPORT (continued)

FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report 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 prepared 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure of information to auditors

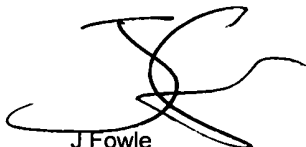
The Directors each confirm that:

- (a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by



J Fowle
Director

LONHAM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONHAM GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion, Lonham Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profits for the nine month period ('the period') then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Lonham Group Limited's financial statements comprise:

- the Profit and Loss Account for the period then ended;
- the Balance Sheet as at 31 December 2015;
- the Statement of changes in Shareholders' funds for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONHAM GROUP LIMITED (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2016

LONHAM GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

	Notes	31 December 2015 £	31 March 2015 £
Turnover	3	1,402,410	1,521,720
Administrative expenses		(753,918)	(1,045,822)
Operating profit	4	648,492	475,898
Interest receivable and similar income		1,788	2,198
Profit on ordinary activities before taxation		650,280	478,096
Tax on profit on ordinary activities	7	(107,263)	(97,331)
Profit for the financial period		543,017	380,765

All amounts relate to continuing operations.

There was no other comprehensive income outside of the Profit and Loss Account.

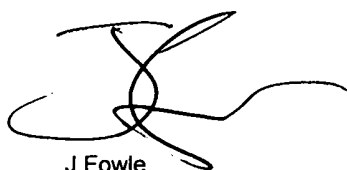
LONHAM GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2015

Registered Number: 01679607

	Notes	31 December 2015 £	restated 31 March 2015 £
Fixed assets			
Tangible assets	8	66,901	73,762
Investment in subsidiary undertakings	9	-	-
Current assets			
Debtors	10	667,218	1,041,305
Cash at bank		1,752,381	730,374
		<u>2,419,599</u>	<u>1,771,679</u>
Creditors: amounts falling due within one year	11	<u>(1,524,296)</u>	<u>(1,226,260)</u>
Net current assets		895,303	545,419
Net assets		<u>962,204</u>	<u>619,181</u>
Capital and reserves			
Called up share capital	12	100	100
Capital redemption reserve		10,000	10,000
Profit and loss account		952,104	609,081
Total shareholder's funds		<u>962,204</u>	<u>619,181</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 27 September 2016 and were signed on its behalf by:



J Fowle
Director

LONHAM GROUP LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S FUNDS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

	Notes	Called up share capital £	Capital Redemption Reserve £	Profit and loss account £	Total £
Balance as at 1 April 2014		100	10,000	697,616	707,716
Profit for the financial period		-	-	380,765	380,765
Dividends paid		-	-	(469,300)	(469,300)
Balance as at 31 March 2015		100	10,000	609,081	619,181
Balance as at 1 April 2015		100	10,000	609,081	619,181
Profit for the financial period		-	-	543,017	543,017
Dividends paid	13	-	-	(199,994)	(199,994)
Balance as at 31 December 2015		100	10,000	952,104	962,204

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

1. Basis of preparation

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK law and accounting standards (UK GAAP). The Company is wholly-owned by a member of The Hanover Insurance Group, Inc. (THG), a company incorporated and registered in the United States of America (Note 13), and is included in the consolidated financial statements of THG, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 and the exemption from the obligation to prepare and deliver group accounts under section 401 of the Companies Act 2006.

The financial statements present information about the individual entity and not as a group. The Company is also exempt under the terms of FRS 102 from disclosing related-party transactions with the ultimate parent company or any of its wholly owned subsidiaries.

Following the acquisition of the Company by Chaucer Syndicates Limited on 30 October 2015 the Company changed its accounting period to 31 December 2015.

2. Accounting policies

a) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015 (continued)

c) Turnover

The turnover in the profit and loss account represents:

- i) Insurance commission earned in the year. This is calculated based on the policies which have been invoiced in the year.

Where the company receives revenue which is related to the underlying underwriting profits on policies written or sold, this is only recognised in the period in which the right to the consideration is achieved and the final amount can be easily measured.

- ii) Income, receivable from Chaucer Syndicate Limited, calculated as 105% of expenses incurred, in line with the agreement between Lonham Group Limited and Chaucer Syndicate Limited.

d) Dividends

Dividends paid or declared during the year are recognised as a reduction in equity. Dividends declared after the balance sheet date but before the financial statements are authorised are not recognised but are disclosed in the notes to the financial statements.

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment. Depreciation is calculated to write-off the cost of tangible fixed assets over their estimated useful lives on a straight line basis as follows:

Freehold property	2.38% straight line
Fixtures and fittings	33.33% per annum
Office Equipment	33.33% per annum

f) Investment in subsidiary undertakings

The investment in subsidiary undertakings is stated in the balance sheet at cost less provision for any impairment in value. Income from investment in subsidiary undertaking includes dividend income which is recognised upon establishment of the Company's right to receive payment.

g) Cash at bank and in hand

Cash at bank on the balance sheet represent cash balances and money market fund deposits lodged with banks.

h) Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Income in respect of operating leases is recognised in the profit and loss account on a straight-line basis over the lease term.

Where a rent-free period has been granted on a lease contract, the benefit/cost of the rent-free period results in a provision being created and released on a straight-line basis over the shorter of the lease term and the period to the first rent review.

i) Foreign currencies

The Company's functional and presentation currency is Pound Sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015 (continued)

j) Taxation

The tax expense represents the sum of tax currently payable and adjustments for previous periods.

The tax currently payable is based on taxable income for the period. Taxable profit differs from profit on ordinary activities as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates applicable at the balance sheet date.

k) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including the share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to the financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

l) Insurance debtors and creditors

Insurance brokers act as agents in placing the insurable risks of their clients with the insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability in trade creditors is established in favour of the insurer or the client. In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior collection. These advances are reflected in the balances sheet as part of trade receivables.

m) Trade receivables

Trade receivables are amounts due from customers for insurance broking services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

n) Trade creditors

Trade Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities

3. Turnover

11.7% of the Company's turnover (31 March 2015: 13.0%) is attributable to geographic markets outside the United Kingdom.

4. Operating profit

Operating profit is stated after charging:

	31 December 2015	31 March 2015
	£	£
Depreciation of tangible fixed assets (Note 8)	9,665	8,778
Pension costs	55,846	74,854

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015 (continued)

5. Auditors' remuneration

The auditors' remuneration in respect of the Company's financial statements for the period ended 31 December 2015 was £15,875 (31 March 2015: £18,775), which has been borne by a related group undertaking.

6. Directors' emoluments and staff costs

Directors' emoluments

The emoluments of the directors before recharges to Group companies are as follows:

	31 December 2015	31 March 2015
	£	£
Aggregate remuneration	257,074	404,665
Pension contributions	32,900	51,900

For the period to 31 December 2015 retirement benefits were accruing to four directors (1 April to 30 October) and one director (1 November to 31 December) in respect of defined contribution pension schemes.

No directors participated in the Chaucer share incentive plan.

	31 December 2015	31 March 2015
	£	£
Number of directors who were members of: Defined contribution pension scheme	4	4

Staff Costs

Employee information and information in relation to members:

	31 December 2015	31 March 2015
	£	£
Wages and Salaries	475,675	652,126
Social Security Costs	57,489	76,005
Pension contributions to defined contribution schemes, which represents amounts payable by the company	55,846	74,854
The average monthly number of persons employed by the company during the year	16	16

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015 (continued)

7. Tax on profit on ordinary activities

	31 December 2015 £	31 March 2015 £
Current tax:		
UK corporation tax at 20% (31 March 2015: 21%)	107,263	97,331
Tax on profit on ordinary activities	<u>107,263</u>	<u>97,331</u>

Other factors affecting the tax charge for the period

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 20% (31 March 2015: 21%). The differences are explained below:

	31 December 2015 £	31 March 2015 £
Profit on ordinary activities before tax	650,280	478,096
Tax at 20% (31 March 2015: 21%)	130,056	100,400
Effects of:		
- Expenses not deductible for tax purposes in excess of / (less than) capital allowances	1,804	(508)
-Marginal relief	-	(2,561)
-Group relief for nil consideration	(24,597)	-
Tax charge for the period	<u>107,263</u>	<u>97,331</u>

The financial statements reflect the rate reductions included in Finance Act 2013 which was substantively enacted and enacted in July 2013. This legislation reduced the main rate of UK corporation tax from 23% to 21% effective from 1 April 2014 with a further reduction to 20% effective from 1 April 2015. Finance (No. 2) Act 2015 reduced the main rate of UK corporation tax from 20% to 19% which will be effective from 1 April 2017 with a further reduction to 18% effective from 1 April 2020. Finance (No. 2) Act 2015 was substantively enacted in October 2015 and enacted in November 2015.

8. Tangible fixed assets

	Freehold Property £	Fixtures and fittings £	Total £
Cost:			
At 31 March 2015	300,610	161,043	461,653
Additions	-	2,804	2,804
Disposals	-	(917)	(917)
At 31 December 2015	<u>300,610</u>	<u>162,930</u>	<u>463,540</u>
Accumulated depreciation:			
At 31 March 2015	247,574	140,317	387,891
Charge	1,607	8,058	9,665
Disposals	-	(917)	(917)
At 31 December 2015	<u>249,181</u>	<u>147,458</u>	<u>396,639</u>
Net book value:			
At 31 December 2015	<u>51,429</u>	<u>15,472</u>	<u>66,901</u>
At 31 March 2015	<u>53,036</u>	<u>20,726</u>	<u>73,762</u>

LONHAM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015 (continued)

9. Investment in subsidiary undertakings

	31 December 2015 £	31 March 2015 £
Investment in subsidiary undertakings	-	-

The Company's shareholdings as at 31 March 2015 were as follow:

Company	Activity	Class of shares	Ordinary shares held %	Country of incorporation
Lonham Marine Underwriters Limited	Dormant	Ordinary	100	Great Britain
Lonham Claims and Recovery Bureau Limited	Dormant	Ordinary	100	Great Britain

The shares for Lonham Marine Underwriters Limited and Lonham Claims and recovery Bureau Limited were transferred out of the Company at 30 October 2015. The investments in both companies had previously been fully impaired. No consideration was received for the shares.

10. Debtors

	31 December 2015 £	restated 31 March 2015 £
Trade debtors	664,145	967,690
Other debtors	3,073	73,615
	667,218	1,041,305

11. Creditors – amounts falling due within one year

	31 December 2015 £	restated 31 March 2015 £
Trade creditors	1,140,741	845,721
Amounts owed to group undertakings	72,153	72,268
Corporation tax	107,297	97,316
Other taxation and social security	22,590	32,550
Other creditors	181,515	178,405
	1,524,296	1,226,260

Trade creditors contains £287,859 (31 March 2015: £nil) owed to Chaucer Syndicates Limited for premiums invoiced less claims payments agreed.

12. Called up share capital

	31 December 2015 £	31 March 2015 £
Allotted, called up and fully paid:		
100 (31 March 2015: 100) "A" ordinary voting shares of £1 each	100	100

**NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015
(continued)**

13. Dividends

During the period the company paid a dividend of £199,994 (31 March 2015: £469,000).

14. Ultimate parent company

The largest and smallest group of undertakings for which group accounts are prepared, and in which the results of the Company is included, is The Hanover Insurance Group, Inc. A copy of the most recent consolidated accounts is available from the website of The Hanover Insurance Group, Inc (www.hanover.com).

15. Transition to FRS 102

This is the first period that the Company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2015. There were no changes to the Company's profit for the financial year ended 31 March 2015 and the total shareholders' funds as at 1 April 2014 and 31 March 2015 as a result of the adoption of FRS 102.

Under FRS 102 other than receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability in trade creditors is established in favour of the insurer or the client. This is different from the previous UK GAAP, under which the Company recognised insurance transaction balances in advance of cash being received. This resulted in a derecognition of trade receivables and trade creditors balance as at 31 March 2015 of £1,258,266. These adjustments have no effect on Company's profit for the financial year ended 31 March 2015 and the total shareholders' funds as at 1 April 2014 and 31 March 2015, but have affected the presentation of these items on the balance sheet.