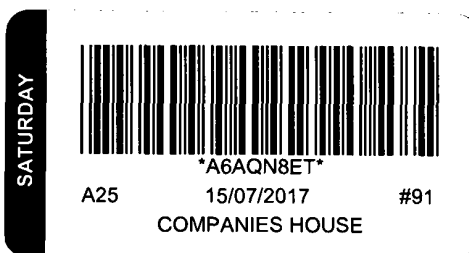


**LONHAM GROUP LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



**Registered number: 01679607**

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

# **LONHAM GROUP LIMITED**

## **STRATEGIC REPORT**

The Directors present their strategic report of Lonham Group Limited (the Company) for the year ended 31 December 2016.

### **Principal activity**

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

On 30 October 2015, the Company was acquired by Chaucer Syndicates Limited, a UK registered subsidiary of The Hanover Insurance Group, Inc. The financial period was changed to 31 December, resulting in a short accounting period from 1 April 2015 to 31 December 2015. Therefore, the comparative information presented is for the period 1 April 2015 to 31 December 2015.

### **Results and dividends**

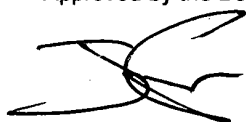
The profit for the financial year/period was £440,660 (2015: £543,017). The Directors do not recommend the payment of a final dividend and the Company has not paid dividends during the year/period (2015: £199,994).

### **Principal risks and uncertainties**

#### **Credit risk**

The Company's principal risks relate to credit exposures on its trade debtors as well as retention risk associated with key employees.

Approved by the Board of Directors on 5 July 2017 and signed on its behalf by



J Fowle  
Director

# **LONHAM GROUP LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of Lonham Group Limited for the year ended 31 December 2016.

### **Directors and their interests**

The Directors, as set out below, held office throughout the year ended 31 December 2016, unless otherwise stated.

M J Ayres

R J Callan (appointed 28 September 2016)

J G Slabbert (resigned 20 February 2017)

J Fowle

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

During the period from 1 January 2016 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**

R N Barnett

### **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)**

#### **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**

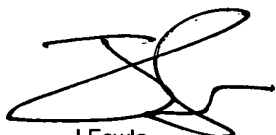
The Directors each confirm that:

- (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 Hanover Insurance Group Inc. Audit Committee Meeting.

Approved by the Board of Directors on 5 July 2017 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Lonham Group Limited's financial statements comprise:

- the Statement of Comprehensive Income for the year ended 31 December 2016;
- the Statement of Financial Position as at 31 December 2016;
- the Statement of changes in Shareholders' funds for the year ended 31 December 2016; 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, based on the work undertaken in the course of the audit:

- 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; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### **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.

## **LONHAM GROUP LIMITED**

### **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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Peter Thomas (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
12 July 2017

**LONHAM GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                                      |          | 2016           | April to<br>December<br>2015 |
|------------------------------------------------------|----------|----------------|------------------------------|
|                                                      | Notes    | £              | £                            |
| Turnover                                             | 3        | 1,564,462      | 1,402,410                    |
| Administrative expenses                              |          | (1,122,418)    | (753,918)                    |
| <b>Operating profit</b>                              | <b>4</b> | <b>442,044</b> | <b>648,492</b>               |
| Interest receivable and similar income               |          | 2,616          | 1,788                        |
| <b>Profit on ordinary activities before taxation</b> |          | <b>444,660</b> | <b>650,280</b>               |
| Tax on profit on ordinary activities                 | 7        | -              | (107,263)                    |
| <b>Total comprehensive income</b>                    |          | <b>444,660</b> | <b>543,017</b>               |

All amounts relate to continuing operations.

**LONHAM GROUP LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

**Registered Number: 01679607**

|                                                       | Notes | 2016<br>£               | 2015<br>£             |
|-------------------------------------------------------|-------|-------------------------|-----------------------|
| <b>Fixed assets</b>                                   |       |                         |                       |
| Tangible assets                                       | 8     | 59,407                  | 66,901                |
| <b>Current assets</b>                                 |       |                         |                       |
| Debtors                                               | 9     | 1,003,430               | 667,218               |
| Cash at bank                                          |       | 1,659,119               | 1,752,381             |
|                                                       |       | <u>2,662,549</u>        | <u>2,419,599</u>      |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(1,315,092)</u>      | <u>(1,524,296)</u>    |
| <b>Net current assets</b>                             |       | <u>1,347,457</u>        | <u>895,303</u>        |
| <b>Net assets</b>                                     |       | <u><b>1,406,864</b></u> | <u><b>962,204</b></u> |
| <b>Capital and reserves</b>                           |       |                         |                       |
| Called up share capital                               | 11    | 100                     | 100                   |
| Capital redemption reserve                            |       | 10,000                  | 10,000                |
| Retained earnings                                     |       | <u>1,396,764</u>        | <u>952,104</u>        |
| <b>Total shareholder's funds</b>                      |       | <u><b>1,406,864</b></u> | <u><b>962,204</b></u> |

The financial statements on pages 6 to 13 were approved by the Board of Directors on 5 July 2017 and were signed on its behalf by:



R J Callan  
Director

**LONHAM GROUP LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                       | Notes | Called up<br>share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>shareholder's<br>funds<br>£ |
|---------------------------------------|-------|------------------------------------|---------------------------------------|---------------------------|--------------------------------------|
| Balance as at 1 April 2015            |       | 100                                | 10,000                                | 609,081                   | 619,181                              |
| Total comprehensive income            |       | -                                  | -                                     | 543,017                   | 543,017                              |
| Dividends paid                        | 12    | -                                  | -                                     | (199,994)                 | (199,994)                            |
| <b>Balance as at 31 December 2015</b> |       | <b>100</b>                         | <b>10,000</b>                         | <b>952,104</b>            | <b>962,204</b>                       |
| Balance as at 1 January 2016          |       | 100                                | 10,000                                | 952,104                   | 962,204                              |
| Total comprehensive income            |       | -                                  | -                                     | 444,660                   | 444,660                              |
| <b>Balance as at 31 December 2016</b> |       | <b>100</b>                         | <b>10,000</b>                         | <b>1,396,764</b>          | <b>1,406,864</b>                     |

# **LONHAM GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **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 financial statements 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.

### **2. Accounting policies**

#### **a) 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 Syndicates Limited, calculated as 105% of expenses incurred for period 1 January 2016 to 30 September 2016 and 110% of expenses incurred for period 1 October 2016 to 31 December 2016, in line with the agreement between Lonham Group Limited and Chaucer Syndicates Limited.

#### **b) 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.

#### **c) 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    |

#### **d) Cash at bank**

Cash at bank on the Statement of Financial Position represent cash balances and money market fund deposits lodged with banks.

#### **e) 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.

## **LONHAM GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

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 Statement of Comprehensive Income.

#### **f) Taxation**

The tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable income for the year. Taxable profit differs from profit on ordinary activities as reported in the Statement of Comprehensive Income 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.

#### **g) 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 received cash in respect of premium 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 Statement of Financial Position as part of trade receivables.

#### **h) 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.

#### **i) 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**

12.6% of the Company's turnover (2015: 11.7%) is attributable to geographic markets outside the United Kingdom.

### **4. Operating profit**

|                                                | 2016   | April to<br>December<br>2015 |
|------------------------------------------------|--------|------------------------------|
|                                                | £      | £                            |
| Operating profit is stated after charging:     |        |                              |
| Depreciation of tangible fixed assets (Note 8) | 10,849 | 9,665                        |
| Pension costs                                  | 78,699 | 55,846                       |

### **5. Auditors' remuneration**

The auditors' remuneration in respect of the Company's financial statements for the year/period ended 31 December 2016 was £15,000 (2015: £15,875), which has been borne by a related group undertaking.

# LONHAM GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

### 6. Directors' emoluments and staff costs

#### Directors' emoluments

|                        | 2016    | April to<br>December<br>2015 |
|------------------------|---------|------------------------------|
|                        | £       | £                            |
| Aggregate remuneration | 119,419 | 257,074                      |
| Pension contributions  | 15,750  | 32,900                       |

For the period to 31 December 2016 retirement benefits were accruing to one Director in respect of a defined contribution pension scheme.

No Directors participated in the Chaucer share incentive plan.

|                                                                             | 2016 | April to<br>December<br>2015 |
|-----------------------------------------------------------------------------|------|------------------------------|
|                                                                             | £    | £                            |
| Number of Directors who were members of defined contribution pension scheme | 1    | 4                            |

#### Staff Costs

|                                                                                      | 2016    | April to<br>December<br>2015 |
|--------------------------------------------------------------------------------------|---------|------------------------------|
|                                                                                      | £       | £                            |
| Wages and Salaries                                                                   | 693,647 | 475,675                      |
| Social Security costs                                                                | 78,463  | 57,489                       |
| Other pension costs                                                                  | 78,699  | 55,846                       |
| The average monthly number of persons employed by the Company during the year/period | 16      | 16                           |

# LONHAM GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

### 7. Tax on profit

|                                       | 2016<br>£ | April to<br>December<br>2015<br>£ |
|---------------------------------------|-----------|-----------------------------------|
| <b>Current tax:</b>                   |           |                                   |
| UK corporation tax at 20% (2015: 20%) | -         | 107,263                           |
| Tax on profit                         | -         | 107,263                           |

#### Other factors affecting the tax charge for the year/period

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

|                                                                                          | 2016<br>£ | April to<br>December<br>2015<br>£ |
|------------------------------------------------------------------------------------------|-----------|-----------------------------------|
| Profit before taxation                                                                   | 444,660   | 650,280                           |
| Tax at 20% (2015: 20%)                                                                   | 88,932    | 130,056                           |
| Effects of:                                                                              |           |                                   |
| - Expenses not deductible for tax purposes in excess of / (less than) capital allowances | 1,964     | 1,804                             |
| - Group relief for nil consideration                                                     | (90,896)  | (24,597)                          |
| <b>Tax charge for the year/period</b>                                                    | <b>-</b>  | <b>107,263</b>                    |

The financial statements reflect the tax rate reductions included in Finance Act 2013 and Finance Act 2015. Finance Act 2013 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 Act 2013 was substantively enacted and enacted in July 2013. Finance Act 2015 kept the main rate of UK corporation tax at 20% effective from 1 April 2016; and was substantively enacted and enacted in March 2015.

Finance (No. 2) Act 2015 and Finance Act 2016 further reduced the main rate of UK corporation tax effective from 1 April 2017 onwards; and were substantively enacted and enacted by the balance sheet date. These tax rate changes will impact the current tax charge of the company in future periods.

### 8. Tangible fixed assets

|                                  | Freehold<br>Property<br>£ | Fixtures<br>and fittings<br>£ | Total<br>£ |
|----------------------------------|---------------------------|-------------------------------|------------|
| <b>Cost:</b>                     |                           |                               |            |
| At 1 January 2016                | 300,610                   | 162,930                       | 463,540    |
| Additions                        | -                         | 3,355                         | 3,355      |
| Disposals                        | -                         | (795)                         | (795)      |
| At 31 December 2016              | 300,610                   | 165,490                       | 466,100    |
| <b>Accumulated depreciation:</b> |                           |                               |            |
| At 1 January 2016                | 249,181                   | 147,458                       | 396,639    |
| Charge                           | 2,143                     | 8,706                         | 10,849     |
| Disposals                        | -                         | (795)                         | (795)      |
| At 31 December 2016              | 251,324                   | 155,369                       | 406,693    |
| <b>Net book value:</b>           |                           |                               |            |
| At 31 December 2016              | 49,286                    | 10,121                        | 59,407     |
| At 31 December 2015              | 51,429                    | 15,472                        | 66,901     |

**LONHAM GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)****9. Debtors**

|               | 2016<br>£        | 2015<br>£      |
|---------------|------------------|----------------|
| Trade debtors | 1,003,430        | 664,145        |
| Other debtors | -                | 3,073          |
|               | <u>1,003,430</u> | <u>667,218</u> |

**10. Creditors: amounts falling due within one year**

|                                    | 2016<br>£        | 2015<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 992,120          | 1,140,741        |
| Amounts owed to group undertakings | 72,153           | 72,153           |
| Corporation tax                    | -                | 107,297          |
| Other taxation and social security | 23,332           | 22,590           |
| Accruals and deferred income       | 127,487          | 81,515           |
| Other creditors                    | 100,000          | 100,000          |
|                                    | <u>1,315,092</u> | <u>1,524,296</u> |

Trade creditors contains £954,917 (2015: £287,859) owed to Chaucer Syndicates Limited for premiums paid less claims payments agreed, less expenses invoice.

**11. Called up share capital**

|                                           | 2016<br>£  | 2015<br>£  |
|-------------------------------------------|------------|------------|
| Allotted, called up and fully paid:       |            |            |
| 100 "A" ordinary voting shares of £1 each | <u>100</u> | <u>100</u> |

**12. Dividends paid**

During the year/period the Company paid a dividend of £nil (2015: £199,994).

**13. Ultimate parent company**

The largest and smallest group of undertakings for which group financial statements 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 financial statements is available from the website of The Hanover Insurance Group, Inc. ([www.hanover.com](http://www.hanover.com)).