Company registration number: 3826721

Stanley Farm Capital Limited

Report and financial statements
31 December 2012

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Stanley Farm Capital Limited

Company information

Directors	Mr W S Mills Mrs S Mills
Company Secretary	Argenta Secretariat Limited
Registered Office	Fountain House 130 Fenchurch Street London EC3M 5DJ
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Accountants	Argenta Tax & Corporate Services Limited Fountain House 130 Fenchurch Street London EC3M 5DJ

Stanley Farm Capital Limited

Report of the Directors

The Directors submit their Report together with the audited financial statements of the Company for the year ended 31 December 2012

Principal Activities and Business Review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member The Company continues to underwrite for the 2013 year of account

The financial statements incorporate the annual accounting results of the Syndicates on which the Company participates for the 2010, 2011 and 2012 years of account, as well as any 2009 and prior run-off years The 2010 year closed at 31 December 2012 with a result of £18,549 (2009 - £74,965) The 2011 and 2012 open underwriting account will normally close at 31 December 2013 and 2014

Results and Dividends

The results for the year are set out on pages 6 to 7 of the financial statements Dividends totalling £- were paid in the year (2011 - £-)

Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company

Hedge accounting is not used by the Company

Key Performance Indicators

The directors monitor the performance of the Company by reference to the following key performance indicators

	2012	2011
Capacity (youngest underwriting year)	£ 472,236	£ 427,282
Gross premium written as a % of capacity	93 8%	91 4%
Underwriting profit of latest closed year		
as a % of capacity	4 1%	21 8%
Run-off years of account movement	£ -	£ (711)
Combined ratio	85 5%	101 0%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned

Directors

The Directors who served at any time during the year were as follows

Mr W S Mills
Mrs S Mills

Stanley Farm Capital Limited

Report of the Directors (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the 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 period 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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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

Auditors

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors

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

(a) So far as the Directors are aware, there is no relevant audit information of which the Company s auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the Board on 11 June 2013
and signed on its behalf by

W S MILLS
Director

Stanley Farm Capital Limited

Independent Auditor's report

Independent auditor's report to the members of Stanley Farm Capital Limited

We have audited the financial statements of Stanley Farm Capital Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors This report, including our opinion, 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 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 an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body for our audit work, for this report, or for the opinions we have formed

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeuk private

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit/(loss) for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on the other matter prescribed by the Companies Act 2006

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

Independent Auditor's report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Markham Grice (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD

13 June 2013

Stanley Farm Capital Limited

Profit and loss account
Technical account – general business
For the year ended 31 December 2012

	Note		2012 £		2011 £
Premiums written					
Gross premiums written	1		442,771		390,507
Outward reinsurance premiums	1		(87,500)		(77,056)
Net premiums written			355,271		313,451
Change in the provision for unearned premiums					
Gross provision	1		(23,375)		5,986
Reinsurers' share	1		4,265		(1,289)
Earned premiums, net of reinsurance			336,161		318,148
Allocated investment return transferred from the non-technical account			13,161		9,041
Other technical income, net of reinsurance			-		-
Claims paid					
Gross amount	1	(215,414)		(211,203)	
Reinsurers' share	1	49,066		37,778	
Net claims paid		(166,348)		(173,425)	
Change in provision for claims					
Gross amount	1	3,948		(71,033)	
Reinsurers' share	1	(6,008)		34,037	
Change in net provision for claims		(2,060)		(36,996)	
Claims incurred, net of reinsurance			(168,408)		(210,421)
Changes in other technical provisions, net of reinsurance			-		-
Net operating expenses	1, 2		(119,032)		(110,769)
Other technical charges, net of reinsurance			-		-
Balance on the technical account for general business			61,882		5,999

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Stanley Farm Capital Limited

Profit and loss account
Non - technical account
For the year ended 31 December 2012

	Note	2012 £	2011 £
Balance on technical account for general business		61,882	5,999
Investment income	3	17,490	21,749
Unrealised gains on investments		20,261	5,574
Investment expenses and charges	4	(2,632)	(4,261)
Unrealised losses on investments		(3,426)	(21,544)
Allocated investment return transferred to the general business technical account		(13,161)	(9,041)
Other income		255	6,449
Other charges		(18,207)	(12,565)
Profit/(loss) on ordinary activities before taxation	5	62,462	(7,640)
Tax on profit/(loss) on ordinary activities	6	(17,047)	2,168
Profit/(loss) for the financial year	13	45,415	(5,472)

The Company has no recognised gains or losses other than the profit or loss for the year

All amounts relate to continuing operations

In accordance with the amendment to the Financial Reporting Standard 3 "Reporting Financial Performance", the inclusion of unrealised gains and losses in the profit and loss account to reflect the marking to market of investments in the balance sheet is deemed not to be a material departure from the historical cost basis of accounting Accordingly, a separate note of historical cost profits and losses is not given

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Stanley Farm Capital Limited

Balance sheet
As at 31 December 2012

	Note	31 December 2012 Syndicate Participation £	Corporate £	Total £	31 December 2011 Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	8	-	4,208	4,208	-	5,260	5,260
Investments							
Financial investments	9	422,083	175,588	597,671	437,535	162,101	599,636
Deposits with ceding undertakings		203	-	203	293	-	293
		422,286	175,588	597,874	437,828	162,101	599,929
Reinsurers' share of technical provisions							
Provision for unearned premiums		23,832	-	23,832	20,104	-	20,104
Claims outstanding		145,036	-	145,036	155,318	-	155,318
Other technical provisions		-	-	-	-	-	-
		168,868	-	168,868	175,422	-	175,422
Debtors							
Arising out of direct insurance operations		89,738	-	89,738	89,592	-	89,592
Arising out of reinsurance operations		106,670	-	106,670	86,681	-	86,681
Other debtors	10	48,499	2,344	50,843	42,965	5,483	48,448
		244,907	2,344	247,251	219,238	5,483	224,721
Other assets							
Cash at bank and in hand		20,858	200,695	221,553	23,142	161,819	184,961
Other		55,052	-	55,052	50,454	-	50,454
		75,910	200,695	276,605	73,596	161,819	235,415
Prepayments and accrued income							
Accrued interest		576	-	576	1,019	-	1,019
Deferred acquisitions costs		42,723	-	42,723	35,686	-	35,686
Other prepayments and accrued income		1,174	-	1,174	2,295	-	2,295
		44,473	-	44,473	39,000	-	39,000
Total assets		956,444	382,835	1,339,279	945,084	334,663	1,279,747

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Stanley Farm Capital Limited

Balance sheet
As at 31 December 2012

	Note	31 December 2012 Syndicate Participation £	Corporate £	Total £	31 December 2011 Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	12	-	100	100	-	100	100
Share premium account		-	-	-	-	-	-
Profit and loss account	13	25,632	335,203	360,835	43,382	272,038	315,420
Shareholders' funds – attributable to equity interests	14	25,632	335,303	360,935	43,382	272,138	315,520
Technical provisions							
Provision for unearned premiums		178,046	-	178,046	158,384	-	158,384
Claims outstanding – gross amount		622,527	-	622,527	646,071	-	646,071
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	15	-	16,692	16,692	-	17,507	17,507
Other		-	-	-	-	-	-
Deposit received from reinsurers		180	-	180	211	-	211
Creditors							
Arising out of direct insurance operations		17,886	-	17,886	19,728	-	19,728
Arising out of reinsurance operations		56,121	-	56,121	50,558	-	50,558
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security	16	56,748	18,681	75,429	45,946	9,955	55,901
		931,508	35,373	966,881	920,898	27,462	948,360
Accruals and deferred income		(696)	12,159	11,463	(19,196)	35,063	15,867
Total liabilities		956,444	382,835	1,339,279	945,084	334,663	1,279,747

Approved and authorised for issue by the Board of Directors on 11 June 2013
and signed on its behalf by

W S Mills

Director
W S MILLS

Company registration number 3826721

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Stanley Farm Capital Limited

Cash flow statement
For the year ended 31 December 2012

	Note	2012 £	2011 £
Operating activities			
Net cash inflow/(outflow) from operating activities	17(a)	42,073	54,404
Returns on investments and servicing of finance		-	-
Capital expenditure			
Purchase of Syndicate capacity		-	(5,260)
Proceeds from sale of Syndicate capacity		183	69
Taxation			
Corporation and overseas taxes (paid)/refunded		(3,380)	(22,921)
Equity dividends paid		-	-
Financing			
Issue of shares		-	-
Share issue expenses		-	-
Net cash inflow/(outflow) for the year	17(b)	38,876	26,292
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		38,876	26,292
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows	17(b)	38,876	26,292

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

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Stanley Farm Capital Limited

Notes to the Financial Statements
For the year ended 31 December 2012

Basis of preparation of financial statements

Basis of preparation

The financial statements have been prepared in accordance with the provisions of Schedule 3 to SI 2008/410 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006)

Recognition of insurance transactions

Preparing financial statements in accordance with SI 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")

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 and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate") The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity

The Company 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 outstanding claims

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 have been subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results

Stanley Farm Capital Limited

Notes to the Financial Statements
For the year ended 31 December 2012

Accounting policies

i Accounting convention

The financial statements are prepared in accordance with appropriate accounting standards and under the historical cost convention as modified by the revaluation of financial investments

ii Going concern

These financial statements have been prepared on a going concern basis

iii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax Gross premiums written may include "reinsurance to close" premiums receivable (see vii below) Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below) Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this interSyndicate reinsurance Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate

iv Claims incurred

Claims incurred include the costs of claims handling expenses Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year

v Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR) Provision is made for claims incurred but not paid in respect of events up to 31 December The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent When appropriate, statistical methods have been applied to past experience of claims frequency and severity
The two most critical assumptions as regard 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 for current business are fair reflections of the likely level of ultimate claims to be incurred The directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated 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 amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made

vi Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred

Notes to the Financial Statements
For the year ended 31 December 2012

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of
(1) a premium, and
(2) either

(a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business), or

(b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid This reflects the reduction in the Company's exposure to risks previously written by the Syndicate The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured

viii Investments

Syndicate Where investments represent the Company's share of Syndicate investments, they are stated at current value at the balance sheet date For this purpose, listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date

Corporate Listed investments held directly by the Company, by the trustees of the Premiums Trust Fund, or as Lloyd's Deposit, are stated at market value Unlisted investments held directly by the Company are stated at cost less provision for any permanent diminution in value

Notes to the Financial Statements
For the year ended 31 December 2012

Accounting policies (continued)

ix Investment return

Investment income comprises interest receivable and dividends received plus realised and unrealised gains on the disposal of investments Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year Investment income is initially recorded in the non-technical account All investment income arising on Syndicate participations is allocated to the technical account

x Net operating expenses

Operating expenses are recognised when incurred They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's

xi Foreign currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into (or an appropriate average rate) Exchange differences arising on translation are dealt with in the profit and loss account

xii Syndicate participation rights

Where the Company has purchased the right to participate on Syndicates, the cost is capitalised and amortised in equal annual instalments over five years

xiii Taxation

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared The Syndicate results included in these financial statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods

xiv Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

Stanley Farm Capital Limited

Notes to the Financial Statements
For the year ended 31 December 2012

1. Class of Business

2012	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	17,125	14,970	(6,728)	(5,884)	(671)	1,687
Motor – third party liability	981	1,280	(456)	(444)	(53)	327
Motor – other classes	22,762	28,328	(22,567)	(8,971)	1,888	(1,322)
Marine, aviation and transport	54,009	55,486	(17,636)	(17,049)	(1,568)	19,233
Fire and other damage to property	110,421	104,433	(55,086)	(32,701)	(14,056)	2,590
Third party liability	64,982	58,498	(30,222)	(20,092)	(2,286)	5,898
Credit and suretyship	7,108	6,431	(2,602)	(1,797)	(1,011)	1,021
Legal expenses	1,386	1,076	(469)	(508)	3	102
Assistance	-	-	-	-	-	-
Miscellaneous	1,034	1,257	(430)	(672)	(2)	153
	279,808	271,759	(136,196)	(88,118)	(17,756)	29,689
Reinsurance	162,963	147,637	(75,270)	(30,914)	(22,421)	19,032
Total	442,771	419,396	(211,466)	(119,032)	(40,177)	48,721

2011	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	13,514	13,165	(7,372)	(5,148)	197	842
Motor – third party liability	1,799	1,803	(856)	(610)	(90)	247
Motor – other classes	34,489	35,735	(29,528)	(12,135)	3,769	(2,159)
Marine, aviation and transport	62,888	63,594	(27,080)	(18,449)	(4,248)	13,817
Fire and other damage to property	95,207	96,939	(55,681)	(31,290)	(12,581)	(2,613)
Third party liability	51,924	51,931	(20,334)	(17,845)	(3,219)	10,533
Credit and suretyship	7,329	6,962	(3,008)	(1,233)	(790)	1,931
Legal expenses	857	739	(235)	(477)	(24)	3
Assistance	-	-	-	-	-	-
Miscellaneous	1,406	1,480	(675)	(960)	(22)	(177)
	269,413	272,348	(144,769)	(88,147)	(17,008)	22,424
Reinsurance	121,094	124,145	(137,467)	(22,622)	10,478	(25,466)
Total	390,507	396,493	(282,236)	(110,769)	(6,530)	(3,042)

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

Notes to the Financial Statements
For the year ended 31 December 2012

2. Net Operating Expenses

	2012	2011
	£	£
Acquisition costs	104,024	89,604
Change in deferred acquisition costs	(7,544)	1,700
Administrative expenses	16,199	14,009
Reinsurance commissions and profit participations	(9,116)	(9,302)
Personal expenses	15,469	14,758
	119,032	110,769

3. Investment Income

	2012	2011
	£	£
Income from investments	13,971	17,779
Gains on the realisation of investments	2,778	3,471
Bank deposit interest	741	499
	17,490	21,749

4. Investment Expenses and Charges

	2012	2011
	£	£
Investment management expenses, including interest	751	697
Losses on the realisation of investments	1,881	3,564
	2,632	4,261

5. Profit/(Loss) on Ordinary Activities before Taxation

	2012	2011
	£	£
Operating profit/(loss) is stated after charging		
Directors' remuneration	-	-
Amortisation of Syndicate capacity	1,052	-
(Profit)/loss on disposal of intangible fixed assets	(183)	(69)
(Profit)/loss on exchange	9,230	1,785

The Company has no employees and no staff costs are met by the Company

The fees payable to the Company's auditor for audit services are included in the fees payable to the Members' Agent

Notes to the Financial Statements
For the year ended 31 December 2012

6. Taxation

	2012	2011
	£	£
Analysis of charge in year		
Current tax		
UK corporation tax on profit/(loss) of the year	18,666	4,184
Adjustment in respect of previous period	(1,648)	(29)
	17,018	4,155
Foreign tax	844	830
Total current tax	17,862	4,985
Deferred tax		
Origination and reversal of timing differences	(815)	(7,153)
	17,047	(2,168)

Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 20 00% (2011 - 20 25%) The differences are explained below

Profit/(loss) on ordinary activities before tax	62,462	(7,640)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 00% (2011 – 20 25%)	12,492	(1,547)
Effects of		
Underwriting results subject to timing differences for taxation	7,204	5,935
Creation/(utilisation) of tax losses	-	-
Foreign tax	675	662
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	(861)	1,215
Marginal rates of taxation and prior period adjustment	(1,648)	(1,280)
Current tax charge for the period	17,862	4,985

The results of the Company's participation on the 2010, 2011 and 2012 years of account and any calendar year movement on 2009 and prior run-offs, will not be assessed to tax until the year ended 31 December 2013, 2014 and 2015 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account

7. Dividends

	2012	2011
	£	£
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid	-	-

Notes to the Financial Statements
For the year ended 31 December 2012

8. Intangible Assets

	2012	2011
	£	£
Purchased Syndicate capacity		
Cost		
At 1 January 2012	16,824	11,673
Additions	-	5,260
Disposals	-	(109)
At 31 December 2012	16,824	16,824
Amortisation		
At 1 January 2012	11,564	11,673
Provided during the year	1,052	-
Disposals	-	(109)
At 31 December 2012	12,616	11,564
Net Book Value		
At 31 December 2012	4,208	5,260
At 31 December 2011	5,260	-

9. Financial Investments

Other financial investments – Syndicate

	2012 Market Value £	2012 Cost £	2011 Market Value £	2011 Cost £
Shares and other variable yield securities and units in unit trusts	41,253	41,022	47,497	47,066
Debt securities and other fixed income securities	361,930	360,392	371,262	373,988
Participation in investment pools	11,467	12,960	9,163	9,032
Loans secured by mortgages	4,599	4,552	5,549	5,584
Other loans	2,143	2,142	2,698	2,681
Deposits with credit institutions	415	415	1,347	1,347
Other	276	284	19	66
	422,083	421,767	437,535	439,764

Listed investments included in the market value above

Shares and other variable yield securities and units in unit trusts	41,253	47,497
Debt securities and other fixed income securities	361,930	371,262
	403,183	418,759

Notes to the Financial Statements
For the year ended 31 December 2012

10. Other Debtors

	2012			2011		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	48,499	2,344	50,843	42,965	5,483	48,448
	48,499	2,344	50,843	42,965	5,483	48,448

11. Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as

	2012			2011		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	78,998	78,998	-	78,598	78,598
Investments	-	175,588	175,588	-	-	-
	-	254,586	254,586	-	78,598	78,598

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

12. Called-up Share Capital

	2012	2012	2011	2011
	Authorised	Allotted, called-up and fully paid	Authorised	Allotted, called-up and fully paid
Ordinary £1 shares	50,000	100	50,000	100

Notes to the Financial Statements
For the year ended 31 December 2012

13. Profit and Loss Account

	2012			2011		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit/(loss) brought forward	43,382	272,038	315,420	85,352	235,540	320,892
Reallocate distribution	(74,964)	74,964	-	(47,943)	47,943	-
Profit/(loss) for the financial year	57,214	(11,799)	45,415	5,973	(11,445)	(5,472)
Equity dividends	-	-	-	-	-	-
Retained profit/(loss) carried forward	25,632	335,203	360,835	43,382	272,038	315,420

14. Reconciliation of Movements in Shareholders' Funds

	2012	2011
	£	£
Opening shareholders' funds	315,520	320,992
Profit/(loss) for the financial year	45,415	(5,472)
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	360,935	315,520

15. Provision for Other Risks and Charges

Deferred Taxation	2012	2011
	£	£
Opening balance	17,507	24,660
Profit and loss account charge	(815)	(7,153)
Closing balance	16,692	17,507

16. Other Creditors including Taxation and Social Security

	2012			2011		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Corporation tax	-	18,666	18,666	-	4,184	4,184
Directors' loan accounts	-	15	15	-	15	15
Third party funds	-	-	-	-	-	-
Other creditors	56,748	-	56,748	45,946	5,756	51,702
Amount due to group undertakings	-	-	-	-	-	-
	56,748	18,681	75,429	45,946	9,955	55,901

17. (a) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	62,462	(7,640)
(Profit)/loss attributable to Syndicate transactions	17,750	41,970
Profit/(loss) – excluding Syndicate transactions	80,212	34,330
(Increase)/decrease in debtors	3,139	(5,288)
Increase/(decrease) in creditors	(28,660)	11,236
(Profit)/loss on disposal of intangible assets	(183)	(69)
Amortisation of Syndicate capacity	1,052	-
Realised/unrealised (gains)/losses on investments	(13,487)	14,195
Net cash inflow/(outflow) from operating activities	42,073	54,404

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2012 £	Cashflow £	Changes to Market Value £	At 31 December 2012 £
Cash	161,819	38,876	-	200,695
Other financial investments	162,101	-	13 487	175,588
	323,920	38,876	13,487	376,283

18. Related Party Disclosure

There are no related party transactions to be disclosed in respect of the Company

19. Ultimate Controlling Party

The Company is controlled by Mr W S Mills who holds 100% of the issued £100 ordinary share capital