

Company registration number (England and Wales) 07458607

WELLES UW HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

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WELLES UW HOLDINGS LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 3
Report of the auditors	4
Consolidated profit and loss account	5 - 6
Consolidated balance sheet	7 - 8
Company balance sheet	9
Cash flow statement	10
Accounting policies	11 - 13
Notes to the financial statements	14 - 23

WELLES UW HOLDINGS LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	Rosemary Knox Gerald Knox
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COMPANY ADDRESSES

Registered office	7-9 The Avenue Eastbourne East Sussex BN21 3YA
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Member's agent	Alpha Insurance Analysts Limited 5th Floor, 107 Fenchurch Street London EC3M 5JF
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Auditors	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
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WELLES UW HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report together with the financial statements for the period ended 31 December 2011

Results and dividends

The loss for the period after taxation was £500,987 (2010 profit £827,694) Interim dividends of £Nil (2010 £42,500) were paid during the period The directors do not recommend the payment of a final dividend

Principal activities and review of the business

The company's principal activity is to participate in underwriting at Lloyd's on a limited liability basis through its wholly owned subsidiary company The subsidiary company, Welles Underwriting Limited, has continued to underwrite on the 2012 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced

The result for the period is primarily in respect of the 2011 annual accounting period, which consists of movements in the 2009, 2010 and 2011 years of account as well as any 2008 and prior run-off years Gross premiums written were £4,886,851 and the overall balance on the technical account was £279,109 deficit as a result of the level of claims experienced

The group's total capital and reserves at the year end were £3,248,597

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk

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 Syndicates' 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

	2011	2010
Capacity (youngest underwriting year) (£)	5,337,086	5,260,469
Gross premium written as a % of capacity	91.6 %	87.4 %
Underwriting profit of latest closed year as a % of capacity	16.0 %	8.7 %
Run-off years of account movement (£)	-	(111,193)
Combined ratio	109.5 %	96.8 %

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

WELLES UW HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2011

Directors

The directors who held office at any time during the period are listed below

Rosemary Knox

Gerald Knox

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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

The directors 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

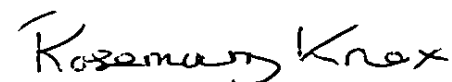
Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board on 16 August 2012 and signed on its behalf by



Rosemary Knox
Director

WELLES UW HOLDINGS LIMITED

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF WELLES UW HOLDINGS LIMITED

We have audited the financial statements of Welles UW Holdings Limited for the period ended 31 December 2011 on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of its loss for 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.

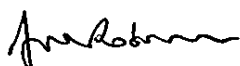
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for 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.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co
Chartered Accountants
Statutory Auditor

Humphrey & Co
7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

Date 20 August 2012

WELLES UW HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Gross premiums written	2	4,886,851	4,599,402
Outward reinsurance premiums		(944,071)	(907,992)
Net premiums written		3,942,780	3,691,410
Change in the provision for unearned premiums			
Gross provision		(20,602)	9,388
Reinsurers' share		4,108	12,756
Net change in the provision for unearned premiums		(16,494)	22,144
Earned premiums net of reinsurance		3,926,286	3,713,554
Allocated investment income	4	101,643	146,601
Claims paid			
Gross amount		(2,473,216)	(1,999,345)
Reinsurers' share		424,152	334,157
Net claims paid		(2,049,064)	(1,665,188)
Change in provision for claims			
Gross amount		(1,035,767)	(713,609)
Reinsurers' share		304,026	217,330
Net change in provision for claims		(731,741)	(496,279)
Claims incurred net of reinsurance		(2,780,805)	(2,161,467)
Net operating expenses	5	(1,518,909)	(1,433,195)
Investment expenses and charges		(7,324)	(8,733)
Balance on technical account for general business		(279,109)	256,760

WELLES UW HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Balance on the general business technical account		(279,109)	256,760
Investment income	6	(411,815)	835,659
Other income	7	48,143	37,519
Other charges		(57,796)	(40,161)
(Loss)/Profit on ordinary activities before taxation	8	(700,577)	1,089,777
Tax on (loss)/profit on ordinary activities	17	199,590	(262,083)
(Loss)/Profit for the financial year		(500,987)	827,694

The company has no recognised gains or losses other than the (loss)/profit for the financial years stated above

All amounts above relate to continuing operations

WELLES UW HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

ASSETS	Note	Syndicate Assets £	Corporate £	2011 Total £	2010 Total £
Intangible assets					
Syndicate participation rights	9	-	31,210	31,210	53,439
Investments					
Financial investments	10	4,906,086	3,377,836	8,283,922	8,694,847
Deposits with ceding undertakings		1,605	-	1,605	1,754
Total investments		4,907,691	3,377,836	8,285,527	8,696,601
Reinsurers' share of technical provisions					
Provision for unearned premiums		186,563	-	186,563	249,577
Claims outstanding		934,399	-	934,399	733,191
Other technical provisions		726,095	-	726,095	520,143
Total reinsurers' share of technical provisions		1,847,057	-	1,847,057	1,502,911
Debtors					
Arising out of direct insurance operations	11				
Policyholders		3,085	-	3,085	3,271
Intermediaries		1,012,013	-	1,012,013	1,080,100
Arising out of reinsurance operations	11	115,154	-	115,154	117,248
Other debtors	12	1,534,793	133,611	1,668,404	1,833,041
Total debtors		2,665,045	133,611	2,798,656	3,033,660
Other assets					
Cash at bank	13	896,690	12,943	909,633	937,229
Other		3,100	-	3,100	2,837
Total other assets		899,790	12,943	912,733	940,066
Prepayments and accrued income					
Accrued interest		7,012	-	7,012	4,278
Deferred acquisition costs		435,786	-	435,786	701,258
Other prepayments and accrued income		30,917	-	30,917	16,333
Total prepayments and accrued income		473,715	-	473,715	721,869
Total assets		10,793,298	3,555,600	14,348,898	14,948,546

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WELLES UW HOLDINGS LIMITED**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2011**

	Note	Syndicate Liabilities £	Corporate £	2011 Total £	2010 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	131,135	131,135	131,135
Share premium account	15	-	1,213,920	1,213,920	1,213,920
Profit and loss account	15	-	1,903,542	1,903,542	2,404,529
Shareholder's funds attributable to equity interests	16	-	3,248,597	3,248,597	3,749,584
Technical provisions					
Provision for unearned premiums		1,766,685	-	1,766,685	2,777,842
Claims outstanding - gross amount		7,729,483	-	7,729,483	6,419,281
Total technical provisions		9,496,168	-	9,496,168	9,197,123
Provisions for other risks and charges					
Provision for taxation	17	-	65,607	65,607	180,836
Deposits received from reinsurers		-	-	-	-
Creditors					
Arising out of direct insurance operations		233,746	-	233,746	340,317
Arising out of reinsurance operations		555,758	-	555,758	535,848
Amounts due to credit institutions		-	-	-	-
Other creditors	18	455,135	241,396	696,531	875,400
Total creditors		1,244,639	241,396	1,486,035	1,751,565
Accruals and deferred income					
Other accruals and deferred income		52,491	-	52,491	69,438
Total liabilities		10,793,298	3,555,600	14,348,898	14,948,546

Approved by the Board on 16 August 2012 and signed on its behalf by

Rosemary Knox

Rosemary Knox
Director

Company Registration No 07458607

WELLES UW HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 Total £
Fixed assets		
Fixed asset investments	20	131,135
Current assets		
Debtors		-
Cash at bank and in hand		-
		-
Creditors amounts falling due within one year		
Amounts due to associated undertakings		
Shareholders' loan account		
Accruals		
Net current assets/(liabilities)		-
Total assets less current liabilities		131,135
Net assets		131,135
Capital and Reserves		
Called up share capital	14	131,135
Share premium account	15	-
Revenue reserves	15	-
Total shareholders funds	16	131,135

Approved by the Board on 16 August and signed on its behalf by

Rosemary Knox

Rosemary Knox
Director
Company Registration No 07458607

WELLES UW HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	19	424,875	665,215
Returns on investments and servicing of finance			
Interest received		661	1,505
Interest paid		-	(483)
Dividends received		116,413	93,729
Dividends paid		-	(42,500)
Net cash inflow from returns on investments and servicing of finance		117,074	52,251
Taxation			
UK corporation tax paid		(329,006)	(218,109)
Foreign tax paid		(12,289)	(8,256)
Net cash outflow from taxation		(341,295)	(226,365)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(7,630)	(15,080)
Proceeds from sale of syndicate participation rights		-	-
Purchase of investments		(1,620,562)	(1,123,579)
Proceeds from sale of investments		1,428,109	653,972
Net cash outflow from capital expenditure and financial investment		(200,083)	(484,687)
Net cash inflow before financing		571	6,414
Financing			
Funds lent to the company by the company's shareholders		-	-
Issue of share capital		-	-
Net cash inflow from financing		-	-
Increase in cash		571	6,414
Net funds at 1 January		12,372	5,958
Increase in cash in the period		571	6,414
Net funds at 31 December		12,943	12,372

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.

WELLES UW HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE PERIOD ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies And Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

Basis of consolidation

The amounts shown in the column to the balance sheet headed 'corporate' consolidate the accounts of Welles UW Limited and its subsidiary undertakings. The amounts shown in the column to the balance sheet headed 'total' consolidate the accounts of Welles UW Limited and its subsidiary undertakings and a pro rata share of the assets and liabilities of the syndicates on which they participate. Merger accounting has been used in accordance with Financial Reporting Standard No 6. Consequently the consolidated profit and loss account and consolidated balance sheet show the results and position of Welles UW Holdings Limited as though the group has always existed. The figures in the 2011 column show the results for the year ended 31 December 2011 and the figures in the 2010 column show the results for the year ended 31 December 2010. No profit and loss account is presented for Welles UW Limited, as permitted by section 408 of the Companies Act 2006.

Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Company's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

ii Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

WELLES UW HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

iii Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned

iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned

v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

vii Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

WELLES UW HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

ix Basis of currency translation

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the year in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

x Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

xi Distribution of profits and collection of losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

1.2 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

1.3 Intangible assets

Costs incurred by the group in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

1.4 Investments

Investments held directly by the company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

2	Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
	2011					
	Direct					
	Accident and health	147,944	144,273	(80,276)	(55,505)	(6,554)
	Motor - third party liability	11,267	11,341	(5,681)	(3,910)	(730)
	Motor - other classes	139,699	147,376	(124,550)	(51,679)	21,786
	Marine, aviation and transport	540,843	536,611	(221,304)	(164,598)	(34,494)
	Fire and other damage to property	1,136,772	1,128,288	(733,427)	(377,643)	(91,309)
	Third party liability	825,632	774,220	(493,786)	(292,574)	(27,743)
	Credit and suretyship	58,175	54,367	(28,272)	(14,285)	(3,632)
	Other	505,245	553,227	(143,202)	(268,515)	(133,447)
	Total direct	3,365,577	3,349,703	(1,830,498)	(1,228,709)	(276,123)
	Reinsurance business					
	Reinsurance balance	1,521,274	1,516,546	(1,678,485)	(290,200)	64,338
	Total	4,886,851	4,866,249	(3,508,983)	(1,518,909)	(211,785)
	2010	£	£	£	£	£
	Direct					
	Accident and health	162,816	174,805	(90,173)	(67,794)	(10,020)
	Motor - third party liability	14,145	12,560	(6,065)	(4,134)	(180)
	Motor - other classes	127,358	185,346	(301,851)	(60,322)	(4,583)
	Marine, aviation and transport	474,789	440,941	(223,710)	(128,171)	(21,812)
	Fire and other damage to property	1,050,252	973,981	(471,535)	(325,144)	(132,680)
	Third party liability	749,255	731,114	(379,106)	(231,975)	(30,733)
	Credit and suretyship	139,827	144,318	(70,090)	(40,293)	(23,826)
	Other	411,707	485,844	(286,182)	(243,604)	38,152
	Total direct	3,130,149	3,148,909	(1,828,712)	(1,101,437)	(185,682)
	Reinsurance business					
	Reinsurance balance	1,469,253	1,459,881	(884,242)	(331,758)	(158,067)
	Total	4,599,402	4,608,790	(2,712,954)	(1,433,195)	(343,749)

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

3	Geographical analysis	2011 £	2010 £
	Direct gross premiums written in:		
	United Kingdom	3,164,015	2,921,879
	Other EU member states	14,503	33,502
	The rest of the world	187,059	174,768
	Total	3,365,577	3,130,149
4	Allocated investment income	2011 £	2010 £
	Investment income	120,782	153,138
	Realised loss on investments	(19,139)	(6,537)
	Total	101,643	146,601
5	Net operating expenses	2011 £	2010 £
	Acquisition costs	1,192,147	1,129,237
	Administrative expenses	347,552	348,728
	Profit on exchange	(20,790)	(44,770)
	Total	1,518,909	1,433,195

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

6	Investment income	2011 £	2010 £
	Income from other investments (including interest receivable)	117,074	95,234
	Realised gain from other investments	98,517	285,244
	Unrealised (loss)/gain from other investments	(627,406)	455,181
	Total	(411,815)	835,659

7	Other income	2011 £	2010 £
	Profit on sale of syndicate participation rights	-	-
	Other	48,143	37,519
	Total	48,143	37,519

8	(Loss)/Profit on ordinary activities before taxation	2011 £	2010 £
	This is stated after charging		
	Auditor's remuneration - audit	665	640
	Auditor's remuneration - other	985	985
	Director's remuneration	-	-
	Employer's National Insurance contributions	-	-
	Employer's pension contributions	-	-
	Wages and salaries	-	-
	Amortisation of syndicate capacity	29,859	48,932
	Amortisation of goodwill	-	-

The company has no employees

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

9	Intangible assets	Syndicate Participation Rights £
	Cost	
	At 1 January 2011	226,094
	Additions	7,630
	Disposals	-
	At 31 December 2011	233,724
	Amortisation	
	At 1 January 2011	172,655
	Charge for the year	29,859
	Impairment losses	-
	Disposals	-
	At 31 December 2011	202,514
	Net book value	
	At 31 December 2011	31,210
	At 31 December 2010	53,439

10	Investments	Financial investments	2011 Total £	2010 Total £
		Syndicate £	Corporate £	
	<i>At market value</i>			
	Shares and other variable yield securities	677,350	3,377,836	4,055,186
	Debt securities and other fixed income securities	3,978,093	-	3,978,093
	Participation in investment pools	129,635	-	129,635
	Loans guaranteed by mortgage	42,518	-	42,518
	Other loans	20,013	-	20,013
	Deposits with credit institutions	57,377	-	57,377
	Other	1,100	-	1,100
	Total	4,906,086	3,377,836	8,283,922
				8,694,847

The corporate investments held include £2,696,758 (2010 £2,967,620) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 22

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

10 Investments Financial investments (continued)

	Syndicate £	Corporate £	2011 Total £	2010 Total £
<i>At cost</i>				
Shares and other variable yield securities	675,208	3,669,903	4,345,111	4,390,305
Debt securities and other fixed income securities	4,004,921	-	4,004,921	4,096,814
Participation in investment pools	127,941	-	127,941	216,760
Loans guaranteed by mortgage	42,672	-	42,672	35,862
Other loans	19,888	-	19,888	20,231
Deposits with credit institutions	57,377	-	57,377	21,992
Other	1,029	-	1,029	30
Total	4,929,036	3,669,903	8,598,939	8,781,994

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2011 Total £	2010 Total £
The following amounts are due after one year				
Direct insurance operations	993	-	993	271,731
Reinsurance operations	7,307	-	7,307	2,176
Total	8,300	-	8,300	273,907

12 Other debtors

	Syndicate £	Corporate £	2011 Total £	2010 Total £
Deferred tax	-	-	-	-
Other	1,534,793	133,611	1,668,404	1,833,041
Total	1,534,793	133,611	1,668,404	1,833,041

Corporate other debtors includes £Nil (2010 £233,719) due to the company after more than one year
 Syndicate other debtors includes £370,504 (2010 £63,150) due to the group after more than one year

13 Cash at bank

	Syndicate £	Corporate £	2011 Total £	2010 Total £
Lloyd's deposit	389,945	1,390	391,335	520,959
Cash at bank and in hand	506,745	11,553	518,298	416,270
Total	896,690	12,943	909,633	937,229

Any Lloyd's deposit is held in accordance with the constraints detailed in note 22

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

14	Share capital	2011	2010
		£	£

Allotted, called up and fully paid

131,135 Ordinary shares of £1 00 each	131,135	131,135
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15 Statement of movements on reserves

	Company		Group	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At 1 January 2011	-	-	1,213,920	2,404,529
Profit/(loss) for the period	-	-	-	(500,987)
Dividends	-	-	-	-
At 31 December 2011	-	-	1,213,920	1,903,542

16 Reconciliation of movements in shareholders' funds

	Company		Group	
	2011 £	2010 £	2011 £	2010 £
Retained (loss)/profit for the financial period	-	-	(500,987)	785,194
Proceeds from the issue of shares	131,135	-	-	-
Net (depletion in)/addition to shareholders' funds	131,135	-	(500,987)	785,194
Opening shareholders' funds	-	-	3,749,584	2,964,390
Closing shareholders' funds	131,135	-	3,248,597	3,749,584

17	Taxation	2011	2010
		£	£

Analysis of charge in year

Current tax

UK Corporation Tax on profits of the year	(97,068)	328,588
Adjustments in respect of prior years	418	4,330
Foreign tax	12,289	8,256
Total current tax	(84,361)	341,174

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

17 Taxation (continued)	2011 £	2010 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(118,509)	(79,091)
Changes in tax rates	3,280	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	(115,229)	(79,091)

Tax on (loss)/profit on ordinary activities	(199,590)	262,083
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Factors affecting tax charge for the year

The tax assessed for the year is higher (2010 - higher) than the standard rate of Corporation Tax in the UK of 20.00% (2010 - 28.00%). The differences are explained below

	2011 £	2010 £
(Loss)/Profit on ordinary activities before taxation	(700,577)	1,089,777

(Loss)/Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00% (2010 - 28.00%)	(140,115)	305,138
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Effects of

Expenses not deductible for tax purposes	-	-
Timing differences arising from the taxation of the underwriting results	83,418	34,546
Timing differences arising from the taxation of syndicate participation movements	-	-
(Utilisation of tax losses)/Tax losses carried forward	(40,371)	-
Adjustments to tax charge in respect of prior periods	418	4,330
Other adjustments	12,289	(2,840)
Current tax charge for the year	(84,361)	341,174

Factors that may affect future tax charges

The company has trading losses of £Nil (2010 - £Nil) available for carry forward against future trading profits

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

17 Taxation (continued)	2011 £	2010 £
<i>Provision for deferred tax</i>		
At 1 January 2011	180,836	-
(Credit)/Charge to the profit and loss account	(115,229)	180,836
Released or utilised in the year	-	-
At 31 December 2011	65,607	180,836

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £Nil (2010 - £Nil)

18 Other creditors	Syndicate £	Corporate £	2011 £	2010 £
Other creditors	455,135	241,396	696,531	546,812
Social security costs	-	-	-	-
Corporation tax	-	-	-	328,588
Shareholders' loan account	-	-	-	-
	455,135	241,396	696,531	875,400

19 Reconciliation of operating (loss)/profit before interest to net cash inflow from operating activities	2011 £	2010 £
Operating (loss)/profit before interest	(288,762)	254,601
Current year result not distributable in year	279,109	(256,760)
Prior year result distributable in year	336,635	596,599
Loss on sale of syndicate participation rights	-	-
Increase in creditors	149,967	21,843
(Increase)/Decrease in debtors	(81,933)	-
Amortisation and impairment of syndicate participation rights	29,859	48,932
Net cash inflow from operating activities	424,875	665,215

WELLES UW HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

20 Fixed Asset Investments - Company

	2011 £
Subsidiary undertakings at cost/valuation	131,135
Less adjustment for impairment review	-
Total	131,135

Detail of the company's subsidiary undertakings, all of which are held by the company, are as follows

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Welles Underwriting Ltd	England and Wales	Ordinary shares	100%	Corporate member of Lloyds

On 22 March 2011 the group acquired Welles Underwriting Ltd by virtue of a share for share exchange with a nominal value of shares at £131,135. The acquisition has been accounted for as a merger.

21 Profit/(Loss) attributable to members of the parent company

The profit/loss dealt with in the accounts of the parent company was £Nil.

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2011

22 Fund's at Lloyd's

Cash balances of £1,390 (2010 £1,590) detailed in note 13 and investments of £2,696,758 (2010 £2,967,620) detailed in note 10 are held within the company's Lloyd's deposit

The Lloyd's deposit represents funds 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 legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds 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.

In addition to these amounts, the shareholders of the company have also made available to Lloyd's assets amounting to approximately £Nil (2010 £Nil) which are also used by the company to support its Lloyd's underwriting.

23 Controlling party

The directors control the company by virtue of their controlling interest of the issued ordinary share capital.

24 Related party transactions

There were no related party transactions during the year.