

Company registration number (England and Wales): 07458607

WELLES UW HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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WELLES UW HOLDINGS LIMITED

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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 YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2014.

Directors

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

Rosemary Knox
Gerald Knox

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, Strategic 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

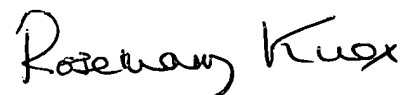
The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

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 21st August

2015 and signed on its behalf by:



Rosemary Knox
Director

WELLES UW HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in presenting their strategic report for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation was £208,147 (2013 profit £1,616,710). Interim dividends of £25,000 (2013: £7,500) were paid during the year. 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 2015 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced.

The result for the year is primarily in respect of the 2014 annual accounting year, which consists of movements in the 2012, 2013 and 2014 years of account as well as any 2011 and prior run-off years. Gross premiums written decreased from £4,992,865 to £4,774,397 compared to the previous year and the overall balance on the technical account decreased from £705,796 to £512,464 as a result of the level of claims experienced.

The group's total capital and reserves at the year end were £5,969,367

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 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:

	2014	2013
Capacity (youngest underwriting year) (£)	6,096,281	5,363,100
Gross premium written as a % of capacity	78.3 %	93.1 %
Underwriting profit of latest closed year as a % of capacity	7.6 %	5.3 %
Run-off years of account movement (£)	-	57,235
Combined ratio	88.9 %	84.9 %

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

Approved by the Board on *21st August* 2015 and signed on its behalf by:

Rosemary Knox

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 year ended 31 December 2014 on pages 5 to 24. 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 2, 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 Directors' Report and Strategic Report 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 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 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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

Date: 24th August 2015

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

WELLES UW HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Gross premiums written	2	4,774,397	4,992,865
Outward reinsurance premiums		(856,954)	(869,533)
Net premiums written		3,917,443	4,123,332
Change in the provision for unearned premiums			
Gross provision		(19,858)	196,056
Reinsurers' share		27,787	11,550
Net change in the provision for unearned premiums		7,929	207,606
Earned premiums net of reinsurance		3,925,372	4,330,938
Allocated investment income	4	85,671	62,107
Claims paid			
Gross amount		(2,334,855)	(2,766,819)
Reinsurers' share		411,026	512,236
Net claims paid		(1,923,829)	(2,254,583)
Change in provision for claims			
Gross amount		66,107	709,569
Reinsurers' share		(14,434)	(218,375)
Net change in provision for claims		51,673	491,194
Claims incurred net of reinsurance		(1,872,156)	(1,763,389)
Net operating expenses	5	(1,618,828)	(1,914,648)
Investment expenses and charges		(7,595)	(9,212)
Balance on technical account for general business		512,464	705,796

WELLES UW HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Balance on the general business technical account		512,464	705,796
Investment income	6	(346,700)	1,344,448
Other income	7	43,905	-
Other charges		(33,280)	(13,796)
Profit on ordinary activities before taxation	8	176,389	2,036,448
Tax on profit on ordinary activities	17	31,758	(419,738)
Profit for the financial year		208,147	1,616,710

The company has no recognised gains or losses other than the 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 2014

ASSETS	Note	Syndicate Assets £	Corporate £	2014 Total £	2013 Total £
Intangible assets					
Syndicate participation rights	9	-	53,020	53,020	18,695
Investments					
Financial investments	10	5,153,563	5,401,620	10,555,183	10,645,922
Deposits with ceding undertakings		1,113	-	1,113	1,479
Total investments		5,154,676	5,401,620	10,556,296	10,647,401
Reinsurers' share of technical provisions					
Provision for unearned premiums		275,185	-	275,185	237,227
Claims outstanding		777,717	-	777,717	868,021
Other technical provisions		631,478	-	631,478	555,030
Total reinsurers' share of technical provisions		1,684,380	-	1,684,380	1,660,278
Debtors					
Arising out of direct insurance operations	11				
Policyholders		2,579	-	2,579	4,222
Intermediaries		1,053,177	-	1,053,177	1,056,405
Arising out of reinsurance operations	11	81,185	-	81,185	138,746
Other debtors	12	1,564,870	821,747	2,386,617	2,074,481
Total debtors		2,701,811	821,747	3,523,558	3,273,854
Other assets					
Cash at bank	13	747,635	29,064	776,699	845,801
Other		1,263	-	1,263	2,433
Total other assets		748,898	29,064	777,962	848,234
Prepayments and accrued income					
Accrued interest		4,347	-	4,347	4,086
Deferred acquisition costs		530,270	-	530,270	467,604
Other prepayments and accrued income		46,844	1,198	48,042	31,615
Total prepayments and accrued income		581,461	1,198	582,659	503,305
Total assets		10,871,226	6,306,649	17,177,875	16,951,767

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WELLES UW HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET (continued) AS AT 31 DECEMBER 2014

	Note	Syndicate Liabilities £	Corporate £	2014 Total £	2013 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	-	4,624,312	4,624,312	4,441,165
Shareholder's funds attributable to equity interests	16	-	5,969,367	5,969,367	5,786,220
Technical provisions					
Provision for unearned premiums		2,079,193	-	2,079,193	1,894,731
Claims outstanding - gross amount		7,635,289	-	7,635,289	7,457,284
Total technical provisions		9,714,482	-	9,714,482	9,352,015
Provisions for other risks and charges					
Provision for taxation	17	-	299,197	299,197	227,746
Deposits received from reinsurers		-	-	-	-
Creditors					
Arising out of direct insurance operations		190,869	-	190,869	306,458
Arising out of reinsurance operations		509,490	-	509,490	532,561
Amounts due to credit institutions		15,609	-	15,609	6,971
Other creditors	18	366,304	37,833	404,137	668,654
Total creditors		1,082,272	37,833	1,120,105	1,514,644
Accruals and deferred income					
Other accruals and deferred income		74,472	252	74,724	71,142
Total liabilities		10,871,226	6,306,649	17,177,875	16,951,767

Approved by the Board on *21st August* 2015 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 2014

	Note	2014 Total £	2013 Total £
Fixed assets			
Fixed asset investments	20	131,135	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	131,135
Net assets		131,135	131,135
Capital and Reserves			
Called up share capital	14	131,135	131,135
Share premium account	15	-	-
Revenue reserves	15	-	-
Total shareholders funds	16	131,135	131,135

Approved by the Board on 21st August 2015 and signed on its behalf by:

Rosemary Knox

Rosemary Knox
Director
Company Registration No. 07458607

WELLES UW HOLDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	19	278,273	52,389
Returns on investments and servicing of finance			
Interest received		161	116
Interest paid		-	(13)
Dividends received		225,604	140,994
Dividends paid		(25,000)	(7,500)
Net cash inflow from returns on investments and servicing of finance		200,765	133,597
Taxation			
UK corporation tax paid		(242,900)	(278,622)
Foreign tax paid		(4,595)	(3,331)
Net cash outflow from taxation		(247,495)	(281,953)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(43,220)	(10,340)
Proceeds from sale of syndicate participation rights		43,905	-
Purchase of investments		(1,943,469)	(1,589,438)
Proceeds from sale of investments		1,735,068	1,686,213
Net cash (outflow)/inflow from capital expenditure and financial investment		(207,716)	86,435
Net cash inflow/(outflow) before financing		23,827	(9,532)
Financing			
Funds lent to the company by the company's shareholders		-	-
Net cash inflow from financing		-	-
Increase/(Decrease) in cash		23,827	(9,532)
Net funds at 1 January		5,237	14,769
Increase/(Decrease) in cash in the year		23,827	(9,532)
Net funds at 31 December		29,064	5,237

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 YEAR ENDED 31 DECEMBER 2014

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 December 2005, as amended in December 2006, except that exchange differences arising on syndicate assets and liabilities are dealt with in the technical account as all of these differences arise from technical account transactions. 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 2014 column show the results for the year ended 31 December 2014 and the figures in the 2013 column show the results for the year ended 31 December 2013. 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 YEAR ENDED 31 DECEMBER 2014

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 YEAR ENDED 31 DECEMBER 2014

ix Basis of currency translation

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

Assets and liabilities are translated into Sterling at the rates of exchange at the Balance Sheet date.

Differences arising on translation of foreign currency amounts in syndicates are included in the technical account.

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 Taxation

The company is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue over the calendar year in which they are declared. The syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these financial statements the syndicate taxable results of years of account closed at this and previous year ends may not be fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

1.3 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.

1.4 Intangible assets

Costs incurred by the Company 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.

WELLES UW HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 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 as at the Balance Sheet date.

1.6 Cash Flow Statement

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 syndicates at Lloyd's.

WELLES UW HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2 Class of business	Gross written premiums	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance balance
	£	£	£	£	£
2014					
Direct					
Accident and health	132,749	151,604	(71,687)	(64,837)	(11,903)
Motor - third party liability	20,501	22,067	(15,976)	(7,080)	(99)
Motor - other classes	335,738	335,744	(231,383)	(114,032)	2,952
Marine, aviation and transport	480,138	470,836	(236,786)	(159,270)	(29,216)
Fire and other damage to property	1,187,376	1,121,667	(411,593)	(381,582)	(193,131)
Third party liability	973,641	882,249	(701,052)	(319,659)	7,531
Credit and suretyship	51,388	49,253	(33,466)	(12,696)	(2,293)
Other	280,083	401,569	(170,702)	(204,231)	(5,613)
Total direct	3,461,614	3,434,989	(1,872,645)	(1,263,387)	(231,772)
Reinsurance business					
Reinsurance balance	1,312,783	1,319,550	(396,103)	(355,441)	(200,803)
Total	4,774,397	4,754,539	(2,268,748)	(1,618,828)	(432,575)
2013	£	£	£	£	£
Direct					
Accident and health	172,164	142,509	(68,577)	(64,959)	(6,414)
Motor - third party liability	21,935	15,057	(9,249)	(5,898)	51
Motor - other classes	334,535	320,183	(226,879)	(118,273)	(740)
Marine, aviation and transport	497,071	511,900	(182,896)	(173,015)	(68,703)
Fire and other damage to property	1,106,896	1,141,501	(457,820)	(416,308)	(174,863)
Third party liability	867,221	821,966	(532,948)	(314,574)	7,785
Credit and suretyship	57,461	57,683	(13,444)	(19,124)	(8,272)
Other	448,874	630,059	(151,106)	(405,790)	(36,234)
Total direct	3,506,157	3,640,858	(1,642,919)	(1,517,941)	(287,390)
Reinsurance business					
Reinsurance balance	1,486,708	1,548,063	(414,331)	(396,707)	(276,732)
Total	4,992,865	5,188,921	(2,057,250)	(1,914,648)	(564,122)

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 YEAR ENDED 31 DECEMBER 2014

3	Geographical analysis	2014 £	2013 £
	Direct gross premiums written in:		
	United Kingdom	2,955,994	3,246,560
	Other EU member states	8,255	43,818
	The rest of the world	497,365	215,779
	Total	3,461,614	3,506,157

4	Allocated investment income	2014 £	2013 £
	Investment income	86,878	90,005
	Realised loss on investments	(1,207)	(27,898)
	Total	85,671	62,107

5	Net operating expenses	2014 £	2013 £
	Acquisition costs	1,235,895	1,392,590
	Administrative expenses	458,070	441,689
	(Profit)/Loss on exchange	(75,137)	80,369
	Total	1,618,828	1,914,648

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

6	Investment income	2014 £	2013 £
	Income from other investments (including interest receivable)	225,765	141,110
	Realised gain from other investments	276,759	375,670
	Unrealised (loss)/gain from other investments	(849,224)	827,668
	Total	(346,700)	1,344,448

7	Other income	2014 £	2013 £
	Profit on sale of syndicate participation rights	43,905	-
	Other	-	-
	Total	43,905	-

8	Profit on ordinary activities before taxation	2014 £	2013 £
	This is stated after charging:		
	Auditor's remuneration - audit	1,205	1,190
	Auditor's remuneration - other	1,748	1,523
	Wages and salaries	5,000	5,000
	Amortisation of syndicate capacity	8,895	10,475

The average number of persons, including directors, employed during the year was 1 (2013: 1).

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

9 Intangible assets

Syndicate Participation Rights £

Cost

At 1 January 2014	200,073
Additions	43,220
Disposals	(8,533)
At 31 December 2014	234,760

Amortisation

At 1 January 2014	181,378
Charge for the year	8,895
Impairment losses	-
Disposals	(8,533)
At 31 December 2014	181,740

Net book value

At 31 December 2014	53,020
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At 31 December 2013	18,695
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10 Investments: Financial Investments

	Syndicate £	Corporate £	2014 Total £	2013 Total £
<i>At market value</i>				
Shares and other variable yield securities	1,064,124	5,401,620	6,465,744	6,554,026
Debt securities and other fixed income securities	3,914,295	-	3,914,295	3,779,746
Participation in investment pools	84,834	-	84,834	232,698
Loans guaranteed by mortgage	21,549	-	21,549	34,613
Other loans	21,437	-	21,437	1,770
Deposits with credit institutions	2,675	-	2,675	2,685
Other	44,649	-	44,649	40,384
Total	5,153,563	5,401,620	10,555,183	10,645,922

The corporate investments held include £3,666,078 (2013: £4,517,856) 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 YEAR ENDED 31 DECEMBER 2014

10 Investments: Financial investments (continued)

	Syndicate £	Corporate £	2014 Total £	2013 Total £
<i>At cost</i>				
Shares and other variable yield securities	1,045,164	5,637,340	6,682,504	5,726,898
Debt securities and other fixed income securities	3,925,966	-	3,925,966	3,812,542
Participation in investment pools	76,906	-	76,906	227,191
Loans guaranteed by mortgage	21,433	-	21,433	34,519
Other loans	21,464	-	21,464	1,770
Deposits with credit institutions	2,647	-	2,647	2,685
Other	43,381	-	43,381	39,593
Total	5,136,961	5,637,340	10,774,301	9,845,198

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2014 Total £	2013 Total £
The following amounts are due after one year:				
Direct insurance operations	2,519	-	2,519	3,438
Reinsurance operations	1,478	-	1,478	6,390
Total	3,997	-	3,997	9,828

12 Other debtors

	Syndicate £	Corporate £	2014 Total £	2013 Total £
Deferred tax	-	-	-	-
Other	1,564,870	821,747	2,386,617	2,074,481
Total	1,564,870	821,747	2,386,617	2,074,481

Corporate other debtors includes £290,614 (2013: £200,309) due to the company after more than one year.
Syndicate other debtors includes £271,144 (2013: £411,402) due to the company after more than one year.

13 Cash at bank

	Syndicate £	Corporate £	2014 Total £	2013 Total £
Lloyd's deposit	391,258	513	391,771	373,392
Cash at bank and in hand	356,377	28,551	384,928	472,409
Total	747,635	29,064	776,699	845,801

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 YEAR ENDED 31 DECEMBER 2014

14	Share capital	2014 £	2013 £
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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 2014	-	-	1,213,920	4,441,165
Profit during the year	-	-	-	208,147
Dividends	-	-	-	(25,000)
At 31 December 2014	-	-	1,213,920	4,624,312

16 Reconciliation of movements in shareholders' funds

	Company		Group	
	2013 £	2012 £	2014 £	2013 £
Retained profit for the financial year	-	-	183,147	1,609,210
Proceeds from the issue of shares	-	-	-	-
Net addition to shareholders' funds	-	-	183,147	1,609,210
Opening shareholders' funds	131,135	131,135	5,786,220	4,177,010
Closing shareholders' funds	131,135	131,135	5,969,367	5,786,220

17	Taxation	2014 £	2013 £
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Analysis of charge in year

Current tax

UK Corporation Tax on profits of the year	(107,974)	242,730
Adjustments in respect of prior years	170	7
Foreign tax	4,595	3,331
Total current tax	(103,209)	246,068

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

17 Taxation (continued)	2014 £	2013 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	71,451	173,670
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	71,451	173,670
 Tax on loss on ordinary activities	 (31,758)	 419,738

Factors affecting tax charge for the year

The tax assessed for the year is lower (2013 - lower) than the standard rate of Corporation Tax in the UK of 20.00% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	176,389	2,036,448
 Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00% (2013 - 23.25%).	 35,278	 473,474
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Timing differences arising from the taxation of the underwriting results	(73,184)	(189,086)
Timing differences arising from the taxation of syndicate participation movements	(6,734)	1,180
Tax losses carried forward	-	-
Adjustments to tax charge in respect of prior periods	(18,213)	7
Other adjustments	(40,356)	(39,507)
Current tax charge for the year	(103,209)	246,068

Factors that may affect future tax charges

The company has trading losses of £Nil (2013 - £Nil) available for carry forward against future trading profits.

WELLES UW HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

17 Taxation (continued)	2014 £	2013 £
<i>Provision for deferred tax</i>		
At 1 January 2014	227,746	-
Charge to the profit and loss account	71,451	227,746
Released or utilised in the year	-	-
At 31 December 2014	299,197	227,746

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 (2013 - £Nil).

18 Other creditors	Syndicate £	Corporate £	2014 £	2013 £
Other creditors	366,304	37,833	404,137	425,924
Social security costs	-	-	-	-
Corporation tax	-	-	-	242,730
Shareholders' loan account	-	-	-	-
	366,304	37,833	404,137	668,654

19 Reconciliation of operating profit before interest to net cash inflow from operating activities	2014 £	2013 £
Operating profit before interest	523,089	692,013
Current year result not distributable in year	(512,464)	(705,796)
Prior year result distributable in year	280,238	(13,822)
(Profit)/Loss on sale of syndicate participation rights	(43,905)	-
Increase in creditors	23,280	481,852
Increase in debtors	(860)	(412,333)
Amortisation and impairment of syndicate participation rights	8,895	10,475
Net cash inflow from operating activities	278,273	52,389

WELLES UW HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

20 Fixed Asset Investments - Company

	2013 £	2012 £
Subsidiary undertakings at cost/valuation	131,135	131,135
Less: adjustment for impairment review	-	-
Total	131,135	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

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 YEAR ENDED 31 DECEMBER 2014

22 Fund's at Lloyd's

Cash balances of £513 (2013: £2,929) detailed in note 13 and investments of £3,666,078 (2013: £4,517,856) 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 (2013: £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

During the year Mr G Knox, a director of the subsidiary company, advanced £40,140 (2013 - £Nil) to the subsidiary company and withdrew £41,000 (2013 - £13,640) from the subsidiary company. Included within debtors at the year end is £1,000 (2013 - £140) that is owed by Mr G Knox to the subsidiary company. The balance has been repaid in full since the year end.

During the year dividends of £25,000 (2013 -£7,500) were paid to Mr and Mrs G Knox.