LIMITED LIABILITY PARTNERSHIP

The Lister Underwriting LLP

Financial Statements

◆ For the year ended 31 December 2012 ◆



Registered Number: OC339713

The Lister Underwriting LLP

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The Lister Underwriting LLP

GENERAL INFORMATION

DESIGNATED MEMBERS
Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' AGENT
(Regulated by the Financial Conduct Authority)
Argenta Private Capital Limited

AUDITORS
Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

REGISTERED NUMBER
OC339713

REGISTERED OFFICE
Fountain House
130 Fenchurch Street
London, EC3M 5DJ

ACCOUNTANTS
Argenta Tax & Corporate Services Limited
Fountain House
130 Fenchurch Street
London
EC3M 5DJ

The Lister Underwriting LLP

MEMBERS' REPORT
For the year ended 31 December 2012

The Members present their report together with the Financial Statements for the year ended 31 December 2012

STATEMENT OF MEMBERS' RESPONSIBILITIES

Legislation applicable to Limited Liability Partnerships requires the Members to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period

In preparing those Financial Statements, the Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departure 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 Partnership will continue in business

The Members are responsible for ensuring that proper and up to date books of account are maintained in accordance with generally accepted accounting principles, and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the Financial Statements comply with the Limited Liability Partnership Regulations They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

ACTIVITIES

The principal activity of the Limited Liability Partnership in the year under review was that of a limited liability underwriting member of Lloyd's

RESULTS

The Financial Statements incorporate the annual accounting results of the syndicates on which the Limited Liability Partnership participates for the 2010, 2011 and 2012 years of account, as well as any 2009 and prior run-off years

The result for the year is shown in the profit and loss account

FUTURE DEVELOPMENTS

The Limited Liability Partnership continues to write insurance business in the Lloyd's insurance market as a limited liability underwriting member of Lloyd's

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Limited Liability Partnership 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 Limited Liability Partnership 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 Limited Liability Partnership

Hedge accounting is not used by the Limited Liability Partnership

The Lister Underwriting LLP

MEMBERS' REPORT
For the year ended 31 December 2012

DESIGNATED MEMBERS

The Designated Members during the period were as follows

Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' INTERESTS

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account

AUDITORS

Mazars LLP have signified their willingness to act and continue to be appointed as the auditors to the Limited Liability Partnership

Approved by the Members on 15 June 2013 and signed on their behalf by

D C BOWLES
ARGENTA LLP SERVICES LIMITED
Designated Member

The Lister Underwriting LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF The Lister Underwriting LLP For the year ended 31 December 2012

We have audited the Financial Statements of The Lister Underwriting LLP 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 These Financial Statements have been prepared under the accounting policies set out therein

This report is made solely to the Limited Liability Partnership's Members, 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 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 Limited Liability Partnership and the Limited Liability Partnership's Members, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the Members and auditors

As described in the Statement of Members' Responsibilities the Limited Liability Partnership's Members are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards of Auditing (UK and Ireland)

We report to you our opinion as to whether the Financial Statements give a true and fair view, whether the Financial Statements are properly prepared in accordance with the Companies Act 2006 and whether the information given in the Members' Report is consistent with the Financial Statements We also report to you if, in our opinion, the Limited Liability Partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Members' remuneration and transactions with the Limited Liability Partnership is not disclosed

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatements within it

We read other information contained in the Annual Report, and consider whether it is consistent with the audited Financial Statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements It also includes an assessment of the significant estimates and judgements made by the Members in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Limited Liability Partnership's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements

The Lister Underwriting LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF The Lister Underwriting LLP For the year ended 31 December 2012

Opinion

In our opinion

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Limited Liability Partnership's affairs as at 31 December 2012 and of its profit/loss for the year then ended,
- the Financial Statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Members' Report is consistent with the Financial Statements

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

19 June 2013

The Lister Underwriting LLP

PROFIT & LOSS ACCOUNT – TECHNICAL ACCOUNT – GENERAL BUSINESS
For the year ended 31 December 2012

	Note		2012 £		2011 £
Earned premiums, net of reinsurance					
Gross premiums written					
Continuing operations	1		598,372		585,153
Outward reinsurance premiums	1		(112,059)		(104,818)
Net premiums written			486,313		480,335
Change in the provision for unearned premiums					
Gross provision	1		(15,189)		6,703
Reinsurers' share	1		2,622		(2,111)
Earned premiums, net of reinsurance			473,746		484,927
Allocated investment return transferred from the non-technical account			15,743		11,553
Other technical income, net of reinsurance			-		-
Claims incurred net of reinsurance claims paid					
Gross amount	1	(316,169)		(307,277)	
Reinsurers' share	1	63,759		48,655	
Net claims paid		(252,410)		(258,622)	
Change in provision for claims					
Gross amount	1	(10,108)		(110,692)	
Reinsurers' share	1	1,277		47,718	
Net change in provisions for claims		(8,831)		(62,974)	
Claims incurred, net of reinsurance			(261,241)		(321,596)
Changes in other technical provisions, net of reinsurance			-		-
Net operating expenses	1, 2		(171,561)		(183,700)
Other technical charges, net of reinsurance			-		-
Balance on the technical account for general business			56,687		(8,816)

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

The Lister Underwriting LLP

PROFIT & LOSS ACCOUNT – NON TECHNICAL ACCOUNT
For the year ended 31 December 2012

	Note	2012 £	2011 £
Balance on general business technical account		56,687	(8,816)
Investment income	3	15,806	19,371
Unrealised gains on investments		8,038	7,126
Investment expenses and charges	4	(3,634)	(5,582)
Unrealised losses on investments		(4,456)	(9,360)
Allocated investment return transferred to the general business technical account		(15,743)	(11,553)
Other income		-	646
Other charges		(43,399)	(36,762)
Profit/(loss) for the financial period before Members' remuneration and profit shares	5	13,299	(44,930)
Members' remuneration charged as an expense	6	-	-
Profit/(loss) for the financial period available for division among Members	9	13,299	(44,930)

The Limited Liability Partnership has no recognised gains or losses other than the profit or loss for the year

All items derive from continuing activities

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 12 to 20 form part of these Financial Statements

The Lister Underwriting LLP

BALANCE SHEET
As at 31 December 2012

	Note	31 December 2012 Syndicate Participation £	Partnership £	Total £	31 December 2011 Syndicate Participation £	Partnership £	Total £
Assets							
Intangible assets	7	-	27,385	27,385	-	50,457	50,457
Investments							
Financial investments	8	574,166	-	574,166	572,237	-	572,237
Deposits with ceding undertakings		218	-	218	291	-	291
		574,384	-	574,384	572,528	-	572,528
Reinsurers' share of technical provisions							
Provision for unearned premiums		28,494	-	28,494	26,611	-	26,611
Claims outstanding		207,643	-	207,643	203,838	-	203,838
Other technical provisions		-	-	-	-	-	-
		236,137	-	236,137	230,449	-	230,449
Debtors							
Arising out of direct insurance operations		127,568	-	127,568	134,520	-	134,520
Arising out of reinsurance operations		114,738	-	114,738	92,327	-	92,327
Other debtors		59,167	6,956	66,123	63,978	8,072	72,050
		301,473	6,956	308,429	290,825	8,072	298,897
Other assets							
Cash at bank and in hand		29,343	37,759	67,102	32,294	-	32,294
Other		76,029	-	76,029	79,560	-	79,560
		105,372	37,759	143 131	111,854	-	111,854
Prepayments and accrued income							
Accrued interest		676	-	676	1,382	-	1,382
Deferred acquisition costs		58,586	-	58,586	56,440	-	56,440
Other prepayments and accrued income		2,005	-	2,005	3,181	-	3,181
		61,267	-	61,267	61,003	-	61,003
Total assets		1,278,633	72,100	1,350,733	1,266,659	58,529	1,325,188

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

The Lister Underwriting LLP

BALANCE SHEET
As at 31 December 2012

	Note	31 December 2012 Syndicate Participation £	Partnership £	Total £	31 December 2011 Syndicate Participation £	Partnership £	Total £
Liabilities and Members' interests							
Members' interests due within one year							
Members capital classified as a liability under FRS 25	9	(11,826)	59,348	47,522	15,638	22,629	38,267
Technical provisions							
Provision for unearned premiums		243,502	-	243,502	233,241	-	233,241
Claims outstanding – gross amount		878,798	-	878,798	874,363	-	874,363
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges		-	-	-	-	-	-
Deposit received from reinsurers		151	-	151	177	-	177
Creditors							
Arising out of direct insurance operations		19,649	-	19,649	31,746	-	31,746
Arising out of reinsurance operations		68,247	-	68,247	57,604	-	57,604
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security		80,225	-	80,225	70,899	-	70,899
		1,290,572	-	1,290,572	1,268,030	-	1,268,030
Accruals and deferred income		(113)	12,752	12,639	(17,009)	35,900	18,891
Total liabilities		1,278,633	72,100	1,350,733	1,266,659	58,529	1,325,188

The Financial Statements were approved by the Members of the Limited Liability Partnership and signed on its behalf by

D C BOWLES
ARGENTA LLP SERVICES LIMITED
15 June 2013

Registered Number OC339713

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

The Lister Underwriting LLP

CASH FLOW STATEMENT
For the year ended 31 December 2012

	Note	2012 £	2011 £
Operating activities			
Net cash inflow/(outflow) from operating activities	10(a)	(36,245)	8,623
Returns on investments and servicing of finance			
Interest received		-	-
Interest paid		-	-
Capital expenditure			
Purchase of syndicate capacity		-	(7,190)
Proceeds from sale of syndicate capacity		-	1,650
Transactions with Members and former Members			
Payment to Members		-	(3,083)
Contributions by Members		74,004	-
Post retirement payments to former Members		-	-
Net cash inflow/(outflow) for the year	10(b)	37,759	-
Cash flows were invested as follows			
Increase/(decrease) in cash holdings		37,759	-
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows	10(b)	37,759	-

The Limited Liability Partnership 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 Limited Liability Partnership funds, which includes transfers to and from the syndicates at Lloyd's

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

The Lister Underwriting LLP

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of investments and comply with applicable Accounting Standards

The Limited Liability Partnership participates in insurance business as an underwriting member of various syndicates at Lloyd's

The Financial Statements have been prepared in accordance with Sections 1164 and 1165 of the Companies Act 2006, and Schedule 3 of SI 2008/410, 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 The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships dated March 2006

Accounting information in respect of the syndicate participations has been provided by the syndicate managing agents and has been reported upon by the syndicate auditors

BASIS OF ACCOUNTING

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

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Limited Liability Partnership participates

For each such Syndicate, the Partnership's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Partnership'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 Partnership's insurance creditors

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

The Partnership 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 Partnership 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

STATEMENT OF ACCOUNTING POLICIES (continued)

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 Partnership 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 Partnership'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 Members 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

STATEMENT OF 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 Partnership participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Partnership has offset its share of the reinsurance to close received against its share of the reinsurance to close paid

If the Partnership 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 Partnership has assumed a greater proportion of the business of the Syndicate If the Partnership 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 Partnership'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 Partnership's outstanding gross liabilities in respect of the business so reinsured

viii Investments

Syndicate Where investments represent the Partnership'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

STATEMENT OF 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 Partnership's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Partnership'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 Partnership has purchased the right to participate on Syndicates, the cost is capitalised and amortised in equal annual instalments over five years

xiii Members' Interests

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account

Loans and other debts due to Members rank pari passu with other unsecured creditors on the winding up of a partnership

xiv Taxation

Income tax payable on the Partnership's profits is solely the personal liability of the Members and consequently is not dealt with in these Financial Statements

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	19,829	22,131	(11,972)	(8,935)	(282)	942
Motor – third party liability	1,066	1,396	(539)	(472)	(46)	339
Motor – other classes	45,362	46,718	(37,115)	(15,428)	2,793	(3,032)
Marine, aviation and transport	73,315	73,900	(32,116)	(22,975)	(956)	17,853
Fire and other damage to property	162,433	159,775	(90,160)	(51,131)	(15,242)	3,242
Third party liability	87,158	86,886	(55,047)	(29,418)	(4,369)	(1,948)
Credit and suretyship	8,688	8,261	(2,770)	(2,413)	(1,408)	1,670
Legal expenses	1,635	1,575	(675)	(776)	(4)	120
Assistance	-	-	-	-	-	-
Miscellaneous	2,214	2,179	(788)	(1,208)	(3)	180
	401,700	402,821	(231,182)	(132,756)	(19,517)	19,366
Reinsurance	196,672	180,362	(95,095)	(38,805)	(24,884)	21,578
Total	598,372	583,183	(326,277)	(171,561)	(44,401)	40,944

2011	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	43,763	50,179	(21,677)	(26,978)	(747)	777
Motor – third party liability	1,947	1,873	(896)	(631)	(106)	240
Motor – other classes	49,633	51,381	(38,204)	(17,326)	1,443	(2,706)
Marine, aviation and transport	80,271	79,456	(33,172)	(23,821)	(5,045)	17,418
Fire and other damage to property	149,906	146,476	(89,311)	(48,559)	(14,805)	(6,199)
Third party liability	87,402	89,145	(44,602)	(31,351)	(4,012)	9,180
Credit and suretyship	9,120	9,928	(6,287)	(2,357)	(711)	573
Legal expenses	1,612	1,232	(348)	(734)	(43)	107
Assistance	-	-	-	-	-	-
Miscellaneous	2,105	2,164	(1,055)	(1,368)	(11)	(270)
	425,759	431,834	(235,552)	(153,125)	(24,037)	19,120
Reinsurance	159,394	160,022	(182,417)	(30,575)	13,481	(39,489)
Total	585,153	591,856	(417,969)	(183,700)	(10,556)	(20,369)

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

2. Net Operating Expenses

	2012	2011
	£	£
Acquisition costs	143,760	149,708
Change in deferred acquisition costs	(2,741)	5,047
Administrative expenses	21,254	19,720
Reinsurance commissions and profit participations	(8,852)	(9,107)
Personal expenses	18,140	18,332
	171,561	183,700

3. Investment Income

	2012	2011
	£	£
Income from investments	12,394	14,954
Gains on the realisation of investments	3,401	4,415
Bank deposit interest	11	2
	15,806	19,371

4. Investment Expenses and Charges

	2012	2011
	£	£
Investment management expenses, including interest	978	915
Losses on the realisation of investments	2,656	4,667
	3,634	5,582

5. Profit/(Loss) for the Financial Period Before Members' Remuneration and Profit Shares

	2012	2011
	£	£
The profit/(loss) on ordinary activities is stated after charging/(crediting)		
Amortisation of syndicate capacity	23,072	21,633
(Profit)/loss on disposal of syndicate capacity	-	(646)
(Profit)/loss on exchange	8,141	1,057
Interest on bank loans and overdrafts	-	-
Other interest	-	-

The Limited Liability Partnership has no employees

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

6. Members' Remuneration

The average number of Members during the year was 3

The Members did not receive any remuneration during the year, (2011 - £-)

7. Intangible Assets

	2012 £	2011 £
Purchased syndicate capacity		
Cost		
At 1 January 2012	115,356	109,840
Additions	-	7,190
Disposals	-	(1,674)
At 31 December 2012	115,356	115,356
Amortisation		
At 1 January 2012	64,899	43,936
Provided during the year	23,072	21,633
Disposals	-	(670)
At 31 December 2012	87,971	64,899
Net Book Value		
At 31 December 2012	27,385	50,457
At 31 December 2011	50,457	65,904

8. 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	61,983	61,843	64,770	64,353
Debt securities and other fixed income securities	476,931	471,096	480,888	483,242
Participation in investment pools	20,038	24 483	15,962	15,767
Loans secured by mortgages	6,378	6,301	6,463	6,494
Other loans	1,434	1,434	1,813	1,802
Deposits with credit institutions	341	341	2,322	2,322
Other	7,061	6,800	19	139
	574,166	572,298	572,237	574,119
Listed investments included within the above	558,952	557,422	561,620	563,362

9. Members' Interests

	Syndicate	Limited Liability Partnership Members' Capital Classified as a Liability		Total
	Members' Capital Classified as a Liability	Syndicate Capacity	Other Profits	
	£	£	£	£
Members' interests at 1 January 2012	15,638	50,549	(27,920)	38,267
Introduced by Members	-	-	-	-
Allocated profits/(losses) 2010 year of account	29,334	-	-	29,334
Allocated profits/(losses) 2011 year of account	31,284	-	-	31,284
Allocated profits/(losses) 2012 year of account	(10,034)	(23,071)	(14,214)	(47,319)
Reallocate distribution	(78,048)	-	78,048	-
Repayment of debt (including Members' capital classified as a liability)	-	-	(4,044)	(4,044)
Other movements	-	-	-	-
Members' interests at 31 December 2012	(11,826)	27,478	31,870	47,522

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2012

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

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	13,299	(44,930)
(Profit)/loss attributable to syndicate transactions	(50,584)	8,802
Profit/(loss) – excluding syndicate transactions	(37,285)	(36,128)
(Increase)/decrease in debtors	1,116	(8,072)
Increase/(decrease) in creditors	(23,148)	31,836
(Profit)/loss on disposal of syndicate capacity	-	(646)
Amortisation of syndicate capacity	23,072	21,633
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Net cash inflow/(outflow) from operating activities	(36,245)	8,623

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2012	Cash Flow	Changes to Market Value	At 31 December 2012
	£	£	£	£
Cash	-	37,759	-	37,759
Other financial investments	-	-	-	-
	-	37,759	-	37,759

11. Related Party Disclosure

There are no related party transactions to be disclosed

12. Ultimate Controlling Party

The ultimate controlling party of the Partnership is Mr M M Lister Sutcliffe