



TALISMAN

— UNDERWRITING PLC —

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016



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Directors	Peter K Steel Robert E Eaton David Monksfield Paul F Sandilands	Chairman
Company Secretary	Graham Hodgson	
Registered Office	5 th Floor 70 Gracechurch Street London EC3V 0XL	
Auditors	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	
Solicitors	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH	
Members' Agent	Argenta Private Capital Limited 70 Gracechurch Street London EC3V 0XL	
Bankers	Coutts & Co 440 The Strand London WC2R 0QS	
Fund Manager	Ruffer LLP 80 Victoria Street London SW1E 5JL	
Company Registration Number	03370297	



The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 December 2016.

Results and Dividends

The results for the year are set out on pages 8 and 9 of the Financial Statements. Dividends totalling £1,533,036 were paid in the year (2015 - £1,252,403).

Directors

The Directors of the Company in office during the year were as follows:

Peter K Steel
Robert E Eaton
David Monksfield
Paul F Sandilands

Auditors

A resolution to reappoint PKF Littlejohn LLP will be proposed at the next Annual General Meeting.

Disclosure of Information to Auditors

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

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Indemnity

The Board of Directors have effected a Directors' and Officers' Liability Insurance policy to indemnify the Directors and Officers of the Company against loss arising from any claim made against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of the Company. The insurance also covers the Company's loss when it is required or permitted to indemnify the Directors or officers pursuant to the law, Common or Statutory, or the Articles of Association. The cost of this insurance is met by the Company.

By Order of the Board

D Monksfield

Director

Date: 31 May 2017



The Directors have pleasure in presenting their Strategic Report together with the Financial Statements for the year ended 31 December 2016.

Business Review

Activity

The principal activity of Talisman Underwriting Plc and its subsidiaries ("the Group") in the year under review was that of underwriting insurance risks at Lloyd's.

Results

The Financial Statements incorporate the annual accounting results of the syndicates on which the Group participates for the 2014, 2015 and 2016 years of account.

The annual accounting technical profit for the year is a profit of £1,812,443 (2015 – profit of £1,953,739) including the profit on exchange from syndicate participations reported in the non-technical account.

The 2014 year of account closed at 31 December 2016 with a profit of £2,812,976 (2013 profit - £2,316,675). The 2015 and 2016 open underwriting years will normally close at 31 December 2017 and 31 December 2018 respectively, and the Directors expect the 2015 year of account to produce a profit of between 3.3% and 10.1% of capacity and based on current information a profit for the 2016 year of account of between -2.5% and 5.8% although it must be noted that many policies remain on risk.

Future Developments

The Group continues to write insurance business in the Lloyd's insurance market. The capacity being underwritten on the 2017 year of account is £23,002,165 which has increased by £838,264 against the 2016 year of account.

Key Performance Indicators

For the 2016 calendar year the amount of gross premium written by the Syndicates on which the Group participates amounted to £21.9m (2015 - £19.4m) with a technical underwriting profit for the year of £1,812,443 (2015 - £1,953,739).

Risk Factors

The nature of a Lloyd's Corporate Member means that the majority of the group's activities are carried out by the Syndicates in which it participates. The Group is not involved directly in the management of the Syndicates' activities, including employment of Syndicate staff, as this is the responsibility of the relevant Managing Agent. Each Managing Agent will also have responsibility for the environmental activities of each Syndicate, although by their nature insurers do not produce significant environmental emissions. As a result, the Directors do not consider it appropriate to monitor and report any risk factors in relation to staff or environmental matters.

Risk Management

As a Corporate Member of Lloyd's the majority of the risks to the Group's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed on page 22, these risks are mostly managed by the Managing Agents of the syndicates. This Group's role in managing this risk in conjunction with its Members' Agent is limited to selection of syndicate participations and monitoring performance of the syndicates.

By Order of the Board

D Monksfield

Director

Date: 31 May 2017



The Directors are responsible for preparing the Report of the Directors, the Strategic Report and 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 Group and Parent Company 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 Group and Parent Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments 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 Group 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 Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.



Independent Auditor's Report to the Shareholders of Talisman Underwriting Plc

We have audited the Financial Statements of Talisman Underwriting Plc for the year ended 31 December 2016 which comprise the Group Profit and Loss Account, the Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group Cash Flow Statement, the Accounting Policies, the Risk Management section and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders 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 Statement of Directors Responsibilities set out on page 5, 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

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 Group and Parent 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 Annual 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 material 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 the Parent Company's affairs as at 31 December 2016 and of the Group's 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



Independent Auditor's Report to the Shareholders of Talisman Underwriting Plc (continued)**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Directors.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Carmine Papa (Senior statutory auditor)

For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

Date: 31 May 2017



TALISMAN UNDERWRITING PLC
TECHNICAL ACCOUNT - GENERAL BUSINESS

GROUP PROFIT AND LOSS ACCOUNT
Year ended 31 December 2016

	Note	2016	2015
Gross Premiums Written			
Continuing operations	1	21,924,512	19,362,434
Outward reinsurance premiums		(4,334,236)	(3,630,299)
		<hr/>	<hr/>
Net Premiums Written		17,590,276	15,732,135
Change in the provision for unearned premiums			
Gross provision	3	(69,702)	(510,208)
Reinsurers share	3	133,408	107,380
		<hr/>	<hr/>
Earned Premiums, Net of Reinsurance		17,653,982	15,329,307
Allocated Investment Return Transferred from the Non-Technical Account	5	474,919	200,875
Claims Paid			
Gross amount		(10,109,549)	(8,702,785)
Reinsurers' share		1,346,583	1,924,480
		<hr/>	<hr/>
Net claims paid		(8,762,966)	(6,778,305)
		<hr/>	<hr/>
Change in Provision for Claims			
Gross amount	3	(1,742,475)	502,524
Reinsurers' share	3	1,063,158	(646,362)
		<hr/>	<hr/>
Change in net provision for claims		(679,317)	(143,838)
		<hr/>	<hr/>
Claims Incurred, Net of Reinsurance		(9,442,283)	(6,922,143)
Net operating expenses	4	(7,641,006)	(6,725,664)
		<hr/>	<hr/>
Balance on the Technical Account for General Business		£1,045,612	£1,882,375
		<hr/> <hr/>	<hr/> <hr/>

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



NON-TECHNICAL ACCOUNT

	Note	2016	2015
Balance on the General Business Technical Account		1,045,612	1,882,375
Investment income	5	339,754	(36,263)
Profit on exchange - syndicate participation		766,831	71,364
Other income		98,805	1,868
Other charges		(606,273)	(339,722)
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation	6	1,644,729	1,579,622
Tax on profit on ordinary activities	7	(211,892)	(297,690)
		<hr/>	<hr/>
Profit on Ordinary Activities after Taxation	15	£1,432,837	£1,281,932
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF COMPREHENSIVE INCOME

Profit for the financial year	1,432,837	1,281,932
Other Comprehensive income:		
Currency translation differences	-	-
	<hr/>	<hr/>
	£1,432,837	£1,281,932
	<hr/> <hr/>	<hr/> <hr/>

All operations are continuing.

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



Registered Number 03370297

	Note	2016			2015		
		Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Assets							
Intangible Assets	9	-	657,093	657,093	-	1,122,974	1,122,974
Positive goodwill	9	-	119,929	119,929	-	165,836	165,836
Investments							
Financial Investments	10	26,651,919	2,318,422	28,970,341	22,965,741	1,974,658	24,940,399
Deposits with ceding undertakings		3,375	-	3,375	3,087	-	3,087
		<u>26,655,294</u>	<u>2,318,422</u>	<u>28,973,716</u>	<u>22,968,828</u>	<u>1,974,658</u>	<u>24,943,486</u>
Reinsurers' share of technical provisions							
Provision for unearned premiums		1,677,892	-	1,677,892	1,369,747	-	1,369,747
Claims outstanding		7,053,815	-	7,053,815	5,037,679	-	5,037,679
		<u>8,731,707</u>	<u>-</u>	<u>8,731,707</u>	<u>6,407,426</u>	<u>-</u>	<u>6,407,426</u>
Debtors							
Arising out of direct Insurance operations	11	5,449,149	-	5,449,149	4,735,692	-	4,735,692
Arising out of Reinsurance operations	11	6,112,965	-	6,112,965	5,407,600	-	5,407,600
Other debtors	12	2,952,887	153,043	3,105,930	2,733,751	153,950	2,887,701
		<u>14,515,001</u>	<u>153,043</u>	<u>14,668,044</u>	<u>12,877,043</u>	<u>153,950</u>	<u>13,030,993</u>
Other Assets							
Cash at bank and In hand	13	1,388,944	6,537,124	7,926,068	910,406	5,604,939	6,515,345
Overseas deposits		1,932,858	-	1,932,858	1,332,301	-	1,332,301
Other		265,339	-	265,339	256,899	-	256,899
		<u>3,587,141</u>	<u>6,537,124</u>	<u>10,124,265</u>	<u>2,499,606</u>	<u>5,604,939</u>	<u>8,104,545</u>
Prepayments and Accrued Income							
Accrued interest		44,418	-	44,418	30,871	-	30,871
Deferred acquisition costs		2,864,329	-	2,864,329	2,436,148	-	2,436,148
Other prepayments and accrued income		76,921	-	76,921	78,859	-	78,859
		<u>2,985,668</u>	<u>-</u>	<u>2,985,668</u>	<u>2,545,878</u>	<u>-</u>	<u>2,545,878</u>
Total Assets		<u>£56,474,811</u>	<u>£9,785,611</u>	<u>£66,260,422</u>	<u>£47,298,781</u>	<u>£9,022,356</u>	<u>£56,321,137</u>

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



Registered Number 03370297

	Note	2016			2015		
		Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Liabilities and Shareholders' Funds							
Capital and Reserves							
Called-up share capital	14	-	3,935,298	3,935,298	-	3,331,971	3,331,971
Share premium account		-	2,548,644	2,548,644	-	2,044,549	2,044,549
Profit and Loss Account	15	2,716,379	43,816	2,760,195	3,043,831	(183,437)	2,860,394
Total Shareholders Funds		<u>2,716,379</u>	<u>6,527,758</u>	<u>9,244,137</u>	<u>3,043,831</u>	<u>5,193,083</u>	<u>8,236,914</u>
Technical provisions:							
Provision for unearned premiums		10,968,384	-	10,968,384	9,615,491	-	9,615,491
Claims outstanding		34,842,688	-	34,842,688	28,112,550	-	28,112,550
Provisions for Other Risks and Charges							
Deferred taxation	16	-	872,086	872,086	-	1,192,982	1,192,982
Deposit received from reinsurers		79,288	-	79,288	33,905	-	33,905
Creditors							
Arising out of direct Insurance operations	17	773,504	-	773,504	717,395	-	717,395
Arising out of Reinsurance operations	17	3,321,156	-	3,321,156	2,745,024	-	2,745,024
Other creditors including taxation and social security	18	3,302,465	2,217,081	5,519,546	2,751,859	2,402,452	5,154,311
		<u>7,397,125</u>	<u>2,217,081</u>	<u>9,614,206</u>	<u>6,214,278</u>	<u>2,402,452</u>	<u>8,616,730</u>
Accruals and Deferred Income		<u>470,947</u>	<u>168,686</u>	<u>639,633</u>	<u>278,726</u>	<u>233,839</u>	<u>512,565</u>
Total Liabilities		<u>£56,474,811</u>	<u>£9,785,611</u>	<u>£66,260,422</u>	<u>£47,298,781</u>	<u>£9,022,356</u>	<u>£56,321,137</u>

The Financial Statements were approved and authorised for issue by the Board on 31 May 2017 and were signed on its behalf by:

D Monksfield
Director

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



TALISMAN UNDERWRITING PLC

Registered Number 03370297

COMPANY BALANCE SHEET
As at 31 December 2016

	Note	2016	2015
Fixed Assets			
Investments	10	525,133	525,133
Current Assets			
Debtors	12	152,745	1,234,375
Investments	10	2,318,422	1,974,658
Cash at bank		6,217,794	5,082,880
		<u>8,688,961</u>	<u>8,291,913</u>
Creditors: amounts falling due within one year	18	(1,415,234)	(1,975,477)
		<u>7,273,727</u>	<u>6,316,436</u>
Net current assets			
		<u>7,798,860</u>	<u>6,841,569</u>
Total assets less current liabilities			
Provision for other risks and charges			
Deferred taxation	16	(82,587)	(166,580)
		<u>£7,716,273</u>	<u>£6,674,989</u>
Net assets			
Capital and Reserves			
Called-up share capital	14	3,935,298	3,331,971
Share premium account		2,548,644	2,044,549
Profit and Loss Account			
At 1 January		1,298,469	1,429,848
Profit for the year		1,466,898	1,121,024
Dividends paid		(1,533,036)	(1,252,403)
		<u>£7,716,273</u>	<u>£6,674,989</u>
Shareholders Funds attributable to Equity Interests			

The Financial Statements were approved and authorised for issue by the Board on 31 May 2017 and were signed on its behalf by:

D Monksfield
Director

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



Group statement of changes in shareholders' equity

	A Ordinary Share capital	B Ordinary Share capital	Share premium account	Profit and loss account	Total
At 1 January 2015	3,058,565	1,088	1,557,143	2,830,865	7,447,661
Profit for the financial year	-	-	-	1,281,932	1,281,932
Dividends paid	-	-	-	(1,252,403)	(1,252,403)
Issue of 1,089,213 ordinary A shares of 25p each	272,303	-	487,406	-	759,709
Issue of 150 ordinary B shares of 10p each	-	15	-	-	15
At 31 December 2015	£3,330,868	£1,103	£2,044,549	£2,860,394	£8,236,914
At 1 January 2016	3,330,868	1,103	2,044,549	2,860,394	8,236,914
Profit for the financial year	-	-	-	1,432,837	1,432,837
Dividends paid	-	-	-	(1,533,036)	(1,533,036)
Issue of 2,414,000 ordinary A shares of 25p each	603,500	-	504,095	-	1,107,595
Issue of 245 ordinary B shares of 10p each	-	25	-	-	25
Cancellation of ordinary B shares of 10p each	-	(197)	-	-	(197)
At 31 December 2016	£3,934,368	£930	£2,548,644	£2,760,195	£9,244,137

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



Company statement of changes in shareholders' equity

	A Ordinary Share capital	B Ordinary Share capital	Share premium account	Profit and loss account	Total
At 1 January 2015	3,058,565	1,088	1,557,143	1,429,848	6,046,644
Profit for the financial year	-	-	-	1,121,024	1,121,024
Dividends paid	-	-	-	(1,252,403)	(1,252,403)
Issue of 1,089,213 ordinary A shares of 25p each	272,303	-	487,406	-	759,709
Issue of 150 ordinary B shares of 10p each	-	15	-	-	15
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	£3,330,868	£1,103	£2,044,549	£1,298,469	£6,674,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2016	3,330,868	1,103	2,044,549	1,298,469	8,236,914
Profit for the financial year	-	-	-	1,466,898	1,466,898
Dividends paid	-	-	-	(1,533,036)	(1,533,036)
Issue of 2,414,000 ordinary A shares of 25p each	603,500	-	504,095	-	1,107,595
Issue of 245 ordinary B shares of 10p each	-	25	-	-	25
Cancellation of ordinary B shares of 10p each	-	(197)	-	-	(197)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	£3,934,368	£930	£2,548,644	£1,232,331	£7,716,273
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



	Note	2016	2015
Cash flows from operating activities			
Profit on ordinary activities before tax		1,644,729	1,579,622
Deduction of (profit) attributed to syndicate transactions		(1,703,577)	(1,954,221)
Distribution of closed year result from syndicates		2,031,029	1,764,968
		<hr/>	<hr/>
Total		1,972,181	1,390,369
Adjustments for:			
(Increase)/decrease in debtors		907	463,113
Increase/(decrease) in creditors		(455,827)	1,112,081
Amortisation of goodwill		45,907	18,835
Profit on sale of syndicate capacity		(79,707)	-
Amortisation of syndicate capacity		471,712	403,337
Investment income		(4,010)	(7,527)
Unrealised (gains)/losses on investments		(343,764)	43,790
Taxation (paid)/recovered		(327,486)	10,560
		<hr/>	<hr/>
		1,279,913	3,434,558
Cash flows from investing activities			
Investment income		4,010	7,527
Purchase of syndicate capacity		(5,821)	-
Proceeds from sale of syndicate capacity		79,697	-
Purchase of investments		-	(2,018,448)
Purchase of subsidiary undertakings, net of cash acquired		-	(152,067)
		<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities		77,886	(2,162,988)
Cash flows from financing activities			
Equity dividends paid		(1,533,036)	(1,252,403)
Issues of shares		1,107,422	59,725
		<hr/>	<hr/>
Net cash (outflow) from financing activities		(425,614)	(1,192,678)
		<hr/>	<hr/>
Net increase in cash and cash equivalents	19	932,185	78,892
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		5,604,939	5,526,047
		<hr/>	<hr/>
Cash and cash equivalents at end of year	19	£6,537,124	£5,604,939
		<hr/>	<hr/>
Cash and cash equivalents comprise:			
Cash at bank and in hand (including Funds at Lloyd's)		6,537,124	5,604,939
		<hr/>	<hr/>
Cash and cash equivalents	19	£6,537,124	£5,604,939
		<hr/>	<hr/>

The Group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The Accounting Policies and Notes on pages 16 to 41 form part of these Financial Statements.



General information

The Company is a public limited company that was incorporated in England and whose registered office is 5th Floor, 70 Gracechurch Street, London, EC3V 0XL. The Group participates in insurance business as an underwriting member of various syndicates at Lloyd's through its subsidiary undertakings.

Basis of Preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance. The Group has early adopted the March 2016 amendment to paragraph 42.22 of FRS 102 in relation to fair value hierarchy. The fair value hierarchy is detailed in note 10.

The Directors do not consider the Company to be a financial institution under FRS 102.

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.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate's managing agent and has been reported upon by the Syndicate auditors.

Going Concern

The Group, through its subsidiaries participates as underwriting members of Lloyd's. Its underwriting is supported by Funds at Lloyd's either made available by the company directly or by its loan note holders. The Directors are of the opinion that the group and company have adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in preparation of the Financial Statements.

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 group participates.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the balance sheet as "Syndicate Participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

The information included in these Financial Statements in respect of the Syndicates has been supplied by Managing Agents based upon the various accounting policies they have adopted. The following describes the policies they have generally adopted.

General Business

i. Premiums

Premiums written comprise the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the Group participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.



General Business (continued)**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.

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 Incurred and Reinsurers' Share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in house reserving team and in most cases reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicates managing agent as regards 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 including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.



General Business (continued)**v. Claims Incurred and Reinsurers' Share (continued)**

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. 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 the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

vi. Unexpired Risks Provision

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the balance sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant managing agent.

vii. 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 group 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.

viii. 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.

ix. Net Operating Expenses (including Acquisition Costs)

Net operating expenses include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the group participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date.



General Business (continued)**x. 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.

xi. Financial Instruments

The syndicate investments comprise debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. The debt, equity investments and derivatives of the syndicate participation are measured at fair value through profit or loss.

Debtors/creditors arising from insurance/reinsurance operations shown in the Balance Sheet include the totals of all the syndicates outstanding debit and credit transactions as processed by the Lloyd's central facility. 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.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicates, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged, cancelled or expires.



xi. Financial Instruments (continued)*Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicates estimate the fair value by using a valuation technique.

Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

xii. Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the current value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

xiii. Basis of Currency Translation

The Group financial statements are presented in sterling.

The Company's functional and presentation currency is sterling.

Syndicates maintain separate funds in sterling, United States dollars, Canadian dollars and Euros.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

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

All differences arising on the translation of foreign currency amounts in syndicates are included in either the non-technical or technical account irrespective of their treatment by the underlying syndicates.



Current Taxation

The Group is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these Financial Statements 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 and Customs (HMRC) agree 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 at previous year ends may not have been fully agreed with the HMRC. Any adjustments that may be necessary to the tax provisions established by the Group, as a result of HMRC agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

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. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 at cost within intangible fixed assets and amortised over a 3 year period beginning in the year the underwriting commences in respect of the purchased Syndicate participation.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 5 years.

Cash Flow Statement

The Group 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.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of Talisman Underwriting Plc with those of its subsidiaries for the year ended 31 December 2016.

No profit or loss account is presented for Talisman Underwriting Plc as provided by s408 of the Companies Act 2006. The profit of the parent company for the financial year dealt within the consolidated Financial Statements of Talisman Underwriting Plc was £1,466,898 (2015 – profit £1,121,024).

The profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal using the purchase method of accounting. The difference between the fair value of the consideration, both cash and equity instruments, and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

Uniform accounting policies are used for all Group companies. Profits or losses on intra-Group transactions are eliminated on consolidation.



Risk management

This section summarises the financial and insurance risks the Group is exposed to either directly at the corporate level or indirectly via its participation in the Lloyd's syndicates.

Risk background

The syndicates are exposed to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the managing agent prepares a Lloyd's Capital Return ("LCR") for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the syndicate's management of risks.

The Group manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Group considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Group relies on advice provided by the members agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The Group also mitigates its insurance risks by participating across several syndicates as detailed in Note 22.

The Directors do not consider the Group to be a financial institution under FRS 102, on the basis that the Group itself does not undertake the business of effecting or carrying out insurance contracts. Therefore there is no requirement to discuss financial risks arising from syndicate investment activities. The analysis below provides details of the financial risks the Group is exposed to from syndicate insurance activities as required by FRS 103. Note 3 provides further analysis of sensitivities to reserving and underwriting risks.



i. Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligations when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates' aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

ii. Interest rate and equity price risk

Interest rate risk and equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively. The Group and syndicates manage their exposure to these risks by maintaining an appropriate mix between equity and debt financial instruments, investing in both fixed and floating rate investments, and by investing in a large portfolio of high quality equity investments across of range of unrelated sectors.

iii. Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities by currency:

	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
2016						
Total assets	9,224,262	36,608,565	3,568,814	5,338,227	1,734,943	56,474,811
Total liabilities	(13,525,111)	(32,178,428)	(3,123,728)	(3,411,547)	(1,519,619)	(53,758,432)
Surplus/(deficiency) of assets	£(4,300,849)	£4,430,136	£445,085	£1,926,680	£215,325	£2,716,379
2015						
Total assets	10,515,232	29,461,128	2,765,918	3,349,606	1,206,897	47,298,781
Total liabilities	(12,591,846)	(25,869,250)	(2,462,121)	(2,102,400)	(1,229,333)	(44,254,950)
Surplus/(deficiency) of assets	£(2,076,614)	£3,591,878	£303,797	£1,247,206	£(22,436)	£3,043,831

The impact of a 5% change in exchange rates between GBP and other currencies would be £0.34m on the result for the year (2015: £0.26m).

iv. Credit risk

The Syndicates, through careful monitoring of the quality of their financial counterparties, are not exposed to significant credit risk.



Corporate risks**i. Investment, credit, liquidity and currency risks**

The significant risks faced by the Group are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Group to meet the claim. In order to minimise investment, credit and liquidity risk the Group's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The Group is exposed to movements in the US Dollar between the Balance Sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii. Regulatory risks

The Group's subsidiaries are subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Group is able to support.

iii. Operational risks

As there are relatively few transactions actually undertaken by the Group there are only limited systems and operational requirements of the Group and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Group's key decision making and the fact that the majority of the Group's operations are conducted by syndicates, provides control over any remaining operational risks.



1. Class of Business	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
2016						
Direct Insurance						
Accident and health	1,001,885	1,000,155	(502,848)	(463,466)	(21,252)	12,589
Motor (third party liability)	134,209	148,657	(87,728)	(51,411)	(3,273)	6,245
Motor (other classes)	1,666,411	1,599,631	(1,618,078)	(513,650)	396,168	(135,929)
Marine, aviation and Transport	2,161,694	2,292,490	(1,212,183)	(969,048)	(104,088)	7,171
Fire and other damage to property	5,814,574	5,859,270	(2,799,337)	(2,046,421)	(776,207)	237,305
Third party liability	4,863,272	4,581,374	(2,890,130)	(1,713,360)	(81,822)	(103,938)
Credit and suretyship	311,685	309,694	(177,334)	(90,194)	(32,558)	9,608
Legal expenses	35,579	37,494	(17,402)	(19,683)	4	413
Miscellaneous	137,165	173,954	(75,624)	(63,485)	(6,761)	28,084
	<u>16,126,474</u>	<u>16,002,719</u>	<u>(9,380,664)</u>	<u>(5,930,718)</u>	<u>(629,789)</u>	<u>61,548</u>
Reinsurance	<u>5,798,038</u>	<u>5,852,091</u>	<u>(2,471,360)</u>	<u>(1,710,288)</u>	<u>(1,161,298)</u>	<u>509,145</u>
Total	<u>£21,924,512</u>	<u>£21,854,810</u>	<u>£(11,852,024)</u>	<u>£(7,641,006)</u>	<u>£(1,791,087)</u>	<u>£570,693</u>
2015						
Direct Insurance						
Accident and health	868,051	840,802	(381,012)	(378,906)	(42,448)	38,436
Motor (third party liability)	148,199	125,540	(89,192)	(44,578)	9,190	960
Motor (other classes)	1,462,773	1,365,451	(948,843)	(414,305)	(24,042)	(21,739)
Marine, aviation and Transport	2,187,203	2,207,825	(854,526)	(935,161)	(213,390)	204,748
Fire and other damage to property	5,123,533	5,057,377	(1,988,544)	(1,837,059)	(838,278)	393,496
Third party liability	3,970,562	3,770,017	(2,178,321)	(1,429,125)	(59,676)	102,895
Credit and suretyship	305,721	309,241	(175,723)	(79,704)	(40,451)	13,363
Legal expenses	37,563	48,236	(19,976)	(23,695)	(322)	4,242
Miscellaneous	143,477	139,612	(67,358)	(51,609)	(9,717)	10,928
	<u>14,247,082</u>	<u>13,864,101</u>	<u>(6,703,495)</u>	<u>(5,194,142)</u>	<u>(1,219,134)</u>	<u>747,330</u>
Reinsurance	<u>5,115,352</u>	<u>4,988,125</u>	<u>(1,496,766)</u>	<u>(1,531,522)</u>	<u>(1,025,667)</u>	<u>934,170</u>
Total	<u>£19,362,434</u>	<u>£18,852,226</u>	<u>£(8,200,261)</u>	<u>£(6,725,664)</u>	<u>£(2,244,801)</u>	<u>£1,681,500</u>



2. Geographical Analysis	2016	2015
Direct Net Premium Written in:		
United Kingdom	£16,126,474	£14,247,082

3. Technical provisions

	Gross £	Reinsurance £	2016 Net £	Gross Reinsurance £	Reinsurance £	2015 Net £
Movement in claims outstanding						
At 1 January	28,112,550	(5,037,679)	23,074,871	26,331,932	(5,193,590)	21,138,342
Movement in technical account	(1,742,475)	1,063,158	(679,317)	502,524	(646,362)	(143,838)
Other movements	8,472,613	(3,079,294)	5,393,319	1,278,094	802,273	2,080,367
At 31 December	£34,842,688	£(7,053,815)	£27,788,873	£28,112,550	£(5,037,679)	£23,074,871

	Gross £	Reinsurance £	2016 Net £	Gross Reinsurance £	Reinsurance £	2015 Net £
Movement in unearned premiums						
At 1 January	9,615,491	(1,369,747)	8,245,744	8,187,005	(1,066,667)	7,120,338
Movement in technical account	69,702	(133,408)	(63,706)	510,208	(107,380)	402,828
Other movements	1,283,191	(174,737)	1,108,454	918,278	(195,700)	722,578
At 31 December	£10,968,384	£(1,677,892)	£9,290,492	£9,615,491	£(1,369,747)	£8,436,578

	2016 Net £	2015 Net £
Movement in deferred acquisition costs		
At 1 January	2,436,148	2,047,682
Movement in deferred acquisition costs	21,352	179,057
Other movements	406,829	209,409
At 31 December	£2,864,329	£2,436,148

Included within other movements are foreign exchange movements in restating the opening balances and the effect of the 2013 and prior years' technical provisions being reinsured to close into the 2014 year of account (2015: 2012 and prior years' technical provisions being reinsured to close into the 2013 year of account), to the extent where the Company's syndicate participation portfolio has changed between those two years of account. The substantial changes in other movements are due to the Group's growth in Syndicate participation as can be seen in Note 22.

Assumptions, changes in assumptions and sensitivity

As described on page 22 the majority of the risks to the Group's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with the Group's member's agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Group arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.



3. Technical provisions (continued)

The key assumptions underlying the amounts carried by the Group arising from insurance contracts are:

- the net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the Balance Sheet date;
- the net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the Balance Sheet date, including appropriate allowance for anticipated losses in excess of the unearned premium;
- the claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the Balance Sheet date;
- the potential ultimate result of run-off year results has been accurately estimated by the managing agents; and
- the value of investments and other assets and liabilities are correctly stated at their realisable values at the Balance Sheet date.

There have been no changes to these assumptions in 2016.

The amounts carried by the Group arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Company's pre-tax profit/loss by £0.1m (2015: £0.1m);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Company's pre-tax profit/loss by £1.7m (2015: £1.4m);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Company's pre-tax profit/loss by £1.4m (2014: £1.2m).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

The historical gross and net claims development is as follows:

Gross basis at 31 December 2016 – in £'000

Underwriting year	After 12 months	After 24 months	After 36 months	RITC	Ultimate	Cumulative payments	Total
2011	8,472	13,685	13,333	7,134	20,467	(11,322)	9,145
2012	8,553	12,846	12,222		12,222	(9,579)	2,643
2013	6,256	11,155	10,753		10,753	(7,790)	2,963
2014	6,339	11,333	11,700		11,700	(5,958)	5,742
2015	6,145	12,187			12,187	(3,897)	8,290
2016	7,195				7,195	(1,135)	6,060
					£74,524	£(39,681)	£34,843

Net basis at 31 December 2016 – in £'000

Underwriting year	After 12 months	After 24 months	After 36 months	RITC	Ultimate	Cumulative payments	Total
2011	6,870	11,672	10,746	5,010	15,756	(9,244)	6,512
2012	6,782	10,604	9,890		9,890	(7,783)	2,107
2013	6,120	9,617	9,071		9,071	(6,579)	2,492
2014	5,360	9,794	10,017		10,017	(5,159)	4,858
2015	5,264	10,494			10,494	(3,468)	7,026
2016	5,744				5,744	(950)	4,794
					£60,972	£(33,183)	£27,789



4. Net Operating Expenses	2016	2015
Acquisition costs	(6,026,484)	(5,408,537)
Change in deferred acquisition costs	21,352	179,057
Administrative expenses	(2,273,141)	(1,516,649)
Profit on exchange	-	723
Reinsurer's commissions and profit participations	637,267	19,742
	<u>£(7,641,006)</u>	<u>£(6,725,664)</u>
	<u><u>£(7,641,006)</u></u>	<u><u>£(6,725,664)</u></u>
5. Investment Income	2016	2015
Investment income – financial instruments held at fair value through profit or loss		
Dividend income and interest	496,540	393,874
Realised gains and losses	4,422	(44,358)
Unrealised gains and losses - net	335,355	(161,598)
	<u>836,317</u>	<u>187,918</u>
Investment income	<u>836,317</u>	<u>187,918</u>
Bank interest	18,493	7,527
Investment management expenses	(40,137)	(30,833)
	<u>18,493</u>	<u>7,527</u>
Bank interest	18,493	7,527
Investment management expenses	(40,137)	(30,833)
	<u>18,493</u>	<u>7,527</u>
Investment management expenses	(40,137)	(30,833)
	<u>(40,137)</u>	<u>(30,833)</u>
Investment management expenses	(40,137)	(30,833)
	<u>(40,137)</u>	<u>(30,833)</u>
Total investment return	<u>£814,673</u>	<u>£164,612</u>
Recognised in:		
Technical account	474,919	200,875
Non-technical account	339,754	(36,263)
	<u>£814,673</u>	<u>£164,612</u>
Total investment return	<u>£814,673</u>	<u>£164,612</u>
	<u><u>£814,673</u></u>	<u><u>£164,612</u></u>
6. Profit on Ordinary Activities before Taxation	2016	2015
This is stated after charging/(crediting):		
Chairman's remuneration	£ 10,000	£ 10,000
Directors' remuneration- excluding Chairman.	£ 22,500	£ 22,500
Other staff costs	£ 7,500	£ 7,500
Auditors' remuneration - audit of these Financial Statements	£ 24,780	£ 21,720
- audit of the Company's subsidiaries	£ 27,840	£ 27,540
- tax compliance services	£ 14,700	£ 13,982
Profit on sale of capacity	£ 79,707	£ -
Other professional fees	£ 10,150	£ 17,310
Amortisation of syndicate capacity	£ 471,712	£403,337
Amortisation of goodwill	£ 45,908	£ 18,835
Exchange (gain)/loss	£(229,394)	£(198,780)
	<u>£(229,394)</u>	<u>£(198,780)</u>
	<u><u>£(229,394)</u></u>	<u><u>£(198,780)</u></u>

The Group has no employees other than the Directors and the Company Secretary.



7. Taxation	2016	2015
Analysis of Charge in Year		
Corporation tax:		
UK corporation tax on profit of the year	590,432	225,322
Prior year adjustment	(46,417)	(1,227)
Overseas taxation	(11,227)	17,917
	<hr/>	<hr/>
	532,788	242,012
Deferred tax:		
Origination and reversal of timing differences at 19% (2015 – 20%)	(233,496)	55,678
Adjustment in respect of previous period	(30,001)	-
Change in tax rate	(57,399)	-
	<hr/>	<hr/>
Total tax charge	£211,892	£297,690
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for year	2016	2015
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The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before tax	£1,644,729	£1,579,622
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	328,946	319,873
Effects of:		
Permanent disallowance	23,367	3,064
Rate change adjustments	(52,776)	(41,937)
Foreign tax paid	(11,227)	17,917
Prior year adjustment	(76,418)	(1,227)
	<hr/>	<hr/>
Tax charge for year	£211,892	£297,690
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

The results of the Group's participation on the 2014, 2015 and 2016 years of account, will not be assessed to tax until the year ended 31 December 2017, 2018 and 2019 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. In addition, tax only Claims Equalisation Reserves (CER) may further affect the timing of the taxation of underwriting profits. At 31 December 2016 the Group had a CER of £1,888,185 (2015 - £1,729,090) which will be subject to UK corporation tax as it is released in future years.

Legislation was passed on 18 November 2015 to reduce the main rate of corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Further legislation was introduced on 15 September 2016 to reduce the main rate of corporation tax to 17% with effect from 1 April 2020 (this supersedes the 18% rate).



8. Dividends	2016	2015
Equity dividends declared and paid	£ 1,533,036	£1,252,403
	<u> </u>	<u> </u>
9. Intangible Assets and Positive Goodwill	2016	2015
Purchased		
	Positive Goodwill	Syndicate Capacity
Cost		
At 1 January 2016	193,578	4,182,248
Additions	-	5,821
Disposals	-	(27,471)
	<u> </u>	<u> </u>
At 31 December 2016	193,578	4,160,608
	<u> </u>	<u> </u>
Amortisation		
At 1 January 2016	(27,742)	(3,059,274)
Provided during the year	(45,907)	(471,712)
Disposals	-	27,471
	<u> </u>	<u> </u>
At 31 December 2016	(73,649)	(3,503,515)
	<u> </u>	<u> </u>
Net Book Value		
At 31 December 2016	£119,929	£657,093
	<u> </u>	<u> </u>
At 31 December 2015	£165,836	£1,122,974
	<u> </u>	<u> </u>

10. Investments

Company	2016	2015
Fixed asset investments		
	Subsidiary Undertakings	Subsidiary Undertakings
At 1 January	525,133	32,301
Additions in subsidiaries	-	878,896
Intergroup transfers	-	-
Other transfers in year	-	(386,064)
	<u> </u>	<u> </u>
At 31 December	£525,133	£525,133
	<u> </u>	<u> </u>



10. Investments (continued)

The Company has the following beneficial interests, held either directly or indirectly in group undertakings:

Name	Direct/ indirect interest	Ownership interest	Country of incorporation	Business activity
Talisman Corporate Underwriting Limited	Direct	100%	England and Wales	Lloyd's corporate member
Talisman Corporate Underwriting 1999 Limited	Direct	100%	England and Wales	Lloyd's corporate member
Talisman Corporate Underwriting 2000 Limited	Direct	100%	England and Wales	Lloyd's corporate member
D S Adams LLP	Direct	100%	England and Wales	Lloyd's corporate member
Ashmore UTG LLP	Direct	100%	England and Wales	Lloyd's corporate member
Leonid Underwriting LLP	Direct	100%	England and Wales	Lloyd's corporate member
Goodhart Limited	Direct	100%	England and Wales	Lloyd's corporate member
Talisman Corporate Limited	Direct	100%	England and Wales	LLP corporate partner
Seven Underwriting LLP	Indirect	100%	England and Wales	Lloyd's corporate member
John Stevens LLP	Indirect	100%	England and Wales	Lloyd's corporate member

The Group and Company also hold the following investments:

Group**Other Financial Investments - Syndicate**

	2016		2015	
	Market value	Cost	Market value	Cost
Shares and other variable yield securities and units in unit trusts	4,012,383	3,833,885	3,093,424	3,035,731
Debt securities and other fixed income securities	21,478,076	21,364,980	19,216,817	19,342,123
Participation in investment pools	520,333	475,447	315,493	278,174
Loans secured by mortgages	16,097	16,144	24,169	24,166
Other loans	75,184	75,331	-	-
Deposits with credit institutions	171,509	171,509	30,235	30,235
Overseas deposits	314,245	314,245	268,909	266,941
Other	64,092	16,903	16,694	2,053
	<hr/>	<hr/>	<hr/>	<hr/>
	£26,651,919	£26,268,444	£22,965,741	£22,979,423
	<hr/>	<hr/>	<hr/>	<hr/>



10. Investments (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: prices based on recent transactions in identical assets.

Level 3: priced determined using a valuation technique.

Financial investments – Syndicate	Financial investments Held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2016						
Shares and other variable yield securities and units in unit trusts	976,508	3,034,869	1,008	4,012,385	-	4,012,385
Debt securities and other fixed income securities	5,285,427	16,192,647	-	21,478,074	-	
Participation in investment pools	182,901	172,446	164,989	520,336	-	520,336
Loans and deposits with credit Institutions	384,373	207,701	11,054	603,128	-	603,128
Derivatives	11,183	26,582	89	37,854	-	37,854
Other investments	-	-	142	142	-	142
	_____	_____	_____	_____	_____	_____
Fair value	£6,840,392	£19,634,245	£177,282	£26,651,919	£-	£26,651,919
	_____	_____	_____	_____	_____	_____

Financial investments – Corporate	Financial investments Held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2016						
Shares and other variable yield securities and units in unit trusts	-	2,318,422	-	2,318,422	-	2,318,422
	_____	_____	_____	_____	_____	_____
Fair value	£-	£2,318,422	£-	£2,318,422	£-	£2,318,422
	_____	_____	_____	_____	_____	_____
						Total

Cost				£2,018,448	£-	£2,018,448
				_____	_____	_____

The Corporate Investments comprise units held in the Ruffer LLP Total Return International Fund and are deposited at Lloyd's to support the Group's underwriting (see Note 23).



10. Investments (continued)

Financial investments – Syndicate	Financial investments Held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2015						
Shares and other variable yield securities and units in unit trusts	473,422	2,171,999	448,003	3,093,424	-	3,093,424
Debt securities and other fixed income securities	6,643,733	7,363,617	5,209,467	19,216,817	-	19,216,817
Participation in investment pools	69,232	98,273	147,988	315,493	-	315,493
Loans and deposits with credit Institutions	161,959	101,934	58,586	322,478	-	322,478
Derivatives	-	-	-	-	-	-
Other investments	1,037	-	16,115	17,152	-	17,152
Other	-	-	377	377	-	377
Fair value	£7,349,383	£9,735,823	£5,880,536	£22,965,741	£-	£22,965,741
Financial investments – Corporate						
Financial investments – Corporate	Financial investments Held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2015						
Shares and other variable yield securities and units in unit trusts	-	1,974,658	-	1,974,658	-	1,974,658
Fair value	£-	£1,974,658	£-	£1,974,658	£-	£1,974,658
						Total
Cost				£2,018,448	£-	£2,018,448

11. Debtors arising out of Direct Insurance and Reinsurance Operations

	2016			2015		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Direct insurance operations						
Policyholders	5,311,341	-	5,311,341	47,931	-	47,931
Intermediaries	137,808	-	137,808	4,687,761	-	4,687,761
	£5,449,149	£-	£5,449,149	£4,735,692	£-	£4,735,692
Reinsurance operations						
	6,112,965	-	6,112,965	5,407,600	-	5,407,600
	£6,112,965	£-	£6,112,965	£5,407,600	£-	£5,407,600

Debtors arising out of direct and reinsurance operations includes £173,808 (2015 - £47,931) and £2,700,740 (2015 - £1,976,297) respectively which is due after more than one year.



12. Other Debtors

Group	2016			2015		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Corporation tax	-	-	-	-	-	-
Other	2,952,887	153,043	3,105,930	2,733,751	153,950	2,887,701
	<u>2,952,887</u>	<u>153,043</u>	<u>3,105,930</u>	<u>2,733,751</u>	<u>153,950</u>	<u>2,887,701</u>
	<u>£2,952,887</u>	<u>£153,043</u>	<u>£3,105,930</u>	<u>£2,733,751</u>	<u>£153,950</u>	<u>£2,887,701</u>
Company					2016	2015
Intercompany balance					-	1,081,713
Other					149,637	149,637
Prepayments and accrued income					3,108	3,025
					<u>152,745</u>	<u>1,234,375</u>
					<u>£152,745</u>	<u>£1,234,375</u>

13. Cash at Bank and in Hand

	2016			2015		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Lloyd's deposit	-	3,244,564	3,244,564	-	1,658,123	1,658,123
Cash at bank	1,388,944	3,292,560	4,681,504	910,406	3,946,816	4,857,222
	<u>1,388,944</u>	<u>3,292,560</u>	<u>4,681,504</u>	<u>910,406</u>	<u>3,946,816</u>	<u>4,857,222</u>
	<u>£1,388,944</u>	<u>£6,537,124</u>	<u>£7,926,068</u>	<u>£910,406</u>	<u>£5,604,939</u>	<u>£6,515,345</u>

The Lloyd's deposit represents monies deposited with the Corporation of Lloyd's (Lloyd's) to support the Group's underwriting activities (see Note 23).



14. Called-up Share Capital	2016	2015
	Allotted, called-up and fully paid	Allotted, called-up and fully paid
15,737,472 (2015: 13,323,472) Ordinary A shares of 25p each	3,934,368	3,330,868
9,301 (2015: 11,030) Ordinary B shares of 10p each	930	1,103
	<hr/>	<hr/>
	£3,935,298	£3,331,971
	<hr/> <hr/>	<hr/> <hr/>

The Company has issued two classes of shares, Ordinary A shares and Ordinary B shares. The Ordinary A shares and Ordinary B shares carry the right for the shareholder to participate in the underwriting profits of the Company resolved to be distributed by the Company. The A shares also entitle the shareholder to participate on any investment income and gains generated on funds held by the Company to the exclusion of any other class of shares.

Each Ordinary A shareholder is entitled to a single vote for every A share held. Each Ordinary B shareholder is entitled to one thousand votes for every B share held. On winding up of the Company the capital and assets available for distribution will be divided amongst the members in proportions to the amounts paid up on the shares.

2,414,000 Ordinary A shares (2015: 1,089,213 Ordinary A shares) and 245 Ordinary B shares (2015: 150 Ordinary B shares) were issued in 2016.

418 Ordinary B shares were cancelled at par in 2016.

15. Profit and Loss Account

Group	2016		
	Syndicate Participation	Corporate	Total
Retained profit brought forward	3,043,831	(183,437)	2,860,394
Profit/(loss) for the financial year	1,703,577	(270,740)	1,432,837
Dividends	-	(1,533,036)	(1,533,036)
Transfer	(2,031,029)	2,031,029	-
	<hr/>	<hr/>	<hr/>
Retained profit carried forward	£2,716,379	£43,816	£2,760,195
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



16. Deferred Taxation

Group	2016	2015
Opening balance – Deferred Tax liability	1,192,982	997,156
On acquisition of subsidiaries	-	140,148
Profit and loss account (credit)/charge for the financial year	(320,896)	55,678
	<hr/>	<hr/>
Closing balance – Deferred Tax liability	£872,086	£1,192,982
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax consists of the following items:		
Underwriting profits not subject to current taxation	513,351	608,766
Claims Equalisation reserve	358,735	345,818
Other timing differences	-	238,398
	<hr/>	<hr/>
	£872,086	£1,192,982
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax has been calculated using a tax rate of 19% (2015 – 20%) given that the Group continues to pay corporation tax at the main rate.

The deferred tax balance will reverse over a number of years and, as set out in Note 7.

The deferred tax balance is expected to reverse:	2016	2015
Within one year	517,333	463,335
Over one year	354,753	729,647
	<hr/>	<hr/>
	£872,086	£1,192,982
	<hr/> <hr/>	<hr/> <hr/>



16. Deferred Taxation (continued)

Company	2016	2015
Opening balance – Deferred Tax liability	166,580	109,636
On acquisition of subsidiaries	-	59,023
Profit and loss account charge for the financial year	(83,993)	(2,079)
	<hr/>	<hr/>
Closing balance – Deferred Tax liability	£82,587	£166,580
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax consists of the following items:		
Underwriting profits not subject to current taxation	£82,587	166,580
	<hr/>	<hr/>
	£82,587	£166,580
	<hr/> <hr/>	<hr/> <hr/>
Deferred tax has been calculated using a tax rate of 19% (2015 – 20%).		
The deferred tax balance is expected to reverse:		
	2016	2015
Within one year	34,537	31,776
Over one year	48,050	134,804
	<hr/>	<hr/>
	£82,587	£166,580
	<hr/> <hr/>	<hr/> <hr/>

The Deferred tax balance arises on Talisman Underwriting Plc's participation on the LLP Corporate Members.

17. Creditors arising out of Direct Insurance and Reinsurance Operations

	2016			2015		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Direct insurance operations						
Falling due within						
one year	761,243	-	761,243	703,173	-	703,173
Due after one year	12,261	-	12,261	14,222	-	14,222
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£773,504	£-	£773,504	£717,395	£-	£717,395
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reinsurance operations						
Falling due within						
one year	2,450,353	-	2,450,353	2,173,174	-	2,173,174
Due after one year	870,803	-	870,803	571,850	-	571,850
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£3,321,156	£-	£3,321,156	£2,745,024	£-	£2,745,024
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



18. Other Creditors

Group	2016			2015		
	Syndicate Participation	Corporate	Total	Syndicate Participation	Corporate	Total
Corporation tax	-	436,765	436,765	-	231,461	231,461
Other	3,765,064	1,317,717	5,082,781	3,280,087	1,642,763	4,922,850
Syndicates	(462,599)	462,599	-	(528,228)	528,228	-
	<u>£3,302,465</u>	<u>£2,217,081</u>	<u>£5,519,546</u>	<u>£2,751,859</u>	<u>£2,402,452</u>	<u>£5,154,311</u>

Company	2016	2015
Intercompany balance	4,449	-
Dividends payable	41,802	15,171
Other	1,275,915	1,890,101
Corporation tax	27,448	6,340
Accruals and deferred income	65,620	63,865
	<u>£1,415,234</u>	<u>£1,975,477</u>

Other creditors of £1,275,915 (2015: £1,890,101) represents monies received from loan note holders to support the Group's underwriting. These monies are deposited as Funds at Lloyd's.

19. Movement in Cash

	At 01.01.16	Cash flow in year	At 31.12.16
Lloyd's deposit	1,658,123	1,586,441	3,244,564
Cash at bank	3,946,816	(654,256)	3,292,560
	<u>£5,604,939</u>	<u>£932,185</u>	<u>£6,537,124</u>

Part of the consideration for the purchases of subsidiary undertakings that occurred during 2015 comprised of the issue of 933,334 Ordinary A shares.



20. Related Parties

2016

2015

The following dividends were paid to the Directors:

Peter Steel	£32,755	£30,935
Robert Eaton	£4,377	£4,142
David Monksfield	£720	£680
Paul Sandilands	£25,830	£24,465

David Monksfield is also Executive Chairman of Argenta Private Capital Limited (“APCL”). Members’ Agents Fees and Profit Commission are payable to APCL under normal commercial terms. Members’ Agents Fees and Profit Commission paid to APCL totalled £312,234 in the year ended 31 December 2016 (2015: £263,558).

21. Loan Stock

In order to support the Group’s underwriting activities, the Company has issued the following loan stock:

	Original Issue Nil paid	Called and Cancelled	Balance Nil Paid
	£	£	£
‘B’ loan stock 2000	2,037,796	1,967,804	69,992
‘B’ loan stock 2001	2,223,778	1,959,804	263,974
‘B’ loan stock 2002	2,051,795	1,751,826	299,970
‘C’ loan stock 2000	299,970	299,970	-
‘C’ loan stock 2001	170,983	161,986	8,997
‘C’ loan stock 2002	124,988	74,993	49,995
‘C’ loan stock 2004	235,780	195,209	40,572
‘C’ loan stock 2005	1,304,777	791,375	513,402
‘C’ loan stock 2006	436,325	88,525	347,800
‘C’ loan stock 2008	417,980	128,413	289,567
‘C’ loan stock 2010	53,185	-	53,185
‘C’ loan stock 2011	215,011	-	215,011
‘C’ loan stock 2012	129,776	29,695	100,081
‘C’ loan stock 2013	389,935	124,827	265,108
‘C’ loan stock 2014	773,271	51,594	721,677
‘C’ loan stock 2015	50,392	-	50,392
‘C’ loan stock 2016	1,196,210	48,592	1,147,618
‘C’ loan stock 2017	119,984	-	119,984
‘C’ loan stock 2018	212,222	-	212,222
‘C’ loan stock 2019	75,740	-	75,740

Any loan stock called has been converted to ‘A’ shares.

The loan stockholders are obliged to make funds, equivalent to the par value of the loan stock, available to Lloyd’s to support the group’s underwriting.



22. Syndicate Participation

The Group is or was an Underwriting Member of the following Syndicates:

No.	Managing Agent	2017 Allocated Capacity £'000	2016 Allocated Capacity £'000	2015 Allocated Capacity £'000	2014 Allocated Capacity £'000
33	Hiscox Syndicates Limited	3,082	2,680	2,500	2,452
218	ERS Syndicate Management Limited	1,389	1,042	963	1,173
318	Beaufort Underwriting Agency Limited	737	737	705	675
386	QBE Underwriting Ltd	1,504	1,673	1,503	1,710
510	Tokio Marine Kiln Syndicates Limited	4,600	4,269	4,005	3,867
609	Atrium Underwriters Limited	2,338	2,338	2,194	2,088
623	Beazley Furlonge Ltd	1,939	1,640	1,333	1,367
727	S A Meacock & Company Limited	353	353	353	328
958	Canopius Managing Agents Ltd	-	-	950	881
1884	Charles Taylor Managing Agency Ltd	330	330	200	-
1969	Apollo Syndicate Management Limited	385	330	282	47
1991	R&Q Managing Agency Ltd	97	98	110	29
2010	Cathedral Underwriting Limited	1,297	1,297	1,257	1,347
2121	Argenta Syndicate Management Ltd	1,053	948	771	711
2525	Asta Syndicate Management Ltd	-	129	109	109
2791	Managing Agency Partners Ltd	1,769	1,770	1,677	1,828
4444	Canopius Managing Agents Ltd	1,041	1,041	-	-
5886	Asta Managing Agency Ltd	195	-	-	-
6103	Managing Agency Partners Ltd	40	30	27	23
6104	Hiscox Syndicates Limited (*)	225	219	250	190
6105	Ark Syndicate Management Limited (*)	-	-	671	621
6111	Catlin Underwriting Limited (*)	628	1,240	1,072	992
		£23,002	£22,164	£20,932	£19,243

(*) On a Limited Tenancy Basis

23. Funds at Lloyd's

The Company's subsidiaries have entered into Lloyd's Deposit Trust Deeds which give the Corporation the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of these Deeds 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 Group's liabilities in respect of its underwriting.

In addition to the funds held in the Lloyd's Deposit (see Note 13) and the Corporate investments (see Note 10) totalling £5,562,986 (2015: £3,632,781) the Group's Lloyd's underwriting is supported by bank guarantees from the loan note holders, and inter-available funds, of £4,475,316 (2015 - £5,125,569).

24. Ultimate Controlling Party

In the opinion of the Directors there is no ultimate controlling party of the Group.



25. Post balance sheet events

On 25 January 2017 26,000 A Ordinary shares of £0.25 were issued for consideration of £11,700. In addition on 10 March 2017 150,000 A Ordinary shares of £0.25 were issued for consideration of £120,000.

