

**Registered number : 01392226**

## **David Holman Holdings Limited**

**Directors' report and financial statements**

**For the Year Ended 31 December 2016**



## **David Holman Holdings Limited**

### **Company Information**

<b>Directors</b>	M J Holman V M Edmonds E K Holman (appointed on 1 October 2016)
<b>Registered number</b>	01392226
<b>Registered office</b>	1 <sup>st</sup> Floor Royal Exchange London EC3V 3LN
<b>Independent auditors</b>	Kreston Reeves LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
<b>Bankers</b>	Lloyds Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

# **David Holman Holdings Limited**

## **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 – 2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4 – 5</b>
<b>Consolidated statement of comprehensive income – technical account</b>	<b>6</b>
<b>Consolidated statement of comprehensive income</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Company balance sheet</b>	<b>9</b>
<b>Consolidated statement of changes in equity</b>	<b>10 – 11</b>
<b>Company statement of changes in equity</b>	<b>12</b>
<b>Consolidated Statement of cash flows</b>	<b>13 – 14</b>
<b>Notes to the financial statements</b>	<b>15 – 45</b>

## **David Holman Holdings Limited**

### **Directors' report For the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Principal activity**

The company is not trading, but is the parent company of a group, the principal activities of which are:

- Property ownership and investment
- Trading as a Lloyd's Corporate Capital Member

With regard to the trading as a Lloyd's Corporate Capital Member, the financial statements incorporate the annual accounting results of the syndicates on which Nameco (No 523) Limited (a wholly owned subsidiary undertaking) continues to trade in 2017 and the directors expect this year's result to be profitable.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £619,524 (2015 – £353,563).

No interim dividends have been paid out during the year to 31 December 2016. A final dividend of £5,000 was declared after the balance sheet date and paid on the 29 March 2017.

#### **Directors**

The directors who served during the year were:

M J Holman  
V M Edmonds  
E K Holman (appointed 1 October 2016)

#### **Financial instruments**

The group's principal financial instruments comprise listed investments, bank balances, loans from related parties, trade debtors and trade creditors. As a group whose principal activity is that of making investments, the listed investments are held as a means of generating income and capital growth, as well as a means of retaining funds for making future investments in areas such as property, and as a means of retaining funds to be able to pay out any future insurance claims made. Other financial instruments are held as working capital of the group.

The group is exposed to price risk in respect of its listed investments. This risk is managed through the careful management of the portfolio in order to meet the objectives of the Board, taking professional advice wherever it is appropriate to do so. To this end the portfolio is principally held with Ruffer.

In respect of bank balances the liquidity risk is managed by ensuring that there always remains sufficient funds to meet the obligations of the group. The group does not make use of bank overdrafts, but will borrow funds from related parties in order to meet amounts falling due when necessary.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to tenants and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

## **David Holman Holdings Limited**

### **Directors' report For the Year Ended 31 December 2016**

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### **Post balance sheet events**

After the balance sheet date the Group has disposed of the remaining leasehold flats within the investment property.

#### **Auditors**

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 September 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M. J. Holman', with a stylized flourish at the end.

**Mr M J Holman**  
Director

**Directors' responsibilities statement  
For the Year Ended 31 December 2016**

The directors are responsible for preparing the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group financial statements 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 Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **David Holman Holdings Limited**

### **Independent auditors' report to the shareholders of David Holman Holdings Limited**

We have audited the financial statements of David Holman Holdings Limited for the year ended 31 December 2016, set out on pages 6 to 45. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the 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 directors' 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 or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditors' report to the shareholders of David Holman Holdings Limited (continued)**

**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 Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements: and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a group strategic report.

*Kreston Reeves LLP*

Peter Manser FCA DChA (senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury  
Date: 26 September 2017



**David Holman Holdings Limited**

**Consolidated statement of comprehensive income  
Technical account – general business insurance underwriting  
For the year ended 31 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Premiums written</b>	<b>5</b>		
Gross premiums written		<b>1,459,442</b>	1,297,600
Outward reinsurance premiums		<b>(350,207)</b>	(284,085)
<b>Net premiums written</b>		<b>1,109,235</b>	1,013,515
<b>Change in the provision for unearned premiums</b>			
Gross provision		<b>(38,776)</b>	(31,299)
Reinsurers' share		<b>8,657</b>	7,260
<b>Earned premiums, net of reinsurance</b>		<b>1,079,116</b>	989,476
Allocated investment return transferred from the non-technical account		<b>28,350</b>	13,341
Other technical income, net of reinsurance		-	-
<b>Total technical income</b>		<b>1,107,466</b>	1,002,817
<b>Claims paid</b>			
Gross amount		<b>(577,688)</b>	(550,589)
Reinsurers' share		<b>77,552</b>	97,379
<b>Net claims paid</b>		<b>(500,136)</b>	(453,210)
<b>Change in the provision for claims</b>			
Gross amount		<b>(165,332)</b>	68,120
Reinsurers' share		<b>61,908</b>	(34,476)
<b>Change in the net provision for claims</b>		<b>(103,424)</b>	33,644
<b>Claims incurred, net of reinsurance</b>		<b>(603,560)</b>	(419,566)
Changes in other technical provisions, net of reinsurance		<b>(1,437)</b>	2,534
Net operating expenses	<b>8</b>	<b>(529,470)</b>	(473,566)
Other technical charges, net of reinsurance		-	-
<b>Balance on the technical account for general business</b>		<b>(27,001)</b>	112,219

**David Holman Holdings Limited**

**Consolidated statement of comprehensive income  
For the year ended 31 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
Commercial activities	6	<b>44,136</b>	55,197
Insurance company technical account		<b>(27,001)</b>	112,219
<b>Turnover</b>		<b>17,135</b>	167,416
Operating expenses		<b>(473,797)</b>	(283,085)
Other income		<b>(2,027)</b>	(427)
Fair value movements	9	<b>952,593</b>	463,095
<b>Operating profit</b>		<b>493,904</b>	346,999
Income from other fixed assets investments	14	<b>822</b>	19,154
Investment gains and losses	14	<b>102,993</b>	(1,863)
Interest receivable and similar income	15	<b>2,802</b>	2,673
Interest payable and similar charges	16	<b>(2,402)</b>	(2,128)
Profit on disposal of listed investments		<b>29,899</b>	-
<b>Profit before taxation</b>		<b>628,018</b>	364,835
Tax on profit	17	<b>(8,494)</b>	(11,272)
<b>Profit for the year</b>		<b>619,524</b>	353,563
Currency translation differences		<b>17,104</b>	5,829
Tax on other comprehensive income		<b>(3,250)</b>	(1,108)
<b>Other comprehensive income for the year</b>		<b>13,854</b>	4,721
<b>Total comprehensive income for the year</b>		<b>633,378</b>	358,284

The notes on pages 15 to 45 form part of these financial statements.

**David Holman Holdings Limited**  
**Registered number: 01392226**

**Consolidated balance sheet**  
**As at 31 December 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Intangible assets	19		225,699		285,556
Tangible assets	20		32,269		35,453
Investments	21		1,757,355		1,541,486
Investment property	22		2,933,210		1,447,049
			<u>4,948,533</u>		<u>3,309,544</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	23	2,151,904		1,895,240	
Current asset investments	24	102,691		473,480	
Cash at bank and in hand	25	971,274		287,028	
		<u>3,225,869</u>		<u>2,655,748</u>	
Creditors: amounts falling due within one year	26	(2,094,981)		(889,288)	
<b>Net current assets</b>					1,766,460
<b>Total assets less current liabilities</b>			<u>1,130,888</u>		<u>5,076,004</u>
<b>Provisions for liabilities</b>					
Deferred taxation	28	(67,277)		(81,242)	
Other provisions	29	(2,431,244)		(2,047,241)	
			<u>(2,498,521)</u>		<u>(2,128,483)</u>
<b>Net assets</b>			<u>3,580,900</u>		<u>2,947,521</u>
<b>Capital and reserves</b>					
Called up share capital	30		1,558		1,558
Share premium account	31		18,692		18,692
Other reserves	31		355,186		355,186
Non-distributable reserve	31		1,683,569		700,000
Profit and loss account	31		1,521,895		1,872,085
			<u>3,580,900</u>		<u>2,947,521</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2017

**Mr M J Holman**  
Director

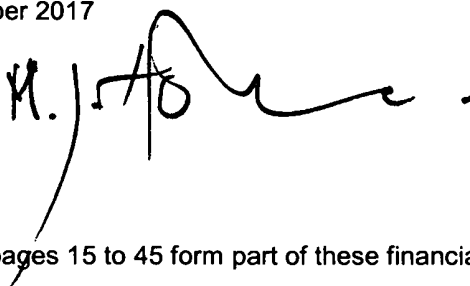
The notes on pages 15 to 45 form part of these financial statements.

**David Holman Holdings Limited**  
**Registered number: 01392226**

**Company balance sheet**  
**As at 31 December 2016**

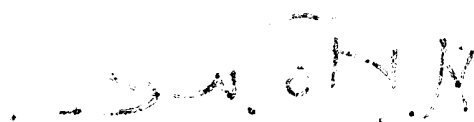
	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Investments	21		<b>625,748</b>		625,748
			<b>625,748</b>		625,748
<b>Current assets</b>					
Debtors: amounts falling due within one year	23		<b>702,001</b>		702,001
			<b>702,001</b>		702,001
<b>Total assets less current liabilities</b>			<b>1,327,749</b>		1,327,749
<b>Net assets</b>			<b><u>1,327,749</u></b>		<b><u>1,327,749</u></b>
<b>Capital and reserves</b>					
Called up share capital	30		<b>1,558</b>		1,558
Share premium account	31		<b>18,692</b>		18,692
Other reserves	31		<b>355,186</b>		355,186
Profit and loss account	31		<b>952,313</b>		952,313
			<b><u>1,327,749</u></b>		<b><u>1,327,749</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2017



**M J Holman**  
**Director**

The notes on pages 15 to 45 form part of these financial statements.



**David Holman Holdings Limited**

**Consolidated statement of changes in equity  
For the Year Ended 31 December 2016**

	Called up share capital	Share premium account	Other reserves	Non- distributable reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2016	1,558	18,692	355,186	700,000	1,872,085	2,947,521
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	619,524	619,524
Currency translation differences	-	-	-	-	13,854	13,854
<b>Other comprehensive income for the year</b>	-	-	-	-	13,854	13,854
<b>Total comprehensive income for the year</b>	-	-	-	-	633,378	633,378
Transfer to/ from profit and loss reserves				983,569	(983,569)	-
<b>At 31 December 2016</b>	<b>1,558</b>	<b>18,692</b>	<b>355,186</b>	<b>1,683,569</b>	<b>1,521,895</b>	<b>3,580,900</b>

The notes on pages 15 to 45 form part of these financial statements.

**David Holman Holdings Limited**

**Consolidated statement of changes in equity  
For the Year Ended 31 December 2016**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Non- distributable reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	1,558	18,692	355,186	250,000	1,963,801	2,589,237
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	353,563	353,563
Currency translation differences	-	-	-	-	4,721	4,721
<b>Other comprehensive income for the year</b>	-	-	-	-	4,721	4,721
<b>Total comprehensive income for the year</b>	-	-	-	-	358,284	358,284
Transfer to/ from profit and loss reserves	-	-	-	450,000	(450,000)	-
<b>At 31 December 2015</b>	<b>1,558</b>	<b>18,692</b>	<b>355,186</b>	<b>700,000</b>	<b>1,872,085</b>	<b>2,947,521</b>

The notes on pages 15 to 45 form part of these financial statements.

**David Holman Holdings Limited**

**Company statement of changes in equity  
For the Year Ended 31 December 2016**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	1,558	18,692	355,186	952,313	1,327,749
<b>Total comprehensive income for the year</b>	-	-	-	-	-
<b>At 31 December 2016</b>	<b><u>1,558</u></b>	<b><u>18,692</u></b>	<b><u>355,186</u></b>	<b><u>952,313</u></b>	<b><u>1,327,749</u></b>

**Company statement of changes in equity  
For the Year Ended 31 December 2015**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	1,558	18,692	355,186	952,313	1,327,749
<b>Total comprehensive income for the year</b>	-	-	-	-	-
<b>At 31 December 2015</b>	<b><u>1,558</u></b>	<b><u>18,692</u></b>	<b><u>355,186</u></b>	<b><u>952,313</u></b>	<b><u>1,327,749</u></b>

The notes on pages 15 to 45 form part of these financial statements.

**David Holman Holdings Limited**

**Consolidated statement of cash flows  
For the Year Ended 31 December 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	619,524	353,563
<b>Adjustments for:</b>		
Amortisation of intangible assets	58,723	61,882
Depreciation of tangible assets	8,459	5,127
Loss on disposal of intangible assets	2,027	427
Loss on disposal of investments	29,908	-
Interest paid	2,402	2,128
Interest received	(2,802)	(2,673)
Income from investments	(103,815)	(17,291)
Taxation	8,494	11,272
(Increase) in debtors	(256,664)	(161,107)
Increase in creditors	1,159,609	465,565
Increase in provisions	384,003	391,044
Net fair value losses/gains recognised in P&L	(952,593)	(463,095)
Corporation tax	(25,709)	(1,330)
<b>Net cash generated from operating activities</b>	<b>931,566</b>	<b>645,512</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,419)	(559)
Sale of intangible assets	526	6,385
Purchase of tangible fixed assets	(5,275)	(38,175)
Investment property additions	(1,690,077)	(247,049)
Investment property disposals	1,187,485	-
Purchase of listed investments	(215,869)	(387,612)
Sale of listed investments	373,094	131,555
Interest received	2,802	2,673
Income from investments	103,815	17,291
<b>Net cash from investing activities</b>	<b>(244,918)</b>	<b>(515,491)</b>



**David Holman Holdings Limited**

**Consolidated statement of cash flows  
For the Year Ended 31 December 2016**

	2016 £	2015 £
<b>Cash flows from financing activities</b>		
Interest paid	(2,402)	(2,128)
<b>Net cash used in financing activities</b>	<u>(2,402)</u>	<u>(2,128)</u>
Cash and cash equivalents at beginning of year	287,028	159,135
<b>Cash and cash equivalents at the end of year</b>	<u><u>971,274</u></u>	<u><u>287,028</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>971,274</u>	<u>287,028</u>
	<u><u>971,274</u></u>	<u><u>287,028</u></u>

## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **1. General information**

David Holman Holdings Limited is a private company limited by shares and incorporated in England with the registration number 01392226. The address of the registered office is 1<sup>st</sup> Floor Royal Exchange, London, EC3V 3LN.

The company is not trading, but is the parent company of a group, the principal activities of which are:

- Property ownership and investment
- Trading as a Lloyd's Corporate Capital Member

#### **2. Accounting policies**

##### **2.1. Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified by the remeasurement of investment properties and listed investments at their fair value and in accordance with Financial Reporting Standard 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.

Nameco (No. 523) Limited, a subsidiary of David Holman Holdings Limited, participates in insurance business as an underwriting member of various syndicates at Lloyd's.

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

The Directors do not consider Nameco (No. 523) Limited to be a financial institution under FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

##### **2.2. Basis of consolidation**

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **2.3. Going concern**

A subsidiary of the group participates as an underwriting member of Lloyd's. Its underwriting is supported by Funds at Lloyd's either made available by the group directly or by its members.

The directors are of the opinion that the group has adequate resources to continue in its underwriting and other operational obligations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

## **2.4. Basis of accounting for insurance business**

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation through profit and loss of certain financial instruments held at fair value through profit or loss.

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 adopted:

### **General business**

#### *Premiums*

Premiums written comprise the total premiums receivable in respect of business inception 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 Company participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

#### *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.

#### *Deferred acquisition costs*

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

#### *Reinsurance premiums*

Managing agents enter into reinsurance contracts on behalf of syndicates, in the normal course of business, in order to limit the potential losses arising from certain exposures. 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.

#### *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.

**Notes to the financial statements  
For the Year Ended 31 December 2016**

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 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 syndicate's 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 as the exposure period recedes. 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.

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.

*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.

*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.

## David Holman Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2016

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.

#### *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.

#### *Net operating expenses (including acquisition costs)*

Net operating costs 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.

#### *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.

#### *Financial assets and financial liabilities*

##### Classification

The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the Profit and Loss Account and Other Comprehensive Income. These classifications are made at initial recognition and subsequent classification is only permitted in restricted circumstances.

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. 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.

##### Recognition

Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. In respect of the purchases and sales of financial assets, they are recognised on the trade date.

## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### 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 finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate if 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.

#### De-recognition of financial assets and liabilities

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

#### Fair value measurement

The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date.

When quoted prices are unavailable, observable inputs developed using market data for the asset or liability, either directly or indirectly, are used to determine the fair value.

If the market for the asset is not active and there are no observable inputs, then the syndicate estimates the fair value by using unobservable inputs, i.e. where market data is unavailable.

#### 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.

## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### Offsetting

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.

#### *Investment return*

Investment return comprises all investment income, realised investment gains and losses, 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 fair 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.

#### *Basis of currency translation*

The presentation and functional currency of the group is Pounds Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

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.

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Pounds Sterling at the rates of exchange at the Balance Sheet date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in the Statement of Other Comprehensive Income. All other exchange differences are reported within the Profit and Loss Account, Non-Technical Account (or the Technical Account in respect of Life syndicates).

#### *Reinsurance at corporate level*

Where considered applicable by the Directors, the group may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates as above.

## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2.5. Revenue**

The group's revenue is derived from its investing, rental and underwriting activities.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established. UK dividend income is shown without any associated tax credit.
- Rental income arising from investment properties is accounted for on a straight line basis over the lease term.

Underwriting activities can be found within the General Business heading above.

#### **2.6. Intangible assets**

Costs incurred by the Group in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a 5 year period beginning in the year following the purchase of the syndicate participation.

##### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life.

#### **2.7. Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 20% straight line
Fixtures & fittings	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

#### **2.8. Investment property**

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.



## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2.9. Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### **2.10. Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.11. Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

#### **2.12. Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

## **David Holman Holdings Limited**

### **Notes to the financial statements**

#### **For the Year Ended 31 December 2016**

##### **2.13. Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.14. Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is Pounds Sterling.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

##### **2.15. Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.16. Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### **2.17. Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### **2.18. Interest income**

Interest income is recognised in the profit and loss account using the effective interest method.

## **2.19. Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcome could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

### **Goodwill**

The group has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £183,228 at the reporting date (see note 19). On acquisition the group determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life. At each subsequent reporting date the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

### **Investment Property**

The group holds investment property with fair value of £2,933,210 at the year end (see note 22). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

**Taxation**

Provision has been made in the financial statements for deferred tax amounting to £67,277 at the reporting date (see note 28). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

**Fair value measurement of financial instruments**

When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. See note 21 for further details.

**Insurance estimations**

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 7.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Nameco (No. 523) Limited only, and do not include estimates and judgements made in respect of the syndicates.

**Purchased syndicate capacity:**

Estimating value in use:

Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is five years. This is on the basis that this is the life over which the original value of the capacity acquired is used up.

**Assessing indicators of impairment:**

In assessing whether there have been any indicators of impairment assets, the Directors consider both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Recoverability of receivables:**

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers are all considered.

**4. Risk management: Insurance business**

This section summarises the financial and insurance risks Nameco (No. 523) Limited is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's syndicates.

**Risk background**

The syndicate's activities expose it 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.

Nameco (No. 523) Limited 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 Nameco (No. 523) Limited 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. Nameco (No. 523) Limited relies on advice provided by the members' agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. Nameco (No. 523) Limited also mitigates its insurance risks by participating across several syndicates as detailed in Note 31.

**Impact of Brexit vote:**

The Brexit vote will have an impact on various risk factors, including currency risks. The Lloyd's market is in the process of developing a strategy for dealing with Brexit and the Company will monitor these developments and identify whether it needs to modify its participation in the Lloyd's market.

The analysis below provides details of the financial risks Nameco (No. 523) Limited is exposed to from syndicate insurance activities as required by FRS 103. Note 7 provides further analysis of sensitivities to reserving and underwriting risks.

**Syndicate risks**

**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 obligation 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").

# David Holman Holdings Limited

## Notes to the financial statements For the Year Ended 31 December 2016

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

	No stated maturity £	0-1 year £	1-3 years £	3-5 years £	>5 years £	Total £
<b>2016</b>						
Claims outstanding	(2,059)	721,470	795,973	315,101	303,002	2,133,487
<b>2015</b>						
Claims outstanding	36,738	580,897	602,551	279,392	268,534	1,768,112

### Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities which are neither past due nor impaired are as follows:

	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
<b>2016</b>						
Financial investments	369,168	523,688	475,352	214,294	174,688	1,757,190
Deposits with ceding undertakings	-	-	-	-	162	162
Reinsurers share of claims outstanding	(8,973)	105,782	250,621	5,491	15,574	368,495
Reinsurance debtors	4,161	5,218	9,964	914	1,390	21,647
Cash at bank and in hand	11	22,833	92,328	9,234	17	124,423
	364,367	657,521	828,265	229,933	191,831	2,271,917
<b>2015</b>						
Financial investments	379,183	466,473	427,586	159,716	108,392	1,541,350
Deposits with ceding undertakings	-	-	-	-	136	136
Reinsurers share of claims outstanding	15,839	102,197	158,198	2,300	9,392	287,926
Reinsurance debtors	16,317	162,130	28,220	467	246	207,380
Cash at bank and in hand	29,141	4,284	65,799	7,060	59	106,343
	440,480	735,084	679,803	169,543	118,225	2,143,135

Syndicate assets emerging directly from insurance activities, with reference to their due date or impaired are as follows:

	Neither past due nor impaired £	Past due but not impaired			Impaired £	Total £
		Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £		
<b>2016</b>						
Financial investments	1,757,190	-	-	-	3	1,757,193
Deposits with ceding undertakings	162	-	-	-	-	162
Reinsurers share of claims outstanding	368,495	22,833	-	-	-	391,328
Reinsurance debtors	21,647	4,155	330	547	431	27,110
Cash at bank and in hand	124,423	-	-	-	-	124,423
Insurance and other debtors	1,118,168	22,897	8,919	13,584	(195)	1,163,373
	3,390,085	49,885	9,249	14,131	239	3,463,589

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

2015	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 6 months	Between 6 months and 1 year	Greater than 1 year		
	£	£	£	£	£	£
Financial investments	1,541,350	-	-	-	-	1,541,350
Deposits with ceding undertakings	136	-	-	-	-	136
Reinsurers share of claims outstanding	287,926	580	1	-	(312)	288,195
Reinsurance debtors	207,380	16,360	2,028	271	390	226,429
Cash at bank and in hand	106,343	-	-	-	-	106,343
Insurance and other debtors	416,438	11,032	3,856	5,700	(195)	436,831
	<u>2,559,573</u>	<u>27,972</u>	<u>5,885</u>	<u>5,971</u>	<u>(117)</u>	<u>2,599,284</u>

**Interest rate and equity price risk**

Interest rate risk and equity price risk are the risks that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

**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:

2016	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	675,866	2,278,391	193,602	314,384	208,905	3,671,148
Total liabilities	(896,042)	(1,990,445)	(184,889)	(210,115)	(124,074)	(3,405,565)
Surplus/(deficiency) of assets	<u>(220,176)</u>	<u>287,946</u>	<u>8,713</u>	<u>104,269</u>	<u>84,831</u>	<u>265,583</u>
2015	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	856,951	1,914,172	165,852	181,746	22,740	3,141,461
Total liabilities	(880,301)	(1,633,260)	(155,348)	(114,553)	(15,119)	(2,798,581)
Surplus/(deficiency) of assets	<u>(23,350)</u>	<u>280,912</u>	<u>10,504</u>	<u>67,193</u>	<u>7,621</u>	<u>342,880</u>

The impact of a 5% change in exchange rates between GBP and other currencies would be £24,288 on shareholders' funds (2015: £18,312).

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**Nameco (No. 523) Limited risks**

**Investment, credit and liquidity risks**

The significant risks faced by Nameco (No. 523) Limited are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, interest rate risk and currency risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from Nameco (No. 523) Limited to meet the claim. In order to minimise investment, credit and liquidity risk Nameco (No. 523) Limited's funds are invested in readily realisable short term deposits. Nameco (No. 523) Limited does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

**Currency risks**

The syndicates can distribute their results in Pound Sterling, US dollars or a combination of the two. Nameco (No. 523) Limited 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.

In addition, Nameco (No. 523) Limited is also subject to currency fluctuations in respect of any financial investments and Funds at Lloyd's.

**Regulatory risks**

Nameco (No. 523) Limited is 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 Nameco (No. 523) Limited is able to support.

**Operational risks**

As there are relatively few transactions actually undertaken by Nameco (No. 523) Limited there are only limited systems and operational requirements of Nameco (No. 523) Limited and therefore operational risks are not considered to be significant. Close involvement of all Directors in Nameco (No. 523) Limited key decision making and the fact that the majority of Nameco (No. 523) Limited's operations are conducted by syndicates, provides control over any remaining operational risks.



**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**5. Class of insurance business**

<b>2016</b>	<b>Gross written premiums £</b>	<b>Gross premiums earned £</b>	<b>Gross claims incurred £</b>	<b>Net operating expenses £</b>	<b>Reinsurance balance £</b>	<b>Total £</b>
<b>Direct insurance</b>						
Accident and health	62,830	63,767	(32,123)	(31,454)	(1,178)	(988)
Motor – third party liability	8,140	8,214	(5,076)	(3,166)	(112)	(140)
Motor – other classes	81,795	77,761	(75,225)	(28,135)	17,520	(8,079)
Marine, aviation and transport	116,420	120,965	(68,986)	(49,616)	(2,418)	(55)
Fire and other damage to property	347,410	344,064	(152,757)	(126,903)	(42,163)	22,241
Third party liability	296,677	267,512	(154,050)	(100,587)	(9,298)	3,577
Credit and suretyship	61,018	50,665	(24,289)	(29,280)	(2,760)	(5,664)
Legal expenses	2,493	2,436	(1,088)	(1,340)	(13)	(5)
Assistance	-	-	-	-	-	-
Miscellaneous	55,437	62,087	(37,474)	(37,293)	(3,039)	(15,719)
<b>Total direct</b>	<b>1,032,220</b>	<b>997,471</b>	<b>(551,068)</b>	<b>(407,774)</b>	<b>(43,461)</b>	<b>(4,832)</b>
<b>Reinsurance inwards</b>	<b>427,222</b>	<b>423,195</b>	<b>(191,952)</b>	<b>(121,696)</b>	<b>(158,629)</b>	<b>(49,082)</b>
<b>Total</b>	<b>1,459,442</b>	<b>1,420,666</b>	<b>(743,020)</b>	<b>(529,470)</b>	<b>(202,090)</b>	<b>(53,914)</b>
<b>2015</b>	<b>Gross written premiums £</b>	<b>Gross premiums earned £</b>	<b>Gross claims incurred £</b>	<b>Net operating expenses £</b>	<b>Reinsurance balance £</b>	<b>Total £</b>
<b>Direct insurance</b>						
Accident and health	58,536	57,715	(26,792)	(27,606)	(2,456)	861
Motor – third party liability	7,251	6,652	(4,439)	(2,666)	668	215
Motor – other classes	70,869	67,118	(46,867)	(22,111)	(871)	(2,731)
Marine, aviation and transport	119,909	128,933	(45,492)	(51,639)	(13,959)	17,843
Fire and other damage to property	335,114	310,051	(105,640)	(120,596)	(48,271)	35,544
Third party liability	220,837	205,119	(115,408)	(74,368)	(7,611)	7,732
Credit and suretyship	47,129	35,917	(14,779)	(16,832)	(3,889)	417
Legal expenses	2,495	3,218	(1,305)	(1,651)	(20)	242
Assistance	-	-	-	-	-	-
Miscellaneous	45,651	53,670	(25,107)	(33,136)	(4,935)	(9,508)
<b>Total direct</b>	<b>907,791</b>	<b>868,393</b>	<b>(385,829)</b>	<b>(350,605)</b>	<b>(81,344)</b>	<b>50,615</b>
<b>Reinsurance inwards</b>	<b>389,809</b>	<b>397,908</b>	<b>(96,640)</b>	<b>(122,961)</b>	<b>(132,578)</b>	<b>45,729</b>
<b>Total</b>	<b>1,297,600</b>	<b>1,266,301</b>	<b>(482,469)</b>	<b>(473,566)</b>	<b>(213,922)</b>	<b>96,344</b>

**6. Geographical analysis**

	<b>2016 £</b>	<b>2015 £</b>
<b>Direct gross premium written in:</b>		
United Kingdom	1,032,217	788,038
Other EU Member States	-	7,236
Rest of the World	3	112,517
	<b>1,032,220</b>	<b>907,791</b>

**Geographical analysis of turnover**

United Kingdom	<b>44,136</b>	<b>55,197</b>
----------------	---------------	---------------

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**7. Technical provisions**

<b>Movement in claims outstanding</b>	<b>Gross</b>	<b>Gross</b>	<b>2016 Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>2015 Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January	1,768,112	288,95	1,479,917	1,388,757	253,888	1,134,869
Movement of reserves	165,332	61,908	103,424	(68,120)	(34,476)	(33,644)
Other movements	200,043	41,225	158,818	447,475	68,783	378,692
At 31 December	<u>2,133,487</u>	<u>391,328</u>	<u>1,742,159</u>	<u>1,768,112</u>	<u>288,195</u>	<u>1,479,917</u>

<b>Movement in unearned premiums</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>2016 Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>2015 Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January	648,404	78,546	569,858	587,318	54,178	533,140
Movement of reserves	38,776	8,657	30,119	31,299	7,260	24,039
Other movements	107,420	17,221	90,199	29,787	17,108	12,679
At 31 December	<u>794,600</u>	<u>104,424</u>	<u>690,176</u>	<u>648,404</u>	<u>78,546</u>	<u>569,858</u>

<b>Movement in deferred acquisition costs</b>	<b>2016 Net</b>	<b>Restated 2015 Net</b>
	<b>£</b>	<b>£</b>
At 1 January	202,127	165,864
Movement in deferred acquisition costs	4,390	27,439
Other movements	37,175	8,824
At 31 December	<u>243,692</u>	<u>202,127</u>

Included within other movements are foreign exchange movements 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 group's syndicate participation portfolio has changed between those two years of account.

**Assumptions, changes in assumptions and sensitivity**

As described in Note 3 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 members' 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.

# David Holman Holdings Limited

## Notes to the financial statements For the Year Ended 31 December 2016

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 values 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 £53,956 (2015: £49,474);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the group's pre-tax profit/loss by £106,674 (2015: £88,406);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the group's pre-tax profit/loss by £87,108 (2015: £73,996).

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:

### Claims development - Gross

	After 12 months £	After 24 months £	After 36 months £	Profit/(loss) on RITC received £
Underwriting pure year				
2012	520,797	758,246	743,586	71,200
2013	404,492	693,288	674,544	57,289
2014	419,303	698,787	717,677	-
2015	377,683	714,883		
2016	479,470	-		

### Claims development - Net

	After 12 months £	After 24 months £	After 36 months £	Profit/(loss) on RITC received £
Underwriting pure year				
2012	421,919	637,010	627,132	67,323
2013	349,821	604,006	582,212	64,398
2014	353,851	607,747	623,100	-
2015	327,129	613,552		
2016	391,927	-		

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**8. Net operating expenses**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Acquisition costs	354,118	340,580
Change in deferred acquisition costs	(4,390)	(27,439)
Administrative expenses	178,533	160,994
Loss/(profit) on exchange	1,209	(569)
	<u>529,470</u>	<u>473,566</u>

**9. Fair value movements**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remeasurement of investment property	983,569	450,000
Remeasurement of listed investments	(30,976)	13,095
	<u>952,593</u>	<u>463,095</u>

**10. Operating profit**

The operating profit is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	8,459	5,127
Amortisation of intangible assets, including goodwill	58,723	61,882
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	4,000	3,360
Exchange differences	-	-
Defined contribution pension cost	<u>14,049</u>	<u>6,917</u>

**11. Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	500	475
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	3,500	3,360
Taxation compliance services	4,680	4,680
All other non-audit services not included above	<u>9,180</u>	<u>11,260</u>

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**12. Employees**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	213,089	98,152
Social security costs	25,927	7,678
Cost of defined contribution scheme	14,049	6,917
	<u>253,065</u>	<u>112,747</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
	<u>4</u>	<u>4</u>

**13. Directors remuneration**

	2016 £	2015 £
Directors' emoluments	160,310	54,052
Company contributions to defined contribution pension schemes	1,126	3,789
	<u>161,436</u>	<u>57,841</u>

During the year retirement benefits were accruing to 3 directors (2015 – 2) in respect of defined contribution pension schemes.

**14. Income from investments**

	2016 £	2015 £
Investment income	27,724	25,865
Dividend income	792	4,572
Allocated investment return	(28,350)	(13,341)
Other interest and similar income	656	2,058
<b>Investment income</b>	<u>822</u>	<u>19,154</u>
Unrealised gains and losses, net	<u>102,993</u>	<u>(1,863)</u>
	<u>103,815</u>	<u>17,291</u>

**15. Interest receivable**

	2016 £	2015 £
Other interest receivable	2,802	2,673
	<u>2,802</u>	<u>2,673</u>

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**16. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	2,402	2,128
	<u>2,402</u>	<u>2,128</u>

**17. Taxation**

	2016 £	2015 £
<b>UK Corporation Tax</b>		
UK Tax on income for the year	25,222	-
<b>Foreign Tax</b>		
Foreign tax on income for the year	487	1,330
<b>Total current tax</b>	<u>25,709</u>	<u>1,330</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(17,215)	9,942
<b>Total deferred tax</b>	<u>(17,215)</u>	<u>9,942</u>
<b>Taxation on profit on ordinary activities</b>	<u>8,494</u>	<u>11,272</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 – lower than) the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>628,018</u>	<u>364,835</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	127,174	73,879
<b>Effects of:</b>		
Expenses not deductible for tax purposes	18,008	111
Non-taxable fair value remeasurements	(191,183)	(106,868)
Goodwill amortisation	-	2,650
Exempt dividend income	(210)	(468)
Capital allowances in excess of depreciation	(69)	(761)
Utilisation of losses	-	(1,261)
Foreign tax	487	1,330
Tax losses carried forward	68,106	32,718
Rate change and other adjustments	3,396	
<b>Total tax charge for the year</b>	<u>25,709</u>	<u>1,330</u>

## David Holman Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2016

#### Factors that may affect future tax charges

The group has unutilised tax losses available which are expected to be sufficient to eliminate any tax liability that would arise should the group's investment property be disposed of at its fair value, as shown in these financial statements.

No deferred tax has been recognised in respect of these unutilised losses nor on any revaluation surpluses recognised in respect of investments as the net balance is not considered to be material.

#### 18. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £NIL (2015 - £NIL).

#### 19. Intangible assets

##### Group

	<b>Purchased syndicate capacity £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2016	265,864	261,756	527,620
Additions	1,419	-	1,419
Disposals	(5,133)	-	(5,133)
At 31 December 2016	262,150	261,756	523,906
<b>Amortisation</b>			
At 1 January 2016	176,624	65,440	242,064
Charge for the year	45,635	13,088	58,723
On disposals	(2,580)		(2,580)
At 31 December 2016	219,679	78,528	298,207
<b>Net book value</b>			
At 31 December 2016	42,471	183,228	225,699
At 31 December 2015	89,240	196,316	285,556

**David Holman Holdings Limited****Notes to the financial statements  
For the Year Ended 31 December 2016****20. Tangible fixed assets****Group**

	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2016	34,450	74,706	109,156
Additions	-	5,275	5,275
Disposals	-	(68,381)	(68,381)
At 31 December 2016	<u>34,450</u>	<u>11,600</u>	<u>46,050</u>
<b>Depreciation</b>			
At 1 January 2016	4,593	69,110	73,703
Charge owned for the period	6,893	1,566	8,459
On disposals	-	(68,381)	(68,381)
At 31 December 2016	<u>11,486</u>	<u>2,295</u>	<u>13,781</u>
<b>Net book value</b>			
At 31 December 2016	<u>22,964</u>	<u>9,304</u>	<u>32,269</u>
At 31 December 2015	<u>29,857</u>	<u>5,596</u>	<u>35,453</u>



# David Holman Holdings Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 21. Fixed asset investments

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: prices 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 £		
<b>2016</b>						
Shares and other variable yield securities and units in unit trusts	104,961	221,066	44	326,071	-	326,071
Debt securities and other fixed income securities	430,711	952,146	-	1,382,857	-	1,382,857
Participation in investment pools	10,290	6,927	10,329	27,546	-	27,546
Loans and deposits with credit institutions	13,015	4,469	483	17,967	-	17,967
Derivatives	1,786	951	-	2,737	-	2,737
Other investments	-	-	15	15	-	15
Financial assets classified as held for sale	-	-	-	-	-	-
<b>Fair value</b>	<b>560,763</b>	<b>1,185,559</b>	<b>10,871</b>	<b>1,757,193</b>	-	<b>1,757,193</b>
Deposits with ceding undertakings						162
						<b>Total £</b>
<b>Cost</b>				<b>1,757,355</b>	-	<b>1,757,355</b>

David Holman Holdings Limited

Notes to the financial statements

For the Year Ended 31 December 2016

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 £		
<b>2015</b>						
Shares and other variable yield securities and units in unit trusts	104,021	161,962	15,409	281,392	-	281,392
Debt securities and other fixed income securities	417,260	531,063	195,052	1,143,375	-	1,143,375
Participation in investment pools	3,609	3,853	9,630	17,092	-	17,092
Loans and deposits with credit institutions	70,813	15,245	13,008	99,066	-	99,066
Derivatives	71	-	328	399	-	399
Other investments	-	-	26	26	-	26
Financial assets classified as held for sale	-	-	-	-	-	-
<b>Fair value</b>	<b>595,774</b>	<b>712,123</b>	<b>233,453</b>	<b>1,541,350</b>	<b>-</b>	<b>1,541,350</b>
Deposits with ceding undertakings						136
						<b>1,541,486</b>

Cost

	<b>1,541,929</b>	<b>-</b>	<b>1,541,929</b>
--	------------------	----------	------------------

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 £		
<b>2016</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
						<b>Total £</b>
<b>Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 £		
<b>2015</b>						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
						<b>Total £</b>
<b>Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# David Holman Holdings Limited

## Notes to the financial statements For the Year Ended 31 December 2016

Company	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016 Net book value	<u>625,748</u>
At 31 December 2016	<u>625,748</u>
At 31 December 2015	<u>625,748</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity	Registered office
David Holman & Co Limited	Ordinary	100%	Property ownership and investment	1 <sup>st</sup> Floor Royal Exchange, London, EC3V 3LN.
Holman Managed Syndicates Limited	Ordinary	100%	Dormant company	1st Floor Royal Exchange, London, EC3V 3LN.
Nameco (No. 523) Limited	Ordinary	100%	Lloyd's corporate capital member	5 <sup>th</sup> Floor, 40 Gracechurch Street, London, England, EC3V 0BT.

## 22. Investment Property

### Group

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2016	1,447,049
Additions at cost	1,690,077
Disposals	(1,187,485)
Surplus on revaluation	983,569
<b>At 31 December 2016</b>	<u><b>2,933,210</b></u>

The 2016 valuation of the freehold property was made by the directors with the assistance of external valuers. The directors have valued the freehold properties on an open market value.

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**23. Debtors**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
<b>Due within one year</b>				
Trade debtors	<b>363,088</b>	306,127	-	-
Amounts owed by group undertakings		-	<b>702,001</b>	702,001
Corporate funds at Lloyds	<b>840,342</b>	730,814	-	-
Other assets	<b>109,125</b>	80,310	-	-
Arising out of reinsurance operations	<b>403,039</b>	419,367	-	-
Other debtors	<b>170,903</b>	140,008	-	-
Prepayments and accrued income	<b>265,407</b>	218,614	-	-
	<b><u>2,151,904</u></b>	<u>1,895,240</u>	<b><u>702,001</u></b>	<u>702,001</u>

Funds at Lloyd's ("FAL") represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support Nameco (No. 523) Limited's underwriting activities as described in the Accounting Policies. Nameco (No. 523) Limited retains the rights to the economic benefit of these assets. Where FAL is comprised of financial investments, to meet Lloyd's requirements these investments will usually be the equivalent of Level 1 as defined in Note 21. Nameco (No. 523) Limited has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission, and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of Nameco (No. 523) Limited's liabilities in respect of its underwriting. Nameco (No. 523) Limited's underwriting is supported by assets made available to it by the shareholders of Nameco (No. 523) Limited.

**24. Current asset investments**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Listed investments	<b>102,691</b>	473,480	-	-
	<b><u>102,691</u></b>	<u>473,480</u>	<u>-</u>	<u>-</u>

**25. Cash and cash equivalents**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Cash at bank and in hand	<b>971,274</b>	287,028	-	-
	<b><u>971,274</u></b>	<u>287,028</u>	<u>-</u>	<u>-</u>

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**26. Creditors: Amounts falling due within one year**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Trade creditors	<b>255,730</b>	239,823	-	-
Other creditors	<b>1,479,981</b>	417,362	-	-
Accruals and deferred income	<b>359,270</b>	232,103	-	-
	<b><u>2,094,981</u></b>	<b><u>889,288</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Included within other creditors is £219,930 relating to the group's syndicate participation (2015: £156,454).

Facilities with the bank are secured by way of a guarantee limited to £450,000, and a legal charge over the freehold property of the group.

**27. Financial instruments**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>1,860,046</b>	2,014,966	-	-
Financial assets that are debt instruments measured at amortised cost	<b>2,139,005</b>	1,881,843	<b>702,001</b>	702,001
	<b><u>2,139,005</u></b>	<b><u>3,896,809</u></b>	<b><u>702,001</u></b>	<b><u>702,001</u></b>

**Financial liabilities**

Financial liabilities measured at amortised cost	<b>(2,094,981)</b>	<b>(889,286)</b>	-	-
	<b><u>(2,094,981)</u></b>	<b><u>(889,286)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Financial assets measured at fair value through profit or loss comprises fixed asset investments and current asset investments.

For the group, financial assets measured at amortised cost comprise trade debtors and other debtors. For the company, financial assets measured at amortised cost comprise amounts due from group undertakings.

Financial Liabilities measured at amortised cost comprise trade creditors, other creditors, amounts due to connected companies and accruals.

**David Holman Holdings Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**28. Deferred taxation**

**Group**

	2016 £	2015 £
At beginning of year	(81,242)	(70,192)
Charged to the profit or loss	13,965	(11,050)
<b>At end of year</b>	<b><u>(67,277)</u></b>	<b><u>(81,242)</u></b>

The company has no deferred tax asset or liability.

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Underwriting results	<u>(67,277)</u>	<u>(81,242)</u>
	<u>(67,277)</u>	<u>(81,242)</u>

**29. Provisions**

	Provision for unearned premiums £	Claims outstanding – gross amount £	Provision for unearned premiums £	Claims outstanding £	Other technical provisions £	Total £
At 1 January 2016	648,404	1,768,112	(78,546)	(288,195)	(2,534)	2,047,241
Charged to the profit or loss	149,196	365,375	(25,878)	(103,133)	(1,557)	384,003
Utilised in year	-	-	-	-	-	-
<b>At 31 December 2016</b>	<b><u>794,600</u></b>	<b><u>2,133,487</u></b>	<b><u>(104,424)</u></b>	<b><u>(391,328)</u></b>	<b><u>(4,091)</u></b>	<b><u>2,431,244</u></b>

Positive provisions relate to the reinsurer's share of technical provisions.

The Company has no provisions.

**30. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,558 - Ordinary shares of £1 each	<u>1,558</u>	<u>1,558</u>

## David Holman Holdings Limited

### Notes to the financial statements For the Year Ended 31 December 2016

#### 31. Reserves

##### Share premium

This reserve records the amount above the nominal value received for shares issued by the company. Share premium may only be utilised to write-off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

##### Non-distributable reserve

To assist with the identification of profits available for distribution this reserve represents changes in the fair value of the group's financial instruments and investment properties to the extent that they are not considered to be distributable to the company's shareholders, less any related provision for current or deferred tax.

##### Other reserves

Other reserves comprise the difference between the consideration paid and the fair value of net assets transferred arising from a previous merger.

##### Profit & loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

#### 32. Syndicate participation

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the Company participates as an underwriting member are as follows:

Syndicate or MAPA number	Managing agent	2017 Allocated capacity £	2016 Allocated capacity £	2015 Allocated capacity £	2014 Allocated capacity £
33	Hiscox Syndicates Limited	44,357	38,571	38,571	48,571
218	ERS Syndicate Management Limited	19,738	19,738	19,190	23,988
510	Tokio Marine Kiln Syndicates Limited	180,429	168,625	168,625	168,625
557	Tokio Marine Kiln Syndicates Limited	26,522	26,522	26,522	26,522
609	Atrium Underwriters Limited	43,811	43,811	43,811	63,811
623	Beazley Furlonge Limited	33,463	28,310	25,277	37,850
727	S A Meacock & Company Limited	27,693	27,693	27,693	27,693
779	ANV Syndicates Limited	-	51,711	51,711	51,711
1176	Chaucer Syndicates Limited	82,169	76,691	76,691	76,691
1910	Asta Managing Agency Limited	-	14,003	-	-
2010	Cathedral Underwriting Limited	56,147	56,147	56,147	64,168
2014	Pembroke Managing Agency Limited	89,292	80,000	80,000	88,007
2689	Asta Managing Agency Limited	40,000	-	-	-
2791	Managing Agency Partners Limited	25,973	25,973	25,973	29,429
5820	ANV Syndicates Limited	-	40,000	54,966	54,966
6103	Managing Agency Partners Limited	4,736	4,144	3,700	9,187
6104	Hiscox Syndicates Limited	11,047	11,047	12,865	12,865
6107	Beazley Furlonge Limited	7,267	5,891	5,891	5,891
6111	Catlin Underwriting Agencies Limited	-	21,543	19,410	19,714
6117	Asta Managing Agency Limited	40,000	20,997	16,504	25,000
7200	Members' Agents Pooling Arrangement	73,996	69,908	68,337	70,885
7201	Members' Agents Pooling Arrangement	395,030	360,166	349,605	366,010
7202	Members' Agents Pooling Arrangement	137,293	126,523	122,379	128,799
7203	Members' Agents Pooling Arrangement	70,117	63,002	60,250	63,319
7211	Members' Agents Pooling Arrangement	25,500	23,255	22,715	23,758
7212	Members' Agents Pooling Arrangement	32,134	29,169	28,170	29,290

## **David Holman Holdings Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **33. Related party transactions**

During the year, David Holman & Co Limited, a wholly owned subsidiary of David Holman Holdings Limited, received a loan of £961,000 from Holdfield Group (No. 2) Limited (2015: £265,000). M J Holman, director and 100% shareholder of David Holman Holdings Limited is also a director of Holdfield Group (No. 2) Limited. The balance outstanding at the year end included within other creditors was £1,226,000 (2015: £265,000). The loan is interest free and is repayable on demand.

During the year Nomina plc, a director of Nameco (No. 523) Limited, provided administration services to the group. Nomina plc charged a management fee of £2,900 (2015: £2,900) to cover some of the costs of basic administration of the group.

Key management comprises solely the directors of the company. The compensation paid or payable to key management for employee services, including related social security contributions, was £183,151 (2015: £62,439).

The group has taken advantage of the exemption from disclosing related party transactions within the group provided by Section 33 of FRS 102, as all subsidiaries are wholly owned by the parent company.

#### **34. Pension commitments**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. During the year the company contributed a total of £14,049 (2015: £6,917) into the pension scheme.

#### **35. Controlling party**

The group's ultimate controlling party is M J Holman by virtue of his 100% shareholding in the company.