

Company registration number (England and Wales) 3406789

CHARIOT (II) UNDERWRITING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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CHARIOT (II) UNDERWRITING LIMITED

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CHARIOT (II) UNDERWRITING LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	M W Johnson M A Johnson
Company Secretary	Argenta Secretariat Ltd

COMPANY ADDRESSES

Registered office	7-9 The Avenue Eastbourne East Sussex BN21 3YA
Member's agent	Argenta Private Capital Limited Fountain House 130 Fenchurch Street London EC3M 5DJ
Auditors	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA

CHARIOT (II) UNDERWRITING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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

Results and dividends

The loss for the year after taxation was £256,060 (2010 loss £9,072) The directors do not recommend the payment of a final dividend

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's

The result for the year is in respect of the 2011 annual accounting year, which consists of movements in the 2009, 2010 and 2011 years of account as well as any 2008 and prior run-off years. Gross premiums written increased from £463,253 to £1,717,698 compared to the previous year and the overall balance on the technical account decreased from £33,227 to £(125,691) as a result of the level of claims experienced.

The company has continued to underwrite on the 2012 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced

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

Financial risk management objectives and policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the Managing Agent of that Syndicate and it looks to the Managing Agents to implement appropriate policies, procedures and internal controls to manage each Syndicates' exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company

Key Performance Indicators

The directors monitor the performance of the Company by reference to the following key performance indicators

	2011	2010
Capacity (youngest underwriting year) (£)	2,274,120	644,190
Gross premium written as a % of capacity	75.5 %	71.9 %
Underwriting profit of latest closed year as a % of capacity	14.7 %	8.5 %
Run-off years of account movement (£)	-	-
Combined ratio	112.9 %	92.8 %

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

CHARIOT (II) UNDERWRITING LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

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

M W Johnson

M A Johnson

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

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

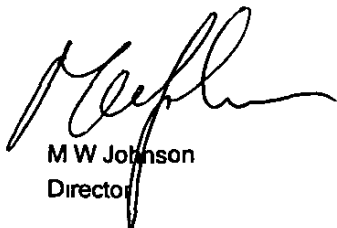
Statement of disclosure to auditors

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

Approved by the Board on

3.1 July

2012 and signed on its behalf by



M W Johnson
Director

CHARIOT (II) UNDERWRITING LIMITED

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF CHARIOT (II) UNDERWRITING LIMITED

We have audited the financial statements of Chariot (II) Underwriting Limited for the year ended 31 December 2011 on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

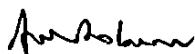
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

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

Date 7 August 2012

CHARIOT (II) UNDERWRITING LIMITED
PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Gross premiums written	2	1,717,698	463,253
Outward reinsurance premiums		(233,041)	(81,984)
Net premiums written		1,484,657	381,269
Change in the provision for unearned premiums			
Gross provision		(500,381)	(26,039)
Reinsurers' share		40,517	2,443
Net change in the provision for unearned premiums		(459,864)	(23,596)
Earned premiums net of reinsurance		1,024,793	357,673
Allocated investment income	4	7,702	8,050
Claims paid			
Gross amount		(320,365)	(190,331)
Reinsurers' share		41,883	52,360
Net claims paid		(278,482)	(137,971)
Change in provision for claims			
Gross amount		(656,488)	(58,290)
Reinsurers' share		103,609	(7,051)
Net change in provision for claims		(552,879)	(65,341)
Claims incurred net of reinsurance		(831,361)	(203,312)
Net operating expenses	5	(325,980)	(128,743)
Investment expenses and charges		(845)	(441)
Balance on technical account for general business		(125,691)	33,227

CHARIOT (II) UNDERWRITING LIMITED
PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Balance on the general business technical account		(125,691)	33,227
Investment income	6	(2,011)	14,499
Other income	7	2,417	-
Other charges		(130,769)	(56,789)
Loss on ordinary activities before taxation	8	(256,054)	(9,063)
Tax on loss on ordinary activities	17	(6)	(9)
Loss for the financial year		(256,060)	(9,072)

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

All amounts above relate to continuing operations

CHARIOT (II) UNDERWRITING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

ASSETS	Note	Syndicate Assets £	Corporate £	2011 Total £	2010 Total £
Intangible assets					
Syndicate participation rights	9	-	18,215	18,215	30,673
Investments					
Financial investments	10	583,530	118,942	702,472	546,540
Deposits with ceding undertakings		343	-	343	268
Total investments		583,873	118,942	702,815	546,808
Reinsurers' share of technical provisions					
Provision for unearned premiums		-	-	-	8,113
Claims outstanding		103,181	-	103,181	93,691
Other technical provisions		83,366	-	83,366	21,076
Total reinsurers' share of technical provisions		186,547	-	186,547	122,880
Debtors					
Arising out of direct insurance operations	11				
Policyholders		48,934	-	48,934	-
Intermediaries		226,614	-	226,614	70,955
Arising out of reinsurance operations	11	19,595	-	19,595	7,021
Other debtors	12	568,928	25,077	594,005	218,561
Total debtors		864,071	25,077	889,148	296,537
Other assets					
Cash at bank	13	79,070	1,339	80,409	39,576
Other		-	-	-	-
Total other assets		79,070	1,339	80,409	39,576
Prepayments and accrued income					
Accrued interest		960	-	960	288
Deferred acquisition costs		159,451	-	159,451	44,713
Other prepayments and accrued income		4,872	-	4,872	1,977
Total prepayments and accrued income		165,283	-	165,283	46,978
Total assets		1,878,844	163,573	2,042,417	1,083,452

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CHARIOT (II) UNDERWRITING LIMITED

BALANCE SHEET (continued)

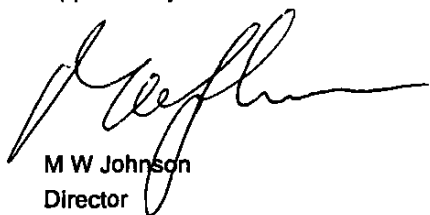
AS AT 31 DECEMBER 2011

	Note	Syndicate Liabilities £	Corporate £	2011 Total £	2010 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	50,000	50,000	50,000
Share premium account	15	-	-	-	-
Profit and loss account	15	-	(979,866)	(979,866)	(723,806)
Shareholder's funds attributable to equity interests	16	-	(929,866)	(929,866)	(673,806)
Technical provisions					
Provision for unearned premiums		681,354	-	681,354	270,909
Claims outstanding - gross amount		1,022,602	-	1,022,602	475,138
Total technical provisions		1,703,956	-	1,703,956	746,047
Provisions for other risks and charges					
Provision for taxation	17	-	-	-	-
Deposits received from reinsurers					
Creditors					
Arising out of direct insurance operations		18,707	-	18,707	11,174
Arising out of reinsurance operations		77,735	-	77,735	27,331
Amounts due to credit institutions		-	-	-	-
Other creditors	18	61,398	981,832	1,043,230	965,213
Total creditors		157,840	981,832	1,139,672	1,003,718
Accruals and deferred income					
Other accruals and deferred income		17,048	111,607	128,655	7,493
Total liabilities		1,878,844	163,573	2,042,417	1,083,452

Approved by the Board on

3rd July

2012 and signed on its behalf by



M W Johnson
Director

Company Registration No. 03406789

CHARIOT (II) UNDERWRITING LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	19	35,950	(806,627)
Returns on investments and servicing of finance			
Interest received		2	31
Dividends received		8,408	7,479
Net cash inflow from returns on investments and servicing of finance		8,410	7,510
Taxation			
UK corporation tax paid		-	-
Foreign tax paid		(6)	(9)
Net cash outflow from taxation		(6)	(9)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(1,086)	(10,756)
Proceeds from sale of syndicate participation rights		2,417	-
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cash inflow/(outflow) from capital expenditure and financial investment		1,331	(10,756)
Net cash inflow/(outflow) before financing		45,685	(809,882)
Financing			
Funds (withdrawn from)/lent to the company by the company's shareholders		(45,665)	806,254
Net cash (outflow)/inflow from financing		(45,665)	806,254
Increase/(Decrease) in cash		20	(3,628)
Net funds at 1 January		1,319	4,947
Increase/(Decrease) in cash in the year		20	(3,628)
Net funds at 31 December		1,339	1,319

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

CHARIOT (II) UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Basis of preparation

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

Basis of accounting

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

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

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

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

General business

i Premiums

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

ii Unearned premiums

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

iii Deferred acquisition costs

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

iv Reinsurance premiums

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

CHARIOT (II) UNDERWRITING LIMITED

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

v Claims

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

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

vi Closed years of account

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

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

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

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

vii Run-off years of account

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

viii Investments and allocated investment income

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

CHARIOT (II) UNDERWRITING LIMITED

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

ix Basis of currency translation

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

x Debtors/creditors arising from insurance/reinsurance operations

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

xi Distribution of profits and collection of losses

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

1.2 Deferred Taxation

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

1.3 Intangible assets

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

1.4 Investments

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

CHARIOT (II) UNDERWRITING LIMITED

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

2 Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
2011					
Direct					
Accident and health	51,845	27,108	(15,496)	(10,529)	(1,163)
Motor - third party liability	94,292	46,708	(48,174)	(21,607)	2,847
Motor - other classes	267,741	135,013	(99,728)	(62,074)	3,316
Marine, aviation and transport	179,622	140,013	(60,272)	(44,181)	(12,215)
Fire and other damage to property	373,124	247,839	(155,799)	(84,049)	(30,694)
Third party liability	38,145	21,456	(22,866)	(7,983)	3,787
Credit and suretyship	21,562	11,313	(6,158)	(3,117)	(1,052)
Other	6,257	3,439	(1,420)	(1,741)	(4)
Total direct	1,032,588	632,889	(409,913)	(235,281)	(35,178)
Reinsurance business					
Reinsurance balance	685,110	584,428	(566,940)	(90,699)	(11,854)
Total	1,717,698	1,217,317	(976,853)	(325,980)	(47,032)
2010	£	£	£	£	£
Direct					
Accident and health	4,331	3,626	(2,000)	(1,497)	(165)
Motor - third party liability	424	262	(157)	(90)	6
Motor - other classes	167	1,327	(2,257)	(500)	(302)
Marine, aviation and transport	87,210	77,553	(40,193)	(27,410)	(975)
Fire and other damage to property	135,586	127,443	(51,970)	(44,878)	(18,904)
Third party liability	11,732	10,195	(4,124)	(3,899)	(1,551)
Credit and suretyship	2,438	2,448	(568)	(709)	(1,684)
Other	52	48	(8)	(22)	(2)
Total direct	241,940	222,902	(101,277)	(79,005)	(23,577)
Reinsurance business					
Reinsurance balance	221,313	214,312	(147,344)	(49,738)	(10,655)
Total	463,253	437,214	(248,621)	(128,743)	(34,232)

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

CHARIOT (II) UNDERWRITING LIMITED

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

3	Geographical analysis	2011	2010
		£	£
	Direct gross premiums written in		
	United Kingdom	1,032,588	241,940
	Other EU member states	-	-
	The rest of the world	-	-
	Total	1,032,588	241,940

4	Allocated investment income	2011	2010
		£	£
	Investment income	9,242	7,766
	Realised (loss)/gain on investments	(1,540)	284
	Total	7,702	8,050

5	Net operating expenses	2011	2010
		£	£
	Acquisition costs	227,526	95,029
	Administrative expenses	107,495	37,394
	Profit on exchange	(9,041)	(3,680)
	Total	325,980	128,743

CHARIOT (II) UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

6	Investment income	2011 £	2010 £
	Income from other investments (including interest receivable)	8,410	7,510
	Realised (loss)/gain from other investments	(10,421)	-
	Unrealised gain from other investments	-	6,989
	Total	(2,011)	14,499

7	Other income	2011 £	2010 £
	Profit on sale of syndicate participation rights	2,417	-
	Other	-	-
	Total	2,417	-

8	Loss on ordinary activities before taxation	2011 £	2010 £
	This is stated after charging		
	Auditor's remuneration - audit	1,100	400
	Auditor's remuneration - other	1,700	230
	Amortisation of syndicate capacity	13,544	29,434

The company has no employees

CHARIOT (II) UNDERWRITING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

9 Intangible assets	Syndicate Participation Rights £
Cost	
At 1 January 2011	99,059
Additions	1,086
Disposals	(4,696)
At 31 December 2011	95,449
Amortisation	
At 1 January 2011	68,386
Charge for the year	13,544
Impairment losses	-
Disposals	(4,696)
At 31 December 2011	77,234
Net book value	
At 31 December 2011	18,215
At 31 December 2010	30,673

10 Investments Financial Investments	Syndicate £	Corporate £	2011 Total £	2010 Total £
<i>At market value</i>				
Shares and other variable yield securities	170,947	118,942	289,889	215,640
Debt securities and other fixed income securities	381,070	-	381,070	309,047
Participation in investment pools	11,649	-	11,649	4,634
Loans guaranteed by mortgage	11,155	-	11,155	9,678
Other loans	2,595	-	2,595	537
Deposits with credit institutions	5,728	-	5,728	6,921
Other	386	-	386	83
Total	583,530	118,942	702,472	546,540

The corporate investments held include £118,942 (2010 £129,363) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 20

CHARIOT (II) UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Investments: Financial Investments (continued)

	Syndicate £	Corporate £	2011 Total £	2010 Total £
<i>At cost</i>				
Shares and other variable yield securities	171,081	143,953	315,034	229,887
Debt securities and other fixed income securities	382,379	-	382,379	310,122
Participation in investment pools	11,521	-	11,521	4,474
Loans guaranteed by mortgage	11,161	-	11,161	9,628
Other loans	2,579	-	2,579	537
Deposits with credit institutions	5,728	-	5,728	6,921
Other	386	-	386	83
Total	584,835	143,953	728,788	561,652

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2011 Total £	2010 Total £
The following amounts are due after one year				
Direct insurance operations	349	-	349	28,457
Reinsurance operations	5,479	-	5,479	151
Total	5,828	-	5,828	28,608

12 Other debtors

	Syndicate £	Corporate £	2011 Total £	2010 Total £
Deferred tax	-	-	-	-
Other	568,928	25,077	594,005	218,561
Total	568,928	25,077	594,005	218,561

Corporate other debtors includes £Nil (2010 £39,819) due to the company after more than one year

Syndicate other debtors includes £238,443 (2010 £7,136) due to the company after more than one year

13 Cash at bank

	Syndicate £	Corporate £	2011 Total £	2010 Total £
Lloyd's deposit	26,523	8	26,531	16,081
Cash at bank and in hand	52,547	1,331	53,878	23,495
Total	79,070	1,339	80,409	39,576

Any Lloyd's deposit is held in accordance with the constraints detailed in note 20

CHARIOT (II) UNDERWRITING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

14 Share capital	2011	2010
	£	£
<i>Allotted, called up and fully paid</i>		
50,000 Ordinary shares of £1.00 each	50,000	50,000
15 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
At 1 January 2011	-	(723,806)
Loss during the year	-	(256,060)
At 31 December 2011	-	(979,866)
16 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Retained loss for the financial year	(256,060)	(9,072)
Proceeds from the issue of shares	-	-
Net depletion in shareholders' funds	(256,060)	(9,072)
Opening shareholders' funds	(673,806)	(664,734)
Closing shareholders' funds	(929,866)	(673,806)
17 Taxation	2011	2010
	£	£
<i>Analysis of charge in year</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the year	-	-
Adjustments in respect of prior years	-	-
Foreign tax	6	9
Total current tax	6	9

CHARIOT (II) UNDERWRITING LIMITED

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

17 Taxation (continued)	2011 £	2010 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	6	9

Factors affecting tax charge for the year

The tax assessed for the year is higher (2010 - higher) than the standard rate of Corporation Tax in the UK of 20.00% (2010 - 21.00%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before taxation	(256,054)	(9,063)
Loss on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00% (2010 - 21.00%)	(51,211)	(1,903)
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	-
Timing differences arising from the taxation of the underwriting results	27,988	(4,475)
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward	23,223	6,378
Adjustments to tax charge in respect of prior periods	-	-
Other adjustments	6	9
Current tax charge for the year	6	9

Factors that may affect future tax charges

The company has trading losses of £802,538 (2010 - £716,797) available for carry forward against future trading profits

CHARIOT (II) UNDERWRITING LIMITED

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

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

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

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £177,102 (2010 - £136,416)

18 Other creditors	Syndicate £	Corporate £	2011 £	2010 £
Other creditors	61,398	102,423	163,821	40,139
Social security costs	-	-	-	-
Corporation tax	-	-	-	-
Shareholders' loan account	-	879,409	879,409	925,074
	61,398	981,832	1,043,230	965,213

The above shareholders' loan has been included in the related party transactions note 22

19 Reconciliation of operating loss before interest to net cash inflow/(outflow) from operating activities	2011 £	2010 £
Operating loss before interest	(254,043)	(23,562)
Current year result not distributable in year	125,691	(33,227)
Prior year result distributable in year	39,527	(110)
(Profit)/Loss on sale of syndicate participation rights	(2,417)	-
Increase/(Decrease) in creditors	206,751	(789,388)
(Increase)/Decrease in debtors	(93,103)	10,226
Amortisation and impairment of syndicate participation rights	13,544	29,434
Net cash inflow/(outflow) from operating activities	35,950	(806,627)

CHARIOT (II) UNDERWRITING LIMITED

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

20 Fund's at Lloyd's

Cash balances of £8 (2010 £8) detailed in note 13 and investments of £118,942 (2010 £129,363) detailed in note 10 are held within the company's Lloyd's deposit

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the company's underwriting activities as described in the accounting policies. The company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

In addition to these amounts, the shareholders of the company have also made available to Lloyd's assets amounting to approximately £1,554,950 (2010 £1,108,000) which are also used by the company to support its Lloyd's underwriting.

21 Controlling party

At the end of the year the company was a wholly owned subsidiary of KIRLY Limited. Mr and Mrs Johnson are the main shareholders of KIRLY Limited. They are both underwriting members of Lloyd's and, therefore, may be members of the same syndicates as the company or may trade with the company. They are also interested in the share capital of NW Brown and Company and Mr Johnson is a director of that company. NW Brown and Company arranges and advises the company on its investments.

22 Related party transactions

At the year end the company was owed £25,078 (2010 - £25,078) by Chariot (I) Underwriting Limited. This amount is included in other debtors. No interest is payable on the amount outstanding.

At the end of the year £879,409 (2010 - £925,074) was owed to KIRLY Limited. This amount is included within shareholders' loan account in note 18. During the year KIRLY Limited and KIRLY Pension Scheme charged £29,488 (2010 - Nil) and £79,359 (2010 - Nil) respectively as fees for the provision of Funds at Lloyd's.

CHARIOT (II) UNDERWRITING LIMITED

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

23 Syndicates

The company is or was an Underwriting Member of the following Syndicate(s) or MAPA's

Syn. No	Managing agent	2012 Allocated Capacity	2011 Allocated Capacity	2010 Allocated Capacity	2009 Allocated Capacity
0218	Cox Syndicate Management Limited	200,001	-	-	-
0260	KGM Underwriting Agencies Limited	600,000	600,000	-	-
0318	Beaufort Underwriting Agency Limited	-	24,284	24,284	21,780
0510	R J Kiln & Co Limited	394,365	300,000	-	-
0557	R J Kiln & Co Limited	125,448	125,448	150,000	100,000
0570	Atrium Underwriters Limited	-	14,218	14,218	12,298
0609	Atrium Underwriters Limited	34,838	20,620	20,620	14,979
0727	S A Meacock & Co Limited	90,254	90,254	-	-
0807	R J Kiln & Co Limited	-	174,345	-	-
0958	Omega Underwriting Agents Limited	200,000	-	-	-
1969	Marlborough Underwriting Agency Limited	57,085	50,000	-	-
2010	Cathedral Underwriting Limited	122,471	122,471	122,471	104,973
2121	Argenta Syndicate Management Limited	223,591	223,591	195,642	145,335
2791	Managing Agency Partners Limited	300,001	300,001	100,000	-
6106	Amlin Underwriting Limited	228,888	228,888	16,955	16,955
6107	Beazley Furlonge Limited	200,000	-	-	-
		£ 2,776,942	£ 2,274,120	£ 644,190	£ 416,320