

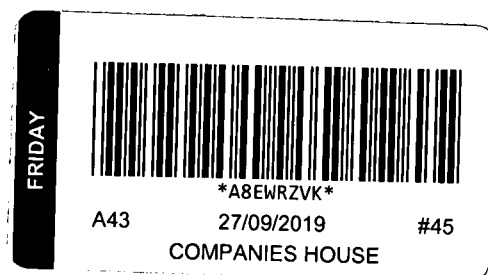
Company Registration Number: 3431349

Seventy Five Capital Limited

**Annual Report
31 December 2018**

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Seventy Five Capital Limited

Company Information

Directors Mr M W Webb
APCL Corporate Director No. 1 Limited
APCL Corporate Director No. 2 Limited

Company Secretary Argenta Secretariat Limited

Registered Office 5th Floor, 70 Gracechurch Street
London
EC3V 0XL

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

Seventy Five Capital Limited Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2018.

Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's Corporate Capital Member.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Company participates for the 2016, 2017 and 2018 years of account, as well as any 2015 and prior run-off years. The 2016 year closed at 31 December 2018 with a result of £25,839 (2015 - £76,636). The 2017 and 2018 open underwriting accounts will normally close at 31 December 2019 and 2020 respectively.

Results and Dividends

The results for the year are set out on pages 8 to 9 of the Financial Statements. Dividends totalling £Nil were paid in the year (2017 - £10,352).

Financial Risk Management Objectives and Policies

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

Hedge accounting is not used by the Company.

Key Performance Indicators

	2018	2017
Capacity (youngest underwriting year)	£ 1,091,394	£ 1,052,734
Gross premium written as a % of capacity	95.9%	102.3%
Underwriting profit of latest closed year:		
as a % of capacity	2.5%	7.8%
Run-off years of account movement	£ -	£ -
Combined ratio	95.3%	113.4%

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

Brexit

The Brexit talks continue with parliament debating the EU Withdraw Bill. At present the insurance sector still needs certainty on the UK's future trading relationship with the EU. The priority is to ensure mutual insurance and reinsurance market access if the UK leaves the EU. Lloyd's have established a subsidiary, Lloyd's Brussels, which opened for business on 13 November 2018 and provides certainty for the market and Lloyd's clients. All legacy European Economic Area business will be moving to Lloyd's Brussels before the end of 2020 via a part VII transfer. The Directors are monitoring the Lloyd's market's preparations along with general market conditions to identify if it is appropriate to make any changes to the current strategy of the Group.

Approved by the Board on
and signed on its behalf by:

23/09/2019

Mike Webb

M W WEBB

Director

Seventy Five Capital Limited Report of the Directors

The Directors submit their Report together with the audited Financial Statements of the Company for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's Corporate Capital Member. The Company continues to underwrite for the 2019 year of account.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Report of the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Generally Accepted Accounting Practice), including FRS 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 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; and
- 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. They 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.

Directors

The Directors who served at any time during the year and to the date of this report were as follows:

Mr M W Webb (Appointed 29 March 2019)
APCL Corporate Director No. 1 Limited
APCL Corporate Director No. 2 Limited
Mr J A Mackay (Resigned 29 March 2019)

Seventy Five Capital Limited
Report of the Directors (continued)

Auditors

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors.

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

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

Approved by the Board on
and signed on its behalf by:

23/09/2019

Mike Webb

M W WEBB

Director

Seventy Five Capital Limited Independent Auditor's Report

Independent auditor's report to the members of Seventy Five Capital Limited

Opinion

We have audited the *Financial Statements of Seventy Five Capital Limited (the 'Company')* for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the *Financial Statements*:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relation to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Seventy Five Capital Limited

Independent Auditor's Report (continued)

Other information (continued)

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 our 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities 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, and for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

~~In preparing the Financial Statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.~~

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Seventy Five Capital Limited Independent Auditor's Report (continued)

Use of the audit report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.


Amanda Barker (Sep 26, 2019)

Amanda Barker (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St. Katharine's Way
London E1W 1DD

26/09/2019

Seventy Five Capital Limited
Statement of Comprehensive Income
Technical Account – general business
For the year ended 31 December 2018

	Note	2018 £	2017 £
Premiums			
Gross premiums written	1	1,046,132	1,076,765
Outward reinsurance premiums	1	(214,773)	(212,026)
Net premiums written		<u>831,359</u>	<u>864,739</u>
Change in the provision for unearned premiums			
Gross provision	1	113	3,828
Reinsurers' share	1	8,945	7,089
Earned premiums, net of reinsurance		<u>840,417</u>	<u>875,656</u>
Allocated investment return transferred from the non-technical account		12,387	23,497
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(610,942)	(537,922)
Reinsurers' share	1	118,990	65,245
Net claims paid		<u>(491,952)</u>	<u>(472,677)</u>
Change in provision for claims			
Gross amount	1	31,614	(318,392)
Reinsurers' share	1	(5,414)	151,545
Change in net provision for claims		<u>26,200</u>	<u>(166,847)</u>
Claims incurred, net of reinsurance		(465,752)	(639,524)
Changes in other technical provisions, net of reinsurance		9,453	(17,147)
Net operating expenses	1,2	(335,061)	(353,781)
Other technical charges, net of reinsurance	1	-	-
Balance on the technical account for general business		<u>61,444</u>	<u>(111,299)</u>

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Statement of Comprehensive Income
Non Technical Account
For the year ended 31 December 2018

	Note	2018 £	2017 £
Balance on technical account for general business		61,444	(111,299)
Investment income	3	17,130	23,935
Allocated investment return transferred to the general business technical account		(12,387)	(23,497)
Other income		11,042	3,341
Other charges, including value adjustments		(35,810)	(77,313)
Profit/(loss) on ordinary activities before taxation	4	41,419	(184,833)
Tax on profit/(loss) on ordinary activities	5	(11,811)	38,393
Profit/(loss) for the financial year		29,608	(146,440)
Other comprehensive income/(expenditure):			
Currency translation differences		(2,996)	(239)
Tax on other comprehensive expenditure		484	83
Total comprehensive income/(expenditure)	10	27,096	(146,596)

All amounts relate to continuing operations.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Statement of Financial Position
As at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	11,284	11,284	-	15,329	15,329
Investments							
Other financial investments	7	1,110,482	-	1,110,482	1,088,151	-	1,088,151
Deposits with ceding undertakings		652	-	652	612	-	612
		1,111,134	-	1,111,134	1,088,763	-	1,088,763
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	77,451	-	77,451	65,061	-	65,061
Claims outstanding	8	424,783	-	424,783	424,662	-	424,662
Other technical provisions		3,349	-	3,349	4,944	-	4,944
		505,583	-	505,583	494,667	-	494,667
Debtors							
Amounts falling due within one year	7	448,135	17,294	465,429	427,986	7,743	435,729
Amounts falling due after one year	7	94,537	60,453	154,990	94,899	-	94,899
		542,672	77,747	620,419	522,885	7,743	530,628
Other assets							
Cash at bank and in hand		58,080	358,646	416,726	68,138	320,505	388,643
Other		65,039	-	65,039	59,910	-	59,910
		123,119	358,646	481,765	128,048	320,505	448,553
Prepayments and accrued income							
Accrued interest		3,502	-	3,502	3,230	-	3,230
Deferred acquisitions costs	8	131,847	-	131,847	132,036	-	132,036
Other prepayments and accrued income		5,776	-	5,776	6,156	-	6,156
		141,125	-	141,125	141,422	-	141,422
Total assets		2,423,633	447,677	2,871,310	2,375,785	343,577	2,719,362

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Statement of Financial Position
As at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	9	-	1	1	-	1	1
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	10	(181,606)	345,863	164,257	(157,177)	294,338	137,161
Shareholders' funds – attributable to equity interests		(181,606)	345,864	164,258	(157,177)	294,339	137,162
Technical provisions							
Provision for unearned premiums	8	483,359	-	483,359	467,956	-	467,956
Claims outstanding	8	1,767,345	-	1,767,345	1,749,132	-	1,749,132
Other technical provisions		1,413	-	1,413	-	-	-
Provisions for other risks							
Deferred taxation	11	-	-	-	-	-	-
Other		4,796	-	4,796	-	-	-
Deposit received from reinsurers		4,901	-	4,901	135	-	135
Creditors							
Amounts falling due within one year	7	281,062	86,561	367,623	258,988	30,466	289,454
Amounts falling due after one year	7	38,265	-	38,265	36,201	-	36,201
		319,327	86,561	405,888	295,189	30,466	325,655
Accruals and deferred income		24,098	15,252	39,350	20,550	18,772	39,322
Total liabilities		2,423,633	447,677	2,871,310	2,375,785	343,577	2,719,362

Approved and authorised for issue by the Board of Directors on 23/09/2019
and signed on its behalf by:

M. W. Webb

M W WEBB
Director

Company registration number: 3431349

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	1	-	-	294,109	-	294,110
Loss for the year	-	-	-	(146,440)	-	(146,440)
Other comprehensive expenditure	-	-	-	(156)	-	(156)
Total comprehensive expenditure	-	-	-	(146,596)	-	(146,596)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	(10,352)	-	(10,352)
As at 31 December 2017	1	-	-	137,161	-	137,162
Profit for the year	-	-	-	29,608	-	29,608
Other comprehensive expenditure	-	-	-	(2,512)	-	(2,512)
Total comprehensive income	-	-	-	27,096	-	27,096
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2018	1	-	-	164,257	-	164,258

Called up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Statement of Cash Flows
For the year ended 31 December 2018

	2018 £	2017 £
Operating activities		
Profit/(loss) on ordinary activities before tax	41,419	(184,833)
Loss attributable to Syndicate transactions	21,433	239,967
Profit - excluding Syndicate transactions	<u>62,852</u>	<u>55,134</u>
Adjusted for:		
(Increase)/decrease in debtors	(60,492)	182
Increase in creditors	51,263	19,058
Loss on disposal of intangible assets	(11,042)	-
Amortisation of Syndicate capacity	4,044	1,300
Realised/unrealised gains on investments	-	-
Investment income	(4,743)	(1,690)
Corporation and overseas taxes losses	<u>(19,527)</u>	<u>(28,661)</u>
Net cash inflow from operating activities	<u>22,355</u>	<u>45,323</u>
Investing activities		
Investment income	4,743	1,690
Purchase of Syndicate capacity	1	(10,129)
Proceeds from sale of Syndicate capacity	11,042	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities	<u>15,786</u>	<u>(8,439)</u>
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	<u>-</u>	<u>(10,352)</u>
Net cash outflow from financing activities	<u>-</u>	<u>(10,352)</u>
Net cash increase in cash and cash equivalents	38,141	26,532
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>320,505</u>	<u>293,973</u>
Cash and cash equivalents at the end of the year	<u>358,646</u>	<u>320,505</u>
Consisting of:		
Cash at bank and in hand	358,646	320,505
Cash equivalents	<u>-</u>	<u>-</u>
	<u>358,646</u>	<u>320,505</u>

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.

The accounting policies and notes on pages 14 to 41 form part of these Financial Statements.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Basis of preparation of Financial Statements

General information

The Company is a private company limited by shares and incorporated in the United Kingdom.

The Financial Statements have been presented in Pounds Sterling ("Sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

Basis of preparation

These Financial Statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These Financial Statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

Recognition of insurance transactions

The Company recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

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

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate Participation"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

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

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the Syndicates in which the Company participates.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies

i Going concern

These Financial Statements have been prepared on a going concern basis.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made.

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

vi Deferred acquisition costs

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

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
 - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

viii Financial instruments

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other debtors, trade and other creditors and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

Basic financial instruments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled. Financial instruments subsequently measured at amortised cost include cash, debtors and creditors.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

viii Financial instruments (continued)

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

ix Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

x Derecognition of financial assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

xi Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xii Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xiii Foreign currencies

Transactions in United States Dollars, Canadian Dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States Dollars, Canadian Dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the profit and loss account.

xiv Intangible assets

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

xv Insurance contracts – product classification

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

xvi Taxation

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these Financial Statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these Financial Statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the Financial Statements of subsequent periods.

xvii Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the Financial Statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xvii Deferred taxation (continued)

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

xviii Critical accounting judgements and key sources of estimated uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicates.

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory Financial Statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment review

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Directors perform an impairment review when indications of impairment arise.

Recoverability of receivables

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

Determining the useful life of purchased Syndicate capacity

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1. Class of Business

2018	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	43,617	46,146	(22,653)	(19,573)	(927)	2,993
Motor – third party liability	2,771	2,845	(1,458)	(915)	(308)	164
Motor – other classes	99,899	100,249	(37,991)	(31,142)	(26,329)	4,787
Marine, aviation and transport	88,323	86,147	(38,616)	(33,095)	(10,223)	4,213
Fire and other damage to property	275,729	258,579	(154,122)	(81,717)	(28,987)	(6,247)
Third party liability	231,362	223,717	(125,817)	(85,554)	(6,179)	6,167
Credit and suretyship	22,998	20,904	(9,874)	(6,979)	(964)	3,087
Legal expenses	1,162	1,135	(361)	(744)	6	36
Assistance	-	-	-	-	-	-
Miscellaneous	38,628	64,689	(12,675)	(20,508)	(4,969)	26,537
	804,489	804,411	(403,567)	(280,227)	(78,880)	41,737
Reinsurance	241,643	241,834	(175,761)	(54,834)	(13,372)	(2,133)
Total	1,046,132	1,046,245	(579,328)	(335,061)	(92,252)	39,604

2017	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	44,386	44,240	(24,379)	(19,070)	(1,718)	(927)
Motor – third party liability	2,360	2,680	(1,968)	(880)	63	(105)
Motor – other classes	108,563	115,821	(91,594)	(31,789)	(617)	(8,179)
Marine, aviation and transport	83,381	98,084	(55,738)	(38,439)	(2,063)	1,844
Fire and other damage to property	246,178	243,547	(191,682)	(82,507)	4,048	(26,594)
Third party liability	227,450	213,763	(126,059)	(77,996)	(10,679)	(971)
Credit and suretyship	17,017	18,137	(11,434)	(6,860)	148	(9)
Legal expenses	901	922	(453)	(471)	2	-
Assistance	-	-	-	-	-	-
Miscellaneous	87,829	74,324	(81,391)	(30,705)	(24,594)	(62,366)
	818,065	811,518	(584,698)	(288,717)	(35,410)	(97,307)
Reinsurance	258,700	269,075	(271,616)	(65,064)	47,263	(20,342)
Total	1,076,765	1,080,593	(856,314)	(353,781)	11,853	(117,649)

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

2. Net Operating Expenses

	2018 £	2017 £
Acquisition costs	276,907	292,251
Change in deferred acquisition costs	3,341	(568)
Administrative expenses	63,757	61,530
Reinsurance commissions and profit participations	(34,461)	(28,823)
Personal expenses	25,517	29,391
	<u>335,061</u>	<u>353,781</u>

3. Investment Income

	2018 £	2017 £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	26,557	24,993
Realised gains and losses	(1,527)	(969)
Unrealised gains and losses	(11,319)	1,478
Other	-	-
	<u>13,711</u>	<u>25,502</u>
Financial instruments held at amortised cost:		
Interest	4,743	1,690
Other	-	-
	<u>4,743</u>	<u>1,690</u>
Investment management expenses, including interest	(1,324)	(3,257)
	<u>(1,324)</u>	<u>(3,257)</u>
	<u>17,130</u>	<u>23,935</u>

4. Profit/(loss) on Ordinary Activities before Taxation

	2018 £	2017 £
Operating profit/(loss) is stated after charging:		
Directors' remuneration	-	-
Amortisation of Syndicate capacity	4,044	1,300
Profit on disposal of intangible fixed assets	(11,042)	-
(Profit)/loss on exchange	(6,425)	17,172

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

The auditors charge a fixed fee to Argenta Private Capital Limited of £365 for the provision of the statutory audit, they also provide non-audit services through an outsourcing arrangement of approximately £515.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

5. Taxation	2018 £	2017 £
Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) of the year	16,919	15,247
Adjustment in respect of previous period	(1,957)	(13,211)
	<u>14,962</u>	<u>2,036</u>
Foreign tax	<u>5,877</u>	<u>9,502</u>
Total current tax	20,839	11,538
Deferred tax:		
Origination and reversal of timing differences	(11,958)	(48,464)
Change in tax rate	<u>2,446</u>	<u>(1,550)</u>
Total tax	<u>11,327</u>	<u>(38,476)</u>
Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:		
Profit/(loss) on ordinary activities before tax	<u>41,419</u>	<u>(184,833)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	7,870	(35,580)
Effects of:		
Change in deferred tax rate	2,446	(1,550)
Deferred tax asset previously unrecognised	-	-
Foreign tax	4,760	7,673
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Prior period and other adjustments	<u>(3,749)</u>	<u>(9,019)</u>
Total tax charge/(credit) for the period	<u>11,327</u>	<u>(38,476)</u>

The results of the Company's participation on the 2016, 2017 and 2018 years of account and any calendar year movement on 2015 and prior run-offs, will not be assessed to tax until the year ended 31 December 2019, 2020 and 2021 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

The current UK corporation tax rate is 19%. The rate will be reduced to 17% from 1 April 2020. The effect of this reduction is reflected in the recognised deferred tax liability/(asset).

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Intangible Assets		Total £
Purchased Syndicate Capacity		
Cost		
At 1 January 2018		42,379
Additions		(1)
Disposals		(1,065)
At 31 December 2018		<u>41,313</u>
Amortisation		
At 1 January 2018		27,050
Additions		4,044
Disposals		(1,065)
At 31 December 2018		<u>30,029</u>
Net Book Value		
At 31 December 2018		<u>11,284</u>
At 31 December 2017		<u>15,329</u>
7. Financial Instruments and Financial Risk Management		
7.1 Financial Investments		
Other financial investments – Syndicate participation		
	2018 Market Value £	2017 Market Value £
Shares and other variable yield securities and units in unit trusts	186,166	172,609
Debt securities and other fixed income securities	857,085	860,182
Participation in investment pools	40,404	30,268
Loans with credit institutions	15	35
Derivative financial instruments	489	624
Other investments	1,057	953
Deposits with credit institutions	4,659	5,343
Other	20,607	18,137
	<u>1,110,482</u>	<u>1,088,151</u>
Other financial investments – Corporate		
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	-	-
Other investments	-	-
	<u>-</u>	<u>-</u>

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	240,129	-	240,129	233,947	-	233,947
Arising out of reinsurance operations	167,375	-	167,375	150,674	-	150,674
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	40,631	17,294	57,925	43,365	7,743	51,108
Total Amounts falling due within one year	448,135	17,294	465,429	427,986	7,743	435,729
Amounts falling due after one year:						
Arising out of direct insurance operations	6,527	-	6,527	3,476	-	3,476
Arising out of reinsurance operations	78,915	-	78,915	80,822	-	80,822
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	9,095	60,453	69,548	10,601	-	10,601
Total Amounts falling due after one year	94,537	60,453	154,990	94,899	-	94,899
	542,672	77,747	620,419	522,885	7,743	530,628

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	279,600	279,600	-	320,474	320,474
Investments	-	-	-	-	-	-
	-	279,600	279,600	-	320,474	320,474

Funds at Lloyd's represents assets 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 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 the Company's liabilities in respect of its underwriting.

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	43,581	-	43,581	51,913	-	51,913
Arising out of reinsurance operations	112,663	-	112,663	96,683	-	96,683
Amounts owed to credit institutions	-	-	-	3,472	-	3,472
Other creditors:						
Corporation tax	-	16,919	16,919	-	15,607	15,607
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	124,818	-	124,818	106,920	-	106,920
Amount due to group undertakings	-	69,642	69,642	-	14,859	14,859
Total Amounts falling due within one year	281,062	86,561	367,623	258,988	30,466	289,454
Amounts falling due after one year:						
Arising out of direct insurance operations	336	-	336	204	-	204
Arising out of reinsurance operations	36,214	-	36,214	31,741	-	31,741
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	1,715	-	1,715	4,256	-	4,256
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	38,265	-	38,265	36,201	-	36,201
	319,327	86,561	405,888	295,189	30,466	325,655

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Company's financial instruments by classification.

Other financial investments – Syndicate participation

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	1,110,482	-	1,110,482	1,088,151	-	1,088,151
Deposits with ceding undertakings	-	652	652	-	612	612
Insurance debtors	-	246,656	246,656	-	237,423	237,423
Reinsurance debtors	-	246,290	246,290	-	231,496	231,496
Other debtors	-	49,726	49,726	-	53,966	53,966
Cash at bank and in hand	-	58,080	58,080	-	68,138	68,138
Other assets	65,039	-	65,039	59,910	-	59,910
	1,175,521	601,404	1,776,925	1,148,061	591,635	1,739,696
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	633	-	633	162	-	162
Insurance creditors	-	43,917	43,917	-	52,117	52,117
Reinsurance creditors	-	148,877	148,877	-	128,424	128,424
Amounts owed to credit institutions	-	-	-	-	3,472	3,472
Other creditors	-	-	-	-	-	-
	633	192,794	193,427	162	184,013	184,175

Other financial investments – Corporate

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	77,747	77,747	-	7,743	7,743
Cash at bank and in hand	-	358,646	358,646	-	320,505	320,505
Other assets	-	-	-	-	-	-
	-	436,393	436,393	-	328,248	328,248
Financial liabilities						
Other creditors	-	86,561	86,561	-	30,466	30,466
	-	86,561	86,561	-	30,466	30,466

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

The table below sets out details of the Company's derivative financial instruments.

	2018		2017	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	15,142	489	13,817	511
Interest rate future contracts	-	-	5,545	16
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	-	-	97
	15,142	489	19,362	624

7.6 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

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7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2018						
Financial assets						
Shares and other variable yield securities and units in unit trusts	47,912	138,195	59	186,166	-	186,166
Debt securities and other fixed income securities	349,483	507,602	-	857,085	-	857,085
Participation in investment pools	31,934	3,988	4,482	40,404	-	40,404
Loans and deposits with credit institutions	4,643	31	1,057	5,731	-	5,731
Overseas deposits	45,940	34,823	3,605	84,368	-	84,368
Derivatives	488	1	-	489	-	489
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	480,400	684,640	9,203	1,174,243	-	1,174,243
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	599	34	-	633	-	633
Financial liabilities classified as held for sale	-	-	-	-	-	-
	599	34	-	633	-	633

Seventy Five Capital Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2017						
Financial assets						
Shares and other variable yield securities and units in unit trusts	37,319	130,734	4,556	172,609	-	172,609
Debt securities and other fixed income securities	345,991	514,191	-	860,182	-	860,182
Participation in investment pools	18,600	4,503	7,165	30,268	-	30,268
Loans and deposits with credit institutions	5,330	48	953	6,331	-	6,331
Overseas deposits	37,896	36,497	2,654	77,047	-	77,047
Derivatives	608	16	-	624	-	624
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	445,744	685,989	15,328	1,147,061	-	1,147,061
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	159	3	-	162	-	162
Financial liabilities classified as held for sale	-	-	-	-	-	-
	159	3	-	162	-	162

Other financial investments – Corporate

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2018						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

Seventy Five Capital Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Corporate (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2017						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

7.7 Financial Risk Management

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

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, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

Seventy Five Capital Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2018						
Shares and other variable yield securities and units in unit trusts	49,145	6,233	58,202	7,260	65,326	186,166
Debt securities and other fixed income securities	144,878	226,376	265,302	196,381	24,148	857,085
Participation in investment pools	799	35,106	11	6	4,482	40,404
Loans secured with credit institutions	-	15	-	-	1,057	1,072
Deposits with credit institutions	-	-	3,312	-	1,347	4,659
Overseas deposits	34,233	13,684	7,081	6,707	22,663	84,368
Derivative investments	-	-	434	54	1	489
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	652	652
Reinsurers share of claims outstanding	34,410	90,482	271,854	675	27,362	424,783
Reinsurance debtors	924	5,303	16,688	1	3,244	26,160
Cash at bank and in hand	516	5,466	37,629	7,530	6,939	58,080
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	264,905	382,665	660,513	218,614	157,221	1,683,918

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For the year ended 31 December 2018

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2017						
Shares and other variable yield securities and units in unit trusts	14,229	15,478	52,604	15,510	74,788	172,609
Debt securities and other fixed income securities	152,918	207,843	286,652	198,413	14,356	860,182
Participation in investment pools	19,367	3,472	943	-	6,486	30,268
Loans secured with credit institutions	-	35	-	-	953	988
Deposits with credit institutions	-	-	3,669	-	1,674	5,343
Overseas deposits	30,400	12,270	8,075	7,353	18,949	77,047
Derivative investments	-	80	476	68	-	624
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	612	612
Reinsurers share of claims outstanding	1,966	103,099	294,590	3,461	21,546	424,662
Reinsurance debtors	-	3,052	7,601	266	4,092	15,011
Cash at bank and in hand	8,332	6,888	42,546	9,661	711	68,138
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	227,212	352,217	697,156	234,732	144,167	1,655,484

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2018						
Shares and other variable yield securities and units in unit trusts	186,166	-	-	-	-	186,166
Debt securities and other fixed income securities	857,085	-	-	-	-	857,085
Participation in investment pools	40,404	-	-	-	-	40,404
Loans secured with credit institutions	1,072	-	-	-	-	1,072
Deposits with credit institutions	4,659	-	-	-	-	4,659
Overseas deposits	84,368	-	-	-	-	84,368
Derivative investments	489	-	-	-	-	489
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	652	-	-	-	-	652
Reinsurers share of claims outstanding	424,908	-	-	-	(125)	424,783
Reinsurance debtors	18,946	7,050	161	11	(8)	26,160
Cash at bank and in hand	58,080	-	-	-	-	58,080
Insurance debtors	225,808	13,751	2,588	4,742	(233)	246,656
Other debtors	468,025	677	329	-	-	469,031
	2,370,662	21,478	3,078	4,753	(366)	2,399,605

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2017						
Shares and other variable yield securities and units in unit trusts	172,609	-	-	-	-	172,609
Debt securities and other fixed income securities	860,182	-	-	-	-	860,182
Participation in investment pools	30,268	-	-	-	-	30,268
Loans secured with credit institutions	988	-	-	-	-	988
Deposits with credit institutions	5,343	-	-	-	-	5,343
Overseas deposits	77,047	-	-	-	-	77,047
Derivative investments	624	-	-	-	-	624
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	612	-	-	-	-	612
Reinsurers share of claims outstanding	424,912	-	-	-	(250)	424,662
Reinsurance debtors	11,969	2,549	357	150	(14)	15,011
Cash at bank and in hand	68,138	-	-	-	-	68,138
Insurance debtors	202,732	16,512	10,924	7,513	(258)	237,423
Other debtors	448,918	598	38	-	-	449,554
	2,304,342	19,659	11,319	7,663	(522)	2,342,461

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2018						
Derivative financial instruments	-	633	-	-	-	633
Deposits received from reinsurers	-	4,901	-	-	-	4,901
Provisions for other risks and charges	-	2,683	1,084	457	572	4,796
Claims outstanding	1,309	619,476	599,677	261,756	285,127	1,767,345
Creditors	1,467	255,529	43,928	10,613	-	311,537
Other	-	(2,683)	(1,084)	(457)	(572)	(4,796)
	2,776	880,539	643,605	272,369	285,127	2,084,416

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2017						
Derivative financial instruments	-	162	-	-	-	162
Deposits received from reinsurers	-	135	-	-	-	135
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	2,831	615,421	598,203	273,056	259,621	1,749,132
Creditors	3,897	233,121	26,912	8,269	4	272,203
Other	-	-	-	-	-	-
	6,728	848,839	625,115	281,325	259,625	2,021,632

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2018 £	2017 £
Impact of 50 basis point increase on profit or loss	(8,349)	(8,491)
Impact of 50 basis point decrease on profit or loss	8,426	8,561
Impact of 50 basis point increase on equity	(8,349)	(8,491)
Impact of 50 basis point decrease on equity	8,426	8,561

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

Seventy Five Capital Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

Syndicate participation

	2018 £	2017 £
Impact on profit or loss of 5% increase in Stock Market Prices	1,896	1,701
Impact on profit or loss of 5% decrease in Stock Market Prices	(1,888)	(1,704)
Impact on equity of 5% increase in Stock Market Prices	1,896	1,701
Impact on equity of 5% decrease in Stock Market Prices	(1,888)	(1,704)

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.

Currency risk

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

Net assets and liabilities

	Syndicate Participation £	2018 Corporate £	Syndicate Participation £	2017 Corporate £
Sterling	(131,653)	131,394	(161,131)	95,384
United States Dollar	(77,506)	203,186	(95,312)	183,626
Euro	23,574	-	33,573	-
Canadian Dollar	42,673	-	35,657	-
Australian Dollar	7,497	-	6,540	-
Japanese Yen	(6,289)	-	(101)	-
Other	7,562	-	8,299	-

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these Financial Statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the profit and loss.

	Corporate Profit and loss			
	31 December 2018		31 December 2017	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of Sterling exchange movement by 10%				
United States Dollar	18,471	(22,576)	16,693	(20,403)
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

7.8 Capital Management

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR "to ultimate"). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the solvency capital requirement of the Syndicate, since this has been previously calculated using Solvency II principles.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 7.3 for further information.

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8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	1,749,132	424,662	1,324,470	1,535,650	286,795	1,248,855
Movements in the year	(31,614)	(5,414)	(26,200)	318,392	151,545	166,847
Exchange differences	49,827	5,535	44,292	(104,910)	(13,678)	(91,232)
At 31 December	<u>1,767,345</u>	<u>424,783</u>	<u>1,342,562</u>	<u>1,749,132</u>	<u>424,662</u>	<u>1,324,470</u>

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	467,956	65,061	402,895	501,776	63,527	438,249
Movements in the year	(113)	8,945	(9,058)	(3,828)	7,089	(10,917)
Exchange differences	15,516	3,445	12,071	(29,992)	(5,555)	(24,437)
At 31 December	<u>483,359</u>	<u>77,451</u>	<u>405,908</u>	<u>467,956</u>	<u>65,061</u>	<u>402,895</u>

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2018 £	2017 £
At 1 January	132,036	133,693
Movements in the year	(3,341)	568
Exchange differences	3,152	(2,225)
At 31 December	<u>131,847</u>	<u>132,036</u>

8.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these Financial Statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

Seventy Five Capital Limited
Notes to the Financial Statements
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8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development - gross

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	369,805	575,415	574,222	568,029	555,181	545,131	531,249	528,319
2012	372,353	556,096	542,937	525,193	516,685	503,338	497,840	
2013	296,424	520,546	513,170	498,172	484,654	477,831		
2014	274,521	498,731	519,394	497,678	504,350			
2015	274,886	541,005	573,167	556,286				
2016	310,373	692,345	706,236					
2017	542,946	804,714						
2018	403,349							
	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received					
2011	478,423	49,897	(45,294)					
2012	441,317	56,523	(69,123)					
2013	412,779	65,052	(41,520)					
2014	385,976	118,375	(76,628)					
2015	397,036	159,250	(99,137)					
2016	390,396	315,839						
2017	356,677	448,036						
2018	61,441	341,908						

Claims development - net

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2011	322,958	508,802	506,803	491,929	478,821	469,245	461,484	462,323
2012	318,429	494,047	484,827	463,907	453,075	446,010	443,084	
2013	262,063	468,691	458,738	440,824	431,751	429,087		
2014	238,191	442,047	446,407	440,703	443,576			
2015	239,528	478,117	505,346	494,661				
2016	254,620	567,747	599,985					
2017	369,614	593,444						
2018	282,179							

Seventy Five Capital Limited
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8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development – net (continued)

	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received
2011	422,966	39,357	(54,778)
2012	393,534	49,550	(66,743)
2013	371,494	57,593	(54,877)
2014	354,694	88,882	(60,053)
2015	361,155	133,506	(63,893)
2016	344,524	255,461	
2017	277,232	316,211	
2018	53,185	228,995	

9. Called-up Share Capital

Issued and fully paid	Number of shares			At 31 December
	At 1 January	Issued during the year	Redeemed during the year	
Par value per share				
1 Ordinary £1 shares	1	-	-	1
Total	1	-	-	1

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

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10. Profit and Loss Account

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit brought forward	(157,177)	294,338	137,161	83,029	211,080	294,109
Reallocate distribution	(76,631)	76,631	-	(132,009)	132,009	-
Profit/(loss) for the financial year	52,202	(25,106)	27,096	(108,197)	(38,399)	(146,596)
Equity dividends	-	-	-	-	(10,352)	(10,352)
Retained profit carried forward	(181,606)	345,863	164,257	(157,177)	294,338	137,161

11. Deferred Tax

	2018			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £
At 1 January	(27,343)	-	22,409	(2,181)
Movement in the year	(3,631)	-	(5,823)	(58)
At 31 December	(30,974)	-	16,586	(2,239)

	2017			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £
At 1 January	16,106	-	28,359	(1,566)
Movement in the year	(43,449)	-	(5,950)	(615)
At 31 December	(27,343)	-	22,409	(2,181)

The unused tax losses carried forward at the Statement of Financial Position date are £Nil. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

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12. Related Party Disclosure

The Company has taken advantage of the exemption in Section 33 of FRS 102 - Related Party Disclosure available to subsidiaries which are 100% controlled by the group not to disclose transactions with other group companies and investees of the group qualifying as related parties.

Any related party loans and balances do not attract interest and are repayable on demand.

13. Ultimate Controlling Party

The Company is controlled by Stenham Trustees Limited (as Trustee of the 75 Trust) which holds 100% of the issued £1 ordinary share capital.