

Company registered number 03600178

MEACOCK CAPITAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018



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MEACOCK CAPITAL PLC

Company Information

Directors

M J Meacock (Chairman)
K W Jarvis
J M Meacock
W T R Meacock
Sir David Thomson Bt

Company Secretary

D J Jones

Registered office

4th Floor
Hasilwood House
60 Bishopsgate
London
EC2N 4AW

Auditors

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

MEACOCK CAPITAL PLC

Directors' Report

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

Activity

The principal activity of the Company is purely as a holding company. The principal activity of the subsidiary company in the year was underwriting at Lloyd's.

Results and dividends

The results for the year are set out on pages 9 and 10 of the Financial Statements. Dividends totalling £264,757 were paid in the year (2017: £264,757) (Note 21).

Directors

The Directors who served at any time during the year were as follows:

K W Jarvis
M J Meacock
W T R Meacock
Sir David Thomson Bt
J M Meacock

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Financial Statements in accordance with applicable laws 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 Accounting Standards and applicable law (UK and Generally Accepted Accounting Practice). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those 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 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 Group and 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 Group and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MEACOCK CAPITAL PLC

Report of the Directors (continued)

Auditors


i. PKF Littlejohn LLP has signified its willingness to continue in office as auditors.

ii. Disclosure of information to the Auditors:

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

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

Approved by the Board of Directors on 30 May 2019 and signed on its behalf by:



K W Jarvis
Director

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2018.

Review of the business, development and performance

During the year of this report the Group's wholly owned subsidiary company, Meacock Underwriting Limited, underwrote principally on syndicate 727, which is managed by S A Meacock & Company Limited and also participated in syndicate 2791 managed by Managing Agency Partners Limited, syndicates 557 and 510 managed by Tokio Marine Kiln Syndicates Limited and syndicate 218 managed by ERS Syndicate Management Limited.

The financial statements incorporate the annual accounting results of syndicates 727, 2791, 557 and 218 in respect of the 2016, 2017 and 2018 years of account and syndicate 510 in respect of the 2018 year of account.

The annual accounting technical result for the year is a profit of £1,778,000 (2017: loss of £1,438,626).

The 2016 year of account closed at 31 December 2018 with a profit of £776,216 (2015 year of account: £1,086,711). The 2017 and 2018 open underwriting accounts will normally close at 31 December 2019 and 31 December 2020.

Future developments

The group continues to write insurance business in the Lloyd's insurance market through Meacock Underwriting Limited, which is a corporate underwriting member of Lloyd's. The capacity being underwritten on the 2019 year of account is £15,097,944.

Key performance indicators

The Directors consider the following to be the key performance indicators of the group:

	2018	2017	Change
Capacity	15,447,944	14,577,965	5.97%
Gross premium written as a % of capacity	87.9%	77.5%	13.4%
Funds at Lloyd's (FAL) as a % of capacity	95.99%	90.8%	5.7%
Underwriting profit of latest closed year:			
as a % of capacity	5.0%	6.8%	-26.5%

Other performance indicators

The majority of the group's activities as a Lloyd's corporate member are carried out by the syndicates on which it participates. The group is not involved directly in the management of the syndicates' activities, including employment of syndicate staff, as these are the responsibility of the syndicates' managing agent. The managing agent also has responsibility for the environmental activities of the syndicates, although by their nature insurers do not produce significant environmental emissions. As a result, the directors of the company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Principal risks and uncertainties facing the company

As parent of a corporate member of Lloyd's the majority of the risks to which the group is subject arise from its participation in Lloyd's syndicates. The management of these syndicate risks is the responsibility of the managing agent of the syndicate and the group's role is limited to selection of syndicate participations and monitoring of syndicate performance.

Syndicate risks

The trading activities of a syndicate expose it to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and for applying controls and procedures to reduce those exposures to acceptable levels. Each year the managing agent determines its Syndicate Capital Requirement (SCR) through the use of an Internal Model, designed to meet the Solvency II requirements. To the SCR figure Lloyd's add on Economic Capital Uplift (ECU) to produce an Economic Capital Assessment (ECA) which can be then expressed as a percentage of capacity. The ECA is an assessment of the syndicate capital requirements based on the risks to the syndicate's business and the measures in place to manage and mitigate those risks. The risks described below are usually reflected in the ECA.

The majority of the capital needed to meet the syndicate ECA is usually in respect of insurance risks. These include:

- the occurrence of catastrophic events
- unforeseen increases in the frequency or severity of claims
- downward pressure on pricing of risks and broadening of terms and conditions
- reductions in business volumes
- inadequate reserving.

Credit risks include the risk of a reinsurer failing to meet its share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks that may affect its ability to continue to trade.

Before committing to support a syndicate the group reviews the syndicate business plan prepared by its managing agent. It also reviews the syndicate's annual accounts together with any other information made available by the managing agent. If the group considers that the risks being run by the syndicate are excessive, it will withdraw support from the next underwriting year.

Regulatory risks

The subsidiary company's continuing approval by Lloyd's as a member of a Lloyd's syndicate is dependent on its compliance with Lloyd's requirements. The capital to support syndicate capacity for future years is subject to the requirements of Lloyd's and can fluctuate from year to year, which may constrain the volume of underwriting the group is able to support.

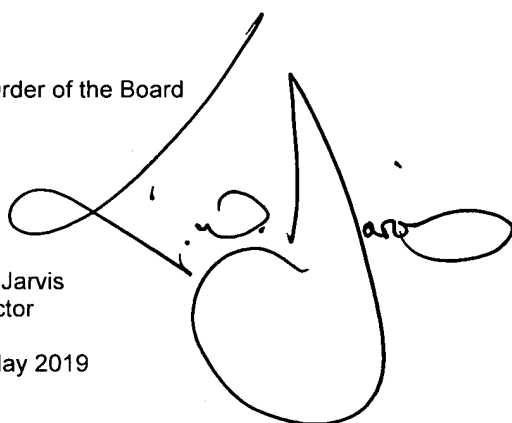
Operational risks

Few transactions are undertaken independently by the group. The group has limited systems and employs no staff. Operational risks controllable by the group are therefore not considered to be significant.

Impact of Brexit vote

Following the referendum vote for the United Kingdom to leave the EU, Lloyd's has been working together with market members to prepare for changes that are likely to arise as a result of leaving the EU. Lloyd's have noted that, although only around 11% of the market's gross written premiums arise from the EU excluding the UK, they are making preparations to maintain access to the insurance market in the EU. At this time the details of future trading with the EU in general and the impact on the Lloyd's market cannot be known, although these uncertainties, together with related economic factors including exchange rates and investment values, may have an impact on results for several years. 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 Company.

By Order of the Board

A large, stylized handwritten signature in black ink, likely belonging to K W Jarvis, is written over the signature line.

K W Jarvis
Director

30 May 2019

Independent Auditor's report to the Members of MEACOCK CAPITAL PLC

Opinion

We have audited the Financial Statements of Meacock Capital PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Shareholders' Equity, the Group 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 Financial Reporting Standard 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 Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and Parent 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.

Conclusions relating 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 Group's or the Parent 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 other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Group and Parent Company 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. 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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the Members of MEACOCK CAPITAL PLC (continued)

Matters on which we are required to report by exception

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

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group and Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Group and Parent Company Financial Statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

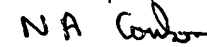
Auditor's responsibilities for the audit of the Financial Statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our 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.


Neil Coulson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

30 May 2019

MEACOCK CAPITAL PLC

**Group Profit and Loss Account
Technical Account – General Business
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Premiums written			
Gross premiums written	5,6	13,583	11,297
Outward reinsurance premiums		(349)	(316)
Net premiums written		13,234	10,981
Change in the provision for unearned premium	7		
Gross provision		(1,126)	(8)
Reinsurers' share		38	33
Net change in the provision for unearned premiums		(1,088)	25
Earned premiums, net of reinsurance		12,146	11,006
Allocated investment return transferred from the non-technical account		714	619
Total technical income		12,860	11,625
Claims paid			
Gross amount	(7,944)		(7,602)
Reinsurers' share	115		426
Net claims paid	(7,829)		(7,176)
Change in the provision for claims			
Gross amount	1,947		(2,063)
Reinsurers' share	(50)		100
Change in the net provision for claims	7	1,897	(1,963)
Claims incurred, net of reinsurance		(5,932)	(9,139)
Changes in other technical provisions, net of reinsurance		(6)	11
Net operating expenses	8	(5,144)	(3,936)
Balance on the technical account for general business		1,778	(1,439)

The Notes are an integral part of these Financial Statements.

MEACOCK CAPITAL PLC

**Group Profit and Loss Account
Non - Technical Account
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Balance on technical account for general business		1,778	(1,439)
Investment income	9	2,184	1,612
Unrealised gains on investments	9	16	247
Investment expenses and charges	9	(588)	(1,005)
Unrealised losses on investments	9	(654)	(79)
Allocated investment return transferred to the general business technical account		(714)	(619)
Other income		999	15
Other charges		(252)	(1,368)
Profit/(loss) before taxation	10	2,769	(2,636)
Tax credit/(charge) on profit/(loss)	11	(1,015)	905
Profit/(loss) for the financial year	17	1,754	(1,731)

Group Statement of Comprehensive Income

	2018 £'000	2017 £'000
Profit/(loss) for the financial year	1,754	(1,731)
Other comprehensive income:		
Currency translation differences, net of tax	-	(5)
Total comprehensive income for the financial year	1,754	(1,736)

All amounts relate to continuing operations.

The Notes are an integral part of these Financial Statements.

MEACOCK CAPITAL PLC
**Group Balance Sheet
as at 31 December 2018**

		31 December 2018			31 December 2017		
	Note	Syndicate participation £'000	Corporate £'000	Total £'000	Syndicate participation £'000	Corporate £'000	Total £'000
Assets							
Intangible assets	12	-	273	273	-	437	437
Investments							
Financial investments	13	40,596	14,081	54,677	39,772	2,877	42,649
Reinsurers' share of technical provisions							
Provision for unearned premiums	7	124	-	124	80	-	80
Claims outstanding	7	509	-	509	545	-	545
Other technical provisions		12	-	12	18	-	18
		645	-	645	643	-	643
Debtors							
Arising out of direct insurance operations:							
- Policyholders		-	-	-	-	-	-
- Intermediaries		2,348	-	2,348	1,284	-	1,284
Arising out of reinsurance operations		1,832	-	1,832	1,502	-	1,502
Other debtors	14	1,720	134	1,854	1,153	416	1,569
		5,900	134	6,034	3,939	416	4,355
Other assets							
Cash at bank and in hand	15	980	1,294	2,274	837	11,099	11,936
Other		1,664	-	1,664	1,482	-	1,482
		2,644	1,294	3,938	2,319	11,099	13,418
Prepayments and accrued income							
Accrued interest		391	55	446	358	9	367
Deferred acquisition costs	7	2,016	-	2,016	1,585	-	1,585
Other prepayments and accrued income		25	1	26		9	1
		2,432	56	2,488	1,952	10	1,962
Total assets		52,217	15,838	68,055	48,625	14,839	63,464

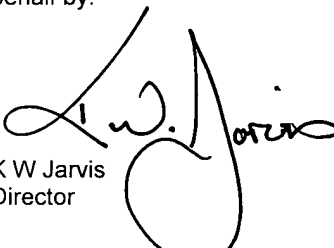
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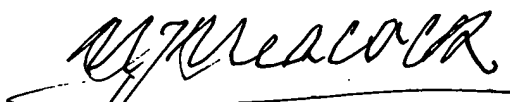
MEACOCK CAPITAL PLC

Group Balance Sheet
as at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate participation £'000	Corporate £'000	Total £'000	Syndicate participation £'000	Corporate £'000	Total £'000
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	16	-	1,324	1,324	-	1,324	1,324
Share premium account		-	4,371	4,371	-	4,371	4,371
Profit and loss account	17	(1,816)	9,945	8,129	(2,485)	9,125	6,640
Shareholders' funds		(1,816)	15,640	13,824	(2,485)	14,820	12,335
Technical provisions							
Provision for unearned premiums	7	7,152	-	7,152	5,722	-	5,722
Claims outstanding – gross amount	7	44,244	-	44,244	43,907	-	43,907
		51,396	-	51,396	49,629	-	49,629
Provisions for other risks and charges							
Deferred taxation	18	-	-	-	-	-	-
		-	-	-	-	-	-
Creditors							
Arising out of direct insurance operations		75	-	75	120	-	120
Arising out of reinsurance operations		312	-	312	183	-	183
Other creditors including taxation and social security	19	2,181	174	2,355	1,159	-	1,159
		2,568	174	2,742	1,462	-	1,462
Accruals and deferred income		69	24	93	19	19	38
Total liabilities		54,033	198	54,231	51,110	19	51,129
Total liabilities and shareholders' funds		52,217	15,838	68,055	48,625	14,839	63,464

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 May 2019 and signed on its behalf by:


K W Jarvis
Director


M J Meacock
Director

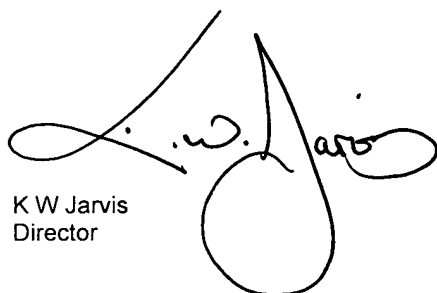
Company registration number: 03600178

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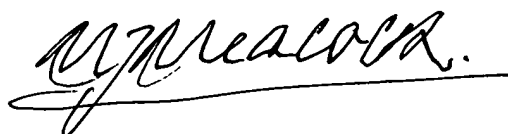
MEACOCK CAPITAL PLC**Parent Company Balance Sheet
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Assets			
Investment in subsidiary	13	-	-
Debtors	14	5,401	5,330
Cash at bank	15	509	575
Prepayments and accrued income		<u>1</u>	<u>1</u>
Total assets		<u>5,911</u>	<u>5,906</u>
Liabilities and shareholder's funds			
Shareholder's funds			
Called-up share capital	16	<u>1,324</u>	<u>1,324</u>
Share premium account		<u>4,371</u>	<u>4,371</u>
Profit and loss account:			
At 1 January		191	189
Profit for the year		266	267
Other comprehensive income		-	-
Other changes in profit and loss account		<u>(265)</u>	<u>(265)</u>
At 31 December		<u>192</u>	<u>191</u>
Shareholders' funds attributable to equity interests		<u>5,887</u>	<u>5,886</u>
Liabilities			
Accruals and other creditors		<u>24</u>	<u>20</u>
Total liabilities and shareholder's funds		<u>5,911</u>	<u>5,906</u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 May 2019 and signed on its behalf by:



K W Jarvis
Director



M J Meacock
Director

Company registration number: 03600178

The Notes are an integral part of these Financial Statements.

MEACOCK CAPITAL PLC

Statement of Changes in Shareholders' Equity for the year ended 31 December 2018

Group	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2017		1,324	4,371	8,641	14,336
(Loss) for the financial year		-	-	(1,731)	(1,731)
Other comprehensive income		-	-	(5)	(5)
Dividends paid	21	-	-	(265)	(265)
At 31 December 2017		1,324	4,371	6,640	12,335
At 1 January 2018		1,324	4,371	6,640	12,335
(Profit) for the financial year		-	-	1,754	1,754
Other comprehensive income		-	-	-	-
Dividends paid	21	-	-	(265)	(265)
At 31 December 2018		1,324	4,371	8,129	13,824

Company	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2017		1,324	4,371	189	5,884
Profit for the financial year		-	-	267	267
Other comprehensive income		-	-	-	-
Dividends paid	21	-	-	(265)	(265)
At 31 December 2017		1,324	4,371	191	5,886
At 1 January 2018		1,324	4,371	191	5,886
Profit for the financial year		-	-	266	266
Other comprehensive income		-	-	-	-
Dividends paid	21	-	-	(265)	(265)
At 31 December 2018		1,324	4,371	192	5,887

The Notes are an integral part of these Financial Statements.

MEACOCK CAPITAL PLC

**Group Statement of Cash Flows
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit/(loss) before tax		2,769	(2,636)
Deduction of (profit)/loss attributed to syndicate transactions		(1,750)	1,706
Distribution/(collection) of closed year result from syndicates	17	1,087	2,474
Profit/(loss) excluding syndicate transactions		2,106	1,544
Adjustments for:			
(Increase)/decrease in debtors		(46)	(6)
Increase/(decrease) in creditors		5	2
Amortisation of syndicate capacity		164	135
Investment income		(277)	(130)
Realised/unrealised (gains)/losses on investments		17	(29)
Income tax paid		(133)	(962)
(Profit)/loss on exchange		(765)	1,155
Net cash inflow/(outflow) from operating activities		(1,035)	165
Cash flows from investing activities			
Investment income		227	126
Sale/(purchase) of syndicate capacity	12	233	(328)
Purchase of investments		(11,071)	(2,317)
Sale of investments		551	-
Net cash inflow/(outflow) from investing activities		(10,060)	(2,519)
Cash flows from financing activities			
Equity dividends paid	21	(265)	(265)
Net cash inflow/(outflow) from financing activities		(265)	(265)
Net increase/(decrease) in cash and cash equivalents		(9,254)	(1,075)
Cash and cash equivalents at beginning of year		11,099	13,244
Effect of exchange rate changes and revaluations on cash and cash equivalents		(551)	(1,070)
Cash and cash equivalents at end of year		1,294	11,099
Cash and cash equivalents comprise:			
Cash at bank and in hand	15	1,294	11,099
Cash and cash equivalents		1,294	11,099

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

The Notes are an integral part of these Financial Statements.

MEACOCK CAPITAL PLC

Notes to the Financial Statements for the year ended 31 December 2018

1. General information

The Company is a private company limited by shares that was incorporated in England and whose registered office is Hasilwood House, 60 Bishopsgate, London EC2N 4AW. The Group participates in insurance business as an underwriting member of various syndicates at Lloyd's.

2. Significant accounting policies

Basis of preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

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

Basis of accounting

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

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period, reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

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

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

The information included in these Financial Statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

General business

i. Premiums

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

2. Significant accounting policies (continued)

ii. Unearned premiums

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

iii. Deferred acquisition costs

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

iv. Reinsurance premiums

Managing agents enter into reinsurance contracts on behalf of syndicates, in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

v. Claims incurred and reinsurers' share

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

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

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

Accordingly the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

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

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

The reinsurers share of provision for claims together with any other reinsurance assets are assessed for impairment at the balance sheet date, based on the likely amounts to be recovered. Any impairment loss is recognised as an expense in the Profit and Loss Account for the period.

2. Significant accounting policies (continued)

vi. Unexpired risks provision

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

vii. Closed years of account

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

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

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

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

viii. Run-off years of account

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

ix. Net operating expenses (including acquisition costs)

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

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

x. Distribution of profits and collection of losses

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

2. Significant accounting policies (continued)

xi. Financial assets and financial liabilities

The syndicate (and corporate) investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

Debtors/creditors arising from insurance/reinsurance operations shown in the Balance Sheet include the totals of all the syndicates outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

Recognition

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

Initial measurement

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

Subsequent measurement

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

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

Investments in shares and other debt instruments are measured at fair value through profit or loss. Movements in unrealised gains and losses on investments represents the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in previous calendar years in respect of the investment disposed of in the current period.

Derecognition of financial assets and liabilities

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

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

Fair value measurement

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

Impairment of financial instruments measured at amortised cost or cost

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

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

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

2. Significant accounting policies (continued)

xii Investment return

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

Dividend income is recognised when the right to receive income is established and interest income is recognised as it accrues on the next coupon payment. For assets measured at fair value, gains and losses are the difference between the purchase price and the net sale proceeds and unrealised gains and losses are the difference between the latest valuation and purchase price. Movements in unrealised gains and losses in the period represent the change in value of the investments still held from their previous period end value or purchase price if acquired in the period and the reversal of any gains or losses in previous periods in relation to investments sold in the current period. For any investments at amortised cost realised gains are the difference between the carrying value at the previous year end or purchase price if acquired in the period and the sale proceeds or carrying value at the end of the current period.

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

xiii. Basis of currency translation

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

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

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

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction. FRS 103 states that insurance assets and liabilities (unearned premiums and deferred acquisition costs), that were previously considered non-monetary items, are now required to be treated as monetary items. These assets and liabilities have been retranslated at period end to the functional currency at the closing rate.

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

xiv. Taxation

The Group is taxed on its results including its share of underwriting results declared by the syndicates. These are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these Financial Statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these Financial Statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Group, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date 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 probable that they will be recovered.

2. Significant accounting policies (continued)

xv. Intangible assets

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

The intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Profit and Loss Account for the period.

xvi. Cash and cash equivalents and cash flow statement

Cash and cash equivalents include deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and cash in hand.

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

xvii. Share capital

Ordinary share capital is classified as equity. The difference between fair value of the consideration received and the nominal value of the share capital being issued, is taken to the share premium account. Incremental costs directly attributable to the issue of new ordinary shares at a premium are shown in equity as a deduction from the share premium, net of taxes.

xviii. Dividend distributions to shareholders

Dividend distributions to the Company's shareholders are recognised in the Financial Statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the Statement of Changes in Shareholders' Equity.

3. Key accounting judgements and estimation uncertainties

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 4.

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

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

Purchased syndicate capacity:

Estimating value in use:

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

Determining the useful life of purchased syndicate capacity:

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

3. Key accounting judgements and estimation uncertainties (continued)

Assessing indicators of impairment:

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

Recoverability of receivables:

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

4. Risk management

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

Risk background

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

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

The Group manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Group considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Group relies on advice provided by the members agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The Group also mitigates its insurance risks by participating across several syndicates as detailed in Note 24.

Impact of Brexit vote

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

The analysis below provides details of the financial risks the Group is exposed to from syndicate insurance activities as required by FRS 103. Note 7 provides further analysis of sensitivities to reserving and underwriting risks.

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

4. Risk management (continued)

Syndicate risks

i. Liquidity risk

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

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

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

2018	No stated maturity £'000	0-1 year £'000	1-3 years £'000	3-5 years £'000	>5 years £'000	Total £'000
Claims outstanding	-	10,165	11,960	6,432	15,687	44,244
2017	No stated maturity £'000	0-1 year £'000	1-3 years £'000	3-5 years £'000	>5 years £'000	Total £'000
Claims outstanding	-	9,883	11,599	6,099	16,326	43,907

ii. Credit risk

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

2018	AAA £'000	AA £'000	A £'000	BBB or lower £'000	Not rated £'000	Total £'000
Financial investments	180	4,937	16,852	18,525	102	40,596
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurer share of claims outstanding	-	98	309	-	102	509
Reinsurance debtors	-	2	7	-	5	14
Cash at bank and in hand	1	933	22	24	-	980
	181	5,970	17,190	18,549	209	42,099
2017	AAA £'000	AA £'000	A £'000	BBB or lower £'000	Not rated £'000	Total £'000
Financial investments	458	4,282	15,859	18,962	211	39,772
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurer share of claims outstanding	-	135	340	-	70	545
Reinsurance debtors	-	-	3	-	5	8
Cash at bank and in hand	1	788	20	28	-	837
	459	5,205	16,222	18,990	286	41,162

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

4. Risk management (continued)

Syndicate risks (continued)

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

2018	Neither past due nor impaired £'000	Less than 6 months £'000	Between 6 months and 1 year £'000	Greater than 1 year £'000	Impaired £'000	Total £'000
Financial investments	40,596	-	-	-	-	40,596
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurer share of claims outstanding	509	-	-	-	-	509
Reinsurance debtors	14	26	1	9	-	50
Cash at bank and in hand	980	-	-	-	-	980
Insurance and other debtors	7,312	22	8	9	(1)	7,350
	49,411	48	9	18	(1)	49,485
2017	Neither past due nor impaired £'000	Less than 6 months £'000	Between 6 months and 1 year £'000	Greater than 1 year £'000	Impaired £'000	Total £'000
Financial investments	39,772	-	-	-	-	39,772
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurer share of claims outstanding	545	-	-	-	-	545
Reinsurance debtors	8	9	24	4	-	45
Cash at bank and in hand	837	-	-	-	-	837
Insurance and other debtors	5,030	22	4	-	(1)	5,055
	46,192	31	28	4	(1)	46,254

iii. Interest rate and equity price risk

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

iv. Currency risk

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

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

2018	GBP £'000 converted	USD £'000 converted	EUR £'000 converted	CAD £'000 converted	Other £'000 converted	Total £'000 converted
Total assets	4,010	44,885	101	3,120	101	52,217
Total liabilities	(7,343)	(44,731)	(87)	(1,843)	(29)	54,033
Surplus/(deficiency) of assets	(3,333)	154	14	1,277	72	(1,816)
2017	GBP £'000 converted	USD £'000 converted	EUR £'000 converted	CAD £'000 converted	Other £'000 converted	Total £'000 converted
Total assets	4,753	40,426	117	3,231	98	48,625
Total liabilities	(7,656)	(41,253)	(118)	(2,056)	(27)	(51,110)
Surplus/(deficiency) of assets	(2,903)	(827)	(1)	1,175	71	(2,485)

The impact of a 5% change in exchange rates between GBP and other currencies would be £75,817 on the result for the year (2017: £20,900) and on net assets.

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

4. Risk management (continued)
Group risks

i. Investment, credit, liquidity and currency risks

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

ii. Regulatory risks

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

iii. Operational risks

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

5. Class of business

2018	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	898	886	(362)	(334)	(12)	178
Motor – third party liability	38	36	(26)	(12)	-	(2)
Motor – other classes	1,522	1,206	(615)	(438)	(97)	56
Marine, aviation and transport	350	248	(149)	(95)	(1)	3
Fire and other damage to property	3,643	3,695	(1,904)	(1,441)	(34)	316
Third party liability	3,241	2,808	(1,862)	(1,872)	(12)	(937)
Credit and suretyship	70	66	5	(25)	(4)	42
Legal expenses	4	4	(1)	(2)	-	1
Miscellaneous	10	9	(8)	(4)	-	(3)
Total direct	9,776	8,958	(4,922)	(4,223)	(160)	(347)
Reinsurance inwards	3,807	3,499	(1,075)	(921)	(92)	1,411
Total	13,583	12,457	(5,997)	(5,144)	(252)	1,064
2017	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	698	714	(731)	(275)	(3)	(295)
Motor – third party liability	24	20	22	(6)	-	36
Motor – other classes	1,307	979	(798)	(304)	(1)	(124)
Marine, aviation and transport	159	127	(15)	(56)	(2)	54
Fire and other damage to property	3,452	3,334	(3,122)	(1,217)	(5)	(1,010)
Third party liability	2,713	2,727	(2,750)	(952)	(2)	(977)
Credit and suretyship	49	39	17	(21)	(1)	34
Legal expenses	2	1	(1)	-	-	-
Miscellaneous	10	10	(6)	(3)	-	1
Total direct	8,144	7,951	(7,384)	(2,834)	(14)	(2,281)
Reinsurance inwards	3,153	3,338	(2,281)	(1,102)	268	223
Total	11,297	11,289	(9,665)	(3,936)	254	(2,058)

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

6. Geographical analysis	2018 £'000	2017 £'000
Direct gross premium written in:		
United Kingdom	9,776	8,144
Other EU Member States	-	-
Rest of the World	-	-
	<u>9,776</u>	<u>8,144</u>

7. Technical provisions

Movement in claims outstanding	Gross £'000	Reinsurance £'000	2018 Net £'000	Gross £'000	Reinsurance £'000	2017 Net £'000
At 1 January	(43,907)	545	(43,362)	(43,889)	456	(43,433)
Movement in technical account	1,947	(50)	1,897	(2,063)	100	(1,963)
Other movements	(2,284)	14	(2,270)	2,045	(11)	2,034
At 31 December	<u>(44,244)</u>	<u>509</u>	<u>(43,735)</u>	<u>(43,907)</u>	<u>545</u>	<u>(43,362)</u>

Movement in unearned premiums	Gross £'000	Reinsurance £'000	2018 Net £'000	Gross £'000	Reinsurance £'000	2017 Net £'000
At 1 January	(5,722)	80	(5,642)	(6,067)	51	(6,016)
Movement in technical account	(1,126)	38	(1,088)	(8)	33	25
Other movements	(304)	6	(298)	353	(4)	349
At 31 December	<u>(7,152)</u>	<u>124</u>	<u>(7,028)</u>	<u>(5,722)</u>	<u>80</u>	<u>(5,642)</u>

Movement in deferred acquisition costs	2018 Net £'000	2017 Net £'000
At 1 January	1,585	1,599
Movement in deferred acquisition costs (Note 8)	354	67
Other movements	77	(81)
At 31 December	<u>2,016</u>	<u>1,585</u>

Included within the other movements above are foreign exchange movements in restating the opening balances and the effect of the 2015 and prior years' technical provisions being reinsured to close into the 2016 year of account (2017: 2014 and prior years' technical provisions being reinsured to close into the 2015 year of account), to the extent where the Group's syndicate participation portfolio has changed between those two years of account.

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

7. Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity

As described in Note 4 the majority of the risks to the Group's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

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

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

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

There have been no changes to these assumptions in 2018.

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

- a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Group's pre-tax profit/loss by £88,850 (2017: £71,950);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profit/loss by £2,212,200 (2017: £2,195,350);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profit/loss by £2,186,750 (2017: £2,168,100).

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

The tables below show the historical gross and net claims development based on the Group's syndicate participations on all syndicate years during the year ended 31 December 2018. The table does not include the claims development on any syndicates which the Company no longer participates upon and is based on the latest participation shares during the year ended 31 December 2018.

Claims development - Gross	At end of underwriting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Profit/(loss) on RITC received
Underwriting pure year	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2011	7,513	12,823	13,356	12,357	11,930	11,412	11,125	11,690	1,980
2012	7,258	12,173	12,080	11,356	11,094	10,571	10,265	-	1,920
2013	5,712	9,636	9,674	9,270	8,816	8,661	-	-	2,045
2014	4,599	8,988	9,326	9,029	8,561	-	-	-	2,703
2015	4,135	8,354	10,404	9,875	-	-	-	-	3,057
2016	3,436	10,558	9,360	-	-	-	-	-	-
2017	7,550	9,172	-	-	-	-	-	-	-
2018	3,670	-	-	-	-	-	-	-	-
Claims development - Net	At end of underwriting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Profit/(loss) on RITC received
Underwriting pure year	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2011	7,482	12,437	13,305	12,302	11,870	11,343	11,066	11,637	1,966
2012	7,225	12,106	12,016	11,276	11,002	10,491	10,190	-	1,896
2013	5,687	9,569	9,597	9,177	8,730	8,591	-	-	2,102
2014	4,582	8,928	9,240	8,952	8,505	-	-	-	2,679
2015	4,116	8,297	10,331	9,821	-	-	-	-	2,968
2016	3,404	10,345	9,159	-	-	-	-	-	-
2017	7,189	8,777	-	-	-	-	-	-	-
2018	3,533	-	-	-	-	-	-	-	-

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

8. Net operating expenses	2018 £'000	2017 £'000
Acquisition costs	(3,601)	(2,964)
Change in deferred acquisition costs (Note 7)	354	67
Administrative expenses	(1,940)	(1,053)
Reinsurers commissions and profit participations	43	14
	<u>(5,144)</u>	<u>(3,936)</u>

9. Investment return	Investments at fair value	Investments available for sale	Total	Investments at fair value	Investments available for sale	Total
	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Income from investments	1,680	-	1,680	1,418	-	1,418
Gains on realisation of investments	425	-	425	75	-	75
Bank deposit interest	77	-	77	119	-	119
Investment income	<u>2,182</u>	<u>-</u>	<u>2,182</u>	<u>1,612</u>	<u>-</u>	<u>1,612</u>
Unrealised gains on investments	16	-	16	247	-	247
Unrealised losses on investments	(654)	-	(654)	(79)	-	(79)
Net unrealised gains/(losses)	<u>(638)</u>	<u>-</u>	<u>(638)</u>	<u>168</u>	<u>-</u>	<u>168</u>
Investment management expenses	(20)	-	(20)	(8)	-	(8)
Losses on realisation of investments	(568)	-	(568)	(997)	-	(997)
Investment expenses and charges	<u>(588)</u>	<u>-</u>	<u>(588)</u>	<u>(1,005)</u>	<u>-</u>	<u>(1,005)</u>
Total investment return	<u>956</u>	<u>-</u>	<u>956</u>	<u>775</u>	<u>-</u>	<u>775</u>

The net realised gains/(losses) included in the above investment return are as follows:

Net realised gains/(losses)	(143)	-	(143)	(922)	-	(922)
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10. Profit/(loss) before taxation	2018 £'000	2017 £'000
This is stated after charging:		
Directors remuneration	5	5
Amortisation of syndicate capacity (Note 12)	164	135
Auditor fees:		
In relation to the audit of the financial statements	19	10
In relation to services related to taxation	5	7

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

11. Taxation	2018 £'000	2017 £'000
Analysis of tax charge/(credit) in the year		
Current tax:		
UK corporation tax on profit/(loss) of the year	463	318
Adjustment in respect of prior periods	53	57
Foreign tax	420	(222)
Double taxation relief	-	(245)
	<u>936</u>	<u>(92)</u>
Deferred tax:		
Origination and reversal of timing differences	56	(813)
Adjustments in respect of prior periods	1	-
Change in tax rate	22	-
	<u>79</u>	<u>(813)</u>
Tax charge/(credit) on (profit)/loss	<u>1,015</u>	<u>(905)</u>

Factors affecting tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:

(Profit)/loss on ordinary activities before tax	2,769	(2,639)
(Profit)/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	526	(508)
Effects of:		
Adjustment in respect of prior periods	54	57
Foreign tax	420	(222)
Rate change adjustment	16	10
Expenses/income not taxable for tax purposes	(1)	3
Double taxation relief	-	(245)
Tax (credit)/charge for the year	<u>1,015</u>	<u>(905)</u>

The results of the Group's participation on the 2016, 2017 and 2018 years of account and the 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.

Legislation was passed on 18 November 2015 to further reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. Further legislation was introduced in the Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020 (this supersedes the 18% rate). Deferred tax has been provided at the rate at which it is expected to be assessed or relieved.

12. Intangible assets	2018 £'000	2017 £'000
Purchased syndicate capacity		
Cost		
At 1 January	3,268	2,940
Additions	-	328
Disposals	(74)	-
At 31 December	<u>3,194</u>	<u>3,268</u>
Amortisation		
At 1 January	(2,831)	(2,696)
Provided during the year	(164)	(135)
Disposals	74	-
At 31 December	<u>(2,921)</u>	<u>(2,831)</u>
Net book value		
At 31 December 2018/2017	<u>273</u>	<u>437</u>
At 31 December 2017/2016	<u>437</u>	<u>244</u>

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

13. Financial investments and Investment in subsidiary

Group

The Company categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: the unadjusted quoted price in an active market for identical assets that an entity can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Financial investments – Syndicate

2018

Shares and other variable yield securities and units in unit trusts

Debt securities and other fixed income securities

Participation in investment pools

Loans and deposits with credit institutions

Overseas deposits

Fair value

Cost

Financial investments held at fair value through profit or loss

Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
1,758	2,785	-	4,543
35,481	495	-	35,976
-	24	27	51
3	-	-	3
12	11	-	23
37,254	3,315	27	40,596
			41,235

Financial investments – Syndicate

2017

Shares and other variable yield securities and units in unit trusts

Debt securities and other fixed income securities

Participation in investment pools

Loans and deposits with credit institutions

Overseas deposits

Fair value

Cost

Financial investments held at fair value through profit or loss

Level 1 £'000	Level 2 £'000	Level 3 £'000	Total
1,451	4,872	-	6,323
	444	-	33,353
32,909	27	43	70
-	-	-	3
3	14	-	23
34,372	5,357	43	39,772
			40,237

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

13. Financial investments and Investment in subsidiary (continued)

Financial investments - Corporate	Financial investments held at fair value through profit or loss			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2018				
Debt securities and other fixed income securities (FAL)	13,964	117	-	14,081
Fair value	13,964	117	-	14,081
Cost				14,131

Financial investments - Corporate	Financial investments held at fair value through profit or loss			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
2017				
Debt securities and other fixed income securities (FAL)	2,202	675	-	2,877
Fair value	2,202	675	-	2,877
Cost				2,814

Funds at Lloyd's (FAL) represent assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Group's underwriting activities as described in the Accounting Policies. The Group has entered into a Funds at Lloyd's Trust Deed which gives the Corporation the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These assets 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 Group's liabilities in respect of its underwriting.

The Group's corporate investments are FAL. FAL also includes cash balances, as shown in Note 15.

Company Investment in subsidiary

Meacock Capital Plc as a company also has an investment at a cost of £1 in 100% of the share capital of Meacock Underwriting Ltd (2017:£1). This subsidiary is a corporate member of Lloyd's with the same registered address as its parent and has been included in the group consolidation.

14. Other debtors

Group	2018			2017		
	Syndicate participation £'000	Corporate £'000	Total £'000	Syndicate participation £'000	Corporate £'000	Total £'000
Other	1,720	-	1,720	1,153	-	1,153
Current tax	-	-	-	-	205	205
Deferred tax (Note 18)	-	134	134	-	211	211
	1,720	134	1,854	1,153	416	1,569
	£'000	£'000	£'000	£'000	£'000	£'000
Company						
Amount due from subsidiary Company	-	5,401	5,401	-	5,330	5,330

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

15. Cash at bank and in hand

	2018 £'000	2017 £'000
Group		
Funds at Lloyd's	735	10,365
Cash at bank	559	734
	<u>1,294</u>	<u>11,099</u>
For details on the Funds at Lloyd's held as corporate investments, refer to Note 13 above.		
Company		
Cash at bank	509	575

16. Share capital

Allotted, called-up and fully paid

	2018 Issued	Value £'000	2017 Issued	Value £'000
Ordinary shares of 25p each	5,295,146	1,324	5,295,146	1,324

17. Profit and loss account

	2018			2017		
Group	Syndicate participation £'000	Corporate £'000	Total £'000	Syndicate participation £'000	Corporate £'000	Total £'000
Retained profit/(loss) brought forward	(2,485)	9,125	6,640	1,455	7,186	8,641
Profit/(loss) and other comprehensive income for the financial year	1,749	5	1,754	(1,466)	(270)	(1,736)
Equity dividends	-	(265)	(265)	-	(265)	(265)
Reallocate distribution	(1,087)	1,087	-	(2,474)	2,474	-
Cash calls	7	(7)	-	-	-	-
Retained profit/(loss) carried forward	<u>(1,816)</u>	<u>9,945</u>	<u>8,129</u>	<u>(2,485)</u>	<u>9,125</u>	<u>6,640</u>

The result for each underwriting year of account is generated over a three year period. These Financial Statements, which cover the period from 1 January 2018 to 31 December 2018, show movements in the first twelve months of the 2018 year of account, the second twelve months of the 2017 year of account and the final twelve months of the 2016 year of account.

Future cash flows will arise when profits/(losses) are distributed/(collected) by Lloyd's after each year of account has closed. Subject to certain conditions, Lloyd's can allow the partial early release of some profits or in the event of an expect loss require advance funding prior to the year of account closing.

The cumulative profit and loss account on all open underwriting years of account is shown in the Balance Sheet under 'Syndicate participation' as detailed in the table below:

	2018 £'000	2017 £'000
Underwriting year of account (cumulative):		
2015 after 36 months	-	1,087
2016 after 36 months / 24 months	777	(1,410)
2017 after 24 months / 12 months	(1,786)	(2,162)
2018 after 12 months	(807)	-
	<u>(1,816)</u>	<u>(2,485)</u>

MEACOCK CAPITAL PLC

Notes to the Financial Statements (continued) for the year ended 31 December 2018

18. Deferred taxation assets/(liabilities)	2018 £'000	2017 £'000
Opening balance	211	(602)
Profit and loss account (charge)/credit	(79)	813
Statement of Comprehensive Income charge	1	-
Closing balance	133	211

The above net deferred tax position as at the year end is analysed as follows:

	2018 £'000	2017 £'000
Deferred tax asset	133	211
Deferred tax liabilities	-	-
Net deferred tax balance	133	211

The deferred tax balance consists of timing differences relating to the taxation of underwriting results.

The deferred tax asset of £133,239 is expected to unwind in more than one year's time (2017: £211,632 asset).

19. Other creditors including taxation and social security

	Syndicate participation £'000	Corporate £'000	2018 Total £'000	Syndicate participation £'000	Corporate £'000	2017 Total £'000
Corporation tax	-	174	174	-	-	-
Other creditors	2,181	-	2,181	1,159	-	1,159
	2,181	174	2,355	1,159	-	1,159

20. Financial liabilities

Financial liabilities - Corporate

All Group and Company financial liabilities are measured at amortised cost.

21. Dividends	2018 £'000	2017 £'000
Equity dividends declared and paid at 5p per share	265	265

22. Related party transactions

The Group has claimed the exemption available under Financial Reporting Standard 102 – Section 3 “Related Party Disclosures” from disclosing transactions with other Group entities, where all subsidiaries that are party to the transaction are wholly owned by a member of the Group.

Mr M J Meacock, a director of the company, owns, together with members of his close family, a majority of the issued share capital of Meacock Capital Plc. Mr Meacock is the active underwriter of syndicate 727, on which the group participates, and he is a director of, and owns a majority of the non-voting shares in, S A Meacock & Company Limited, the managing agent of syndicate 727.

Mr M J Meacock, Sir David Thomson Bt, Mr K W Jarvis and Mr J M Meacock are directors of S A Meacock & Company Limited, the managing agent of syndicate 727. All receive remuneration from the syndicate or managing agent for their respective roles.

Mr M J Meacock, members of his close family, Sir David Thomson Bt and K W Jarvis also participate in syndicate 727 as individual underwriting members of Lloyd's or through a Limited Liability Partnership (LLP). Further details are available in the financial statements of syndicate 727.

23. Ultimate controlling party

Mr M J Meacock, together with his family interests, own more than 60% of the share capital and is therefore deemed to be the ultimate controlling party.

MEACOCK CAPITAL PLC**Notes to the Financial Statements (continued)
for the year ended 31 December 2018****24. Syndicate participation**

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

Syndicate no.	Managing agent	Allocated capacity per underwriting year			
		2019	2018	2017	2016
		£'000	£'000	£'000	£'000
727	S A Meacock & Company Limited	13,622	13,202	13,088	13,088
2791	Managing Agency Partners Limited	231	581	581	581
557	Tokio Marine Kiln Syndicates Limited	25	25	25	25
218	ERS Syndicate Management Limited	395	395	395	296
510	Tokio Marine Kiln Syndicates Limited	625	625	375	-
6103	Managing Agency Partners Limited	200	200	-	-
		15,098	15,448	14,578	13,990