

Registered number: 03985522

MAP EQUITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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MAP EQUITY LIMITED

COMPANY INFORMATION

Directors	A Kong B S McAuley (appointed 6 December 2016) C J Smelt R K Trubshaw
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Company secretary	P Langridge
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Registered number	03985522
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Registered office	Fitzwilliam House 10 St. Mary Axe London EC3A 8EN
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Independent auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
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MAP EQUITY LIMITED

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MAP EQUITY LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

INTRODUCTION

All financial statements prepared on or after the 31 December 2013 are required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to present a Strategic Report prepared by the board of directors. The Strategic Report covers the business review, principal risks and uncertainties, and financial key performance indicators.

BUSINESS REVIEW

The principal activity of MAP Equity Ltd ('MEL') ('the Company') is that of an ultimate holding company for a Managing Agent at Lloyd's of London, Managing Agency Partners Ltd ("MAP"). The syndicates under management by MAP are Syndicates 2791 and 6103. Syndicate 6103 is a special purpose reinsurance syndicate hosted by Syndicate 2791.

The Group's turnover has fallen by 5.7% from £18,871,000 in 2015 to £17,804,000 in 2016. The profit after tax has increased, mainly due to foreign exchange gains, by 13.2% from £8,587,000 to £9,723,000.

The Group's net assets have increased by 3.8% from £25,938,000 to £26,928,000.

MAP EQUITY LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

PRINCIPAL RISK AND UNCERTAINTIES

The principal risk for the Company is a loss in the value of its investment in MAP and the principal risk for MAP is that Syndicate 2791 and Syndicate 6103 make losses preventing them from remitting profit commission to the Agency. The Group mitigates this risk by planning to at least break even in the event of no profit commission being received. The fortunes of the Company closely follow those of MAP and the risk disclosures below relate to the Group as a whole.

Credit risk

Financial instruments consist of cash and cash equivalent type investments. To minimise any credit risk, the Company has an investment policy of only placing cash deposits with large institutions that have a low credit risk.

Liquidity risk

The Company actively manages its cash resources to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

Foreign currency risk

The Company's reporting functional currency is Sterling. The principal foreign currency exposure arises from the receipt of profit commission in US Dollars from the syndicates. To minimise the exposure the profit pool liability is settled in the same currency in which it is received. The balance of undistributed US Dollars is monitored and, if appropriate, the exposure may be hedged to fix the monetary asset in Sterling. The hedging activity involves the use of foreign exchange forward rate contracts.

Operational risk

Operational risk is the risk of potential adverse financial and reputational issues arising due to inadequate or failed internal processes, people and systems or from external events. The internal risk assessment process has been developed to assess the potential impact, and probability, of certain events and a system of internal controls has been implemented to mitigate the identified risks. These controls are monitored by Senior Management and the Board and the effectiveness is validated through both the ongoing risk assessment and the internal audit process.

Regulatory risk

The Company is required to comply with the requirements of the Prudential Regulation Authority and Lloyd's of London. Regulatory risk is the risk of financial and reputational loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Company has a Director of Risk and Assurance who monitors regulatory developments and assesses their impact on agency policy. They are supported by two assistants who carry out a compliance monitoring programme.

MAP EQUITY LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL KEY PERFORMANCE INDICATORS

The following financial Key Performance Indicators ('KPI') relate to MAP, which determine the performance of the Group.

MAP measures its performance using two principal KPIs that together cover the vast proportion of turnover. The first KPI looks at the future underlying profitability of its two managed syndicates. The profit commission received from the syndicates is directly correlated to the profitability of these syndicates.

The second KPI looks at the amount of underwriting capacity on Syndicate 2791. MAP receives a yearly managing agency fee that is set as a percentage (0.55%) of capacity. The managing agency fee is calculated to at least cover the MAP element of all expenses and therefore ensure the Agency breaks even before profit commission.

Underlying profitability of syndicates

Year of Account	Syndicate 2791	Syndicate 6103
	Forecast result % of capacity	Forecast result % of capacity
2013 (closed)	13.3	38.1
2014 (closed)	13.7	27.3
2015 ¹	4.5 - 9.5	25.0 - 35.0
2016 ²	3.7	9.8

¹ Open year, therefore result is only forecast as a range as at Q4 16

² Business plan forecast at Q3 16 rates

For each of the underwriting years of account an expected range for the result is calculated and updated each quarter until the anticipated closure date 36 months from inception. After the underwriting year of account has closed a final result is known. Profit commission is booked in line with the stated accounting policy (note 1). For the current reporting period the majority of MAPs' profit commission is derived from the 2014 underwriting year.

Both syndicates are forecasting profits in 2015 and 2016; therefore it is highly probable MAP will also be profitable over the year.


Underwriting capacity

The underwriting capacity for 2016 YOA and the expected capacity for 2017 YOA is as follows:

	Year of Account	
	2016 (£m)	2017 (£m)
Syndicate 2791	399.1	400.0
Syndicate 6103	13.9	16.0

Capacity varies each year due to the forecast rating environment in which the syndicates operate and it can be equated to the appetite of the syndicates to underwrite insurance. MAP receives fees from Syndicate 2791 and profit commission from both syndicates. Syndicate 6103 as a special purpose syndicate does not pay managing agency fees.

This report was approved by the board on 16 June 2017 and signed on its behalf.


P Langridge
Secretary

MAP EQUITY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit, after tax, of the parent Company for the year to 31 December 2016 was £8,779,000 (2015: £6,280,000).

On 24 March 2016 the directors made an interim dividend payment of £7,065,000 (2015: £5,974,000) to the ordinary shareholders of MAP Equity Limited in respect of the period ending 31 December 2016. A retained gain for the Group of £1,650,000 (2015: £1,605,000) has been transferred to reserves.

On 16 March 2017 the directors proposed an interim dividend of \$39.72 per ordinary 'A' and 'B' share. The dividend was paid on 11 April 2017.

DIRECTORS

The directors who served during the year and their interests in the Group's issued share capital were:

	Ordinary A shares of £1 each		Ordinary B shares of £1 each	
	31/12/16	1/1/16	31/12/16	1/1/16
A Kong	22,000	22,000	-	-
B S McAuley (appointed 6 December 2016)	-	-	13,500	13,500
C J Smelt	5,000	5,000	2,500	2,500
R K Trubshaw	33,000	33,000	-	-

MAP EQUITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

FUTURE DEVELOPMENTS

The directors expect the general level of activity to continue in line with the activity of the two syndicates managed by MAP.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

On 10 January 2017, MAP Ltd signed an intra company loan agreement with its ultimate parent, MAP Equity Ltd, in order to facilitate MAP Equity Ltd making a loan to the Employee Share Ownership Trust ('ESOT') to allow the ESOT to purchase shares from retiring employees. The maximum value of the loan is the excess of net assets over the Lloyd's of London solvency requirements plus the share of net assets apportioned to the non-controlling interests.

On 20 January 2017, £4.15m was transferred to MAP Equity Ltd from MAP Ltd.

On 26 January 2017, £4.05m was transferred to ESOT from MAP Equity Ltd.

On 10 February 2017, the ESOT purchased 21,000 shares from retiring employees at a cost of £3.97m

On 10 February 2017, the ESOT gifted 7,775 shares to 22 employees of MAP Ltd.


On 11 May 2017, the ESOT repaid £1.16m (\$1.50m) of the loan to MAP Equity Ltd.

On 7 June 2017, the ESOT repaid £1.63m of the loan to MAP Equity Ltd.

AUDITOR

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

This report was approved by the board on 16 June 2017 and signed on its behalf.


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P Langridge
Secretary

Fitzwilliam House
10 St. Mary Axe
London
EC3A 8EN

MAP EQUITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

We have audited the financial statements of MAP Equity Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

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 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER 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 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.

MAP EQUITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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



Andrew Goldsworthy (Senior statutory auditor)

for and on behalf of
Mazars LLP

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

20 June 2017

MAP EQUITY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	2	17,804	18,871
Gross profit		17,804	18,871
Administrative expenses		(6,619)	(8,013)
Share (impairment) / impairment reversal		-	(105)
Operating profit		11,185	10,753
Interest receivable and similar income	5	28	25
Interest payable and expenses	4	-	(1)
Profit before taxation		11,213	10,777
Tax on profit	7	(2,141)	(2,190)
Profit for the year		9,072	8,587
Investment in own shares		-	71
Other comprehensive income for the year		-	71
Total comprehensive income for the year		9,072	8,658
Total comprehensive income for the year attributable to:			
Non-controlling interests		794	1,004
Owners of the parent Company		8,278	7,654
		9,072	8,658

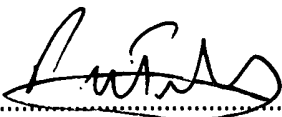
All amounts relate to continuing operations.

MAP EQUITY LIMITED
REGISTERED NUMBER: 03985522

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	9	227	335
		<u>227</u>	<u>335</u>
Current assets			
Debtors	12	21,577	24,936
Bank & cash balances		15,519	12,929
		<u>37,096</u>	<u>37,865</u>
Creditors: amounts falling due within one year	13	(8,372)	(9,946)
Net current assets		<u>28,724</u>	<u>27,919</u>
Total assets less current liabilities		<u>28,951</u>	<u>28,254</u>
Creditors: amounts falling due after more than one year	14	(2,023)	(2,316)
Net assets		<u>26,928</u>	<u>25,938</u>
Capital and reserves			
Called up share capital	16	250	250
Investment in own shares		(2,379)	(1,727)
Retained earnings		26,470	24,820
Equity attributable to owners of the parent Company		<u>24,341</u>	<u>23,343</u>
Non-controlling Interests		2,587	2,595
		<u>26,928</u>	<u>25,938</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2017.


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R K Trubshaw
Director

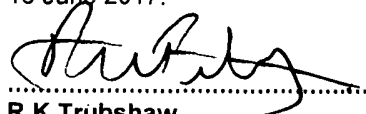
The notes on 16 to 31 form part of these financial statements.

MAP EQUITY LIMITED
REGISTERED NUMBER: 03985522

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Fixed asset investments	11	2,693	2,693
		<u>2,693</u>	<u>2,693</u>
Current assets			
Debtors	12	10	2
Bank & cash balances		2,423	1,328
		<u>2,433</u>	<u>1,330</u>
Creditors: amounts falling due within one year	13	(59)	(19)
Net current assets		<u>2,374</u>	<u>1,311</u>
Net assets		<u><u>5,067</u></u>	<u><u>4,004</u></u>
Capital and reserves			
Called up share capital	16	250	250
Investment in own shares		(2,379)	(1,727)
Share based payment reserve		2,435	2,435
Retained earnings		4,761	3,046
		<u><u>5,067</u></u>	<u><u>4,004</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2017.



R K Trubshaw
Director

MAP EQUITY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Investment in own shares	Retained earnings	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	250	(1,727)	24,820	23,343	2,595	25,938
Comprehensive income for the year						
Profit for the year	-	-	8,278	8,278	794	9,072
NCI share of dividend waiver	-	-	(214)	(214)	214	-
Total comprehensive income for the year	-	-	8,064	8,064	1,008	9,072
Contributions by and distributions to owners						
Dividends	-	-	(7,065)	(7,065)	-	(7,065)
Dividends to NCI	-	-	-	-	(1,016)	(1,016)
Share impairment / (impairment reversal)	-	(651)	651	-	-	-
Own share purchase	-	(1)	-	(1)	-	(1)
Total transactions with owners	-	(652)	(6,414)	(7,066)	(1,016)	(8,082)
At 31 December 2016	250	(2,379)	26,470	24,341	2,587	26,928

MAP EQUITY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Investment in own shares	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2015	250	(1,798)	23,211	21,663	2,450	24,113
Comprehensive income for the year						
Profit for the year	-	-	7,764	7,764	823	8,587
NCI share of dividend waiver	-	-	(181)	(181)	181	-
Own share purchase	-	(34)	-	(34)	-	(34)
Share impairment / (impairment reversal)	-	105	-	105	-	105
Total comprehensive income for the year	-	71	7,583	7,654	1,004	8,658
Contributions by and distributions to owners						
Dividends	-	-	(5,974)	(5,974)	-	(5,974)
Dividends to NCI	-	-	-	-	(859)	(859)
Total transactions with owners	-	-	(5,974)	(5,974)	(859)	(6,833)
At 31 December 2015	250	(1,727)	24,820	23,343	2,595	25,938

The notes on pages 16 to 31 form part of these financial statements.

MAP EQUITY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Investment in own shares	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	250	(1,727)	2,435	3,046	4,004
Comprehensive income for the year					
Profit for the year	-	-	-	8,780	8,780
Total comprehensive income for the year	-	-	-	8,780	8,780
Dividends	-	-	-	(7,065)	(7,065)
Share impairment / (impairment reversal)	-	(651)	-	-	(651)
Purchase of own shares	-	(1)	-	-	(1)
Total transactions with owners	-	(652)	-	(7,065)	(7,717)
At 31 December 2016	250	(2,379)	2,435	4,761	5,067

MAP EQUITY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Investment in own shares	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2015	250	(1,798)	2,435	2,740	3,627
Comprehensive income for the year					
Profit for the year	-	-	-	6,280	6,280
Purchase of own shares	-	(34)	-	-	(34)
Share impairment / (impairment reversal)	-	105	-	-	105
Total comprehensive income for the year	-	71	-	6,280	6,351
Dividends	-	-	-	(5,974)	(5,974)
Total transactions with owners	-	-	-	(5,974)	(5,974)
At 31 December 2015	250	(1,727)	2,435	3,046	4,004

The notes on pages 16 to 31 form part of these financial statements.

MAP EQUITY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	9,072	8,587
Adjustments for:		
Depreciation of tangible assets	131	161
Interest paid	-	1
Interest received	(28)	(25)
Taxation charge	2,141	2,190
Decrease/(increase) in debtors	3,323	(1,417)
(Decrease)/increase in creditors	(1,953)	981
Share impairment / (impairment reversal)	-	105
Corporation tax (paid)	(2,020)	(2,223)
Net cash generated from operating activities	10,666	8,360
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(318)
Purchase of tangible fixed assets	(23)	-
Interest received	28	25
Net cash from investing activities	5	(293)
Cash flows from financing activities		
Dividends paid	(7,065)	(5,974)
Interest paid	-	(1)
Dividends paid to non controlling interests	(1,016)	(859)
Purchase of own shares	-	(34)
Net cash used in financing activities	(8,081)	(6,868)
Net increase in cash and cash equivalents	2,590	1,199
Cash and cash equivalents at beginning of year	12,929	11,730
Cash and cash equivalents at the end of year	15,519	12,929
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	15,519	12,929
	15,519	12,929

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

1.2 Basis of consolidation

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

1.3 Legal status

MAP Equity Limited is a private company limited by shares and registered in England and Wales. The registered office, which is also the principal place of business, can be found on the Company Information page at the front of these accounts.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover consists principally of underwriting agency fees and profit commission from managed Lloyd's syndicates. Underwriting agency fees represent net fee income receivable from members participating on the Company's managed syndicates.

Profit commission is derived from the managed syndicates. The percentage applicable to the syndicates' profit varies by syndicate year of account (YOA) and is set out in MAP's managing agency agreement between it and each capital provider. Profit commission is payable by the syndicate capital providers when a YOA closes, most usually 36 months after inception. Until the year closes the final quantum of profit commission receivable by MAP is uncertain. The uncertainty in profit commission receivable is greatest the more immature a syndicate YOA is and it reduces as the year matures towards 36 months. The profit commission is recognised in these financial statements on a prudent basis in line with Application Note G of FRS5 – Reporting the Substance of Transactions. More specifically the accrual for each year is made as follows:

Year 1 – Currently 2016 YOA

The ultimate outcome has a very wide range of uncertainty – therefore no profit commission is accrued.

Year 2 – Currently 2015 YOA

There is less uncertainty as insurance policies come off risk and information on insurance reserves becomes clearer – therefore 50% of the profit commission reported in the last Lloyd's interim syndicate auditor reviewed half year return is used for the accrual.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

Year 3 – Currently 2014 YOA

Where the final syndicate result is known full profit commission is accrued, based on the syndicate's financial statements. Where the final syndicate result is unknown, full profit commission is taken based on the latest mid point estimate of the syndicate result submitted to Lloyd's. Any changes to the profit commission mid point estimate, and the figure finally received on formal closure, is booked on the date the syndicate financial statements are approved by MAP.

1.5 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

L/Term Leasehold Property	-	20% straight line
Fixtures & fittings	-	20% straight line
Office equipment	-	50% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in own shares are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)**1.8 Cash and cash equivalents**

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.9 Financial instruments

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

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

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

1.10 Employee Share Ownership Trust

The original cost of the Group's shares held by the Employee Share Ownership Trust ('ESOT') are deducted from retained earnings in the Group and Company balance sheets under the heading Investment in own Shares. Other assets and liabilities of the ESOT (including borrowings) are recognised as assets and liabilities of the Group.

The valuation of the shares is reviewed annually to determine whether the value of the Group's shares held by the ESOT have reduced below original cost. Movements in the value are reported within the Group and Company Statement of Changes in Equity. In 2015, the impairment to the Class A MAP Equity shares held by the ESOT was shown in the Consolidated Statement of Comprehensive Income. Due to the immateriality of the amount (£105,000), the accounts have not been restated.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be restated objectively to a change in future profit streams, the previously recognised impairment loss is reversed. The reversal shall not result in a carrying amount that exceeds original cost.

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

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

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

1.12 Share based payments

Where shares, or options, are awarded to employees, the fair value of the shares or options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.14 Interest receivable/payable

Interest receivable or payable is accounted for on an accruals basis.

1.15 Current and deferred taxation

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

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

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

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

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

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. TURNOVER

All turnover relates to the Group's principal activity and comprises underwriting agency fees, profit commission and management charges levied for administering MAP Capital Limited ('MCL'), a corporate underwriting member which participates on the managed Syndicates 2791 and 6103. Directors have interests in MCL (see note 20)

All turnover arose in the UK and the management charges were negotiated on arm's length basis.

	2016 £000	2015 £000
Breakdown of turnover:		
Underwriting fees	2,287	2,333
2014 YOA (2013 YOA) Profit commission	11,789	12,384
2015 YOA (2014 YOA) Profit commission	3,648	4,079
Management charges	80	75
	<u>17,804</u>	<u>18,871</u>

3. STAFF COSTS

	2016 £000	2015 £000
Details of staff costs are shown below:		
Wages and salaries	4,772	4,379
Social security costs	607	557
Other pensions costs	465	598
Other staff costs	489	489
Profit related remuneration	5,899	6,832
Social security costs on profit related remuneration	814	943
	<u>13,046</u>	<u>13,798</u>

Of the total staff costs of £13,046,000 (2015: £13,798,000) a total of £5,370,000 (2015: £5,165,000) was recharged to Syndicate 2791, which is under management by the Group's managing agency, MAP. Profit related remuneration relates wholly to MAP is not recharged to either managed syndicate.

Profit related remuneration and social security costs are charged to the Statement of Comprehensive Income on an accruals basis as per accounting policy 1.4.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
The average monthly number of employees, including the directors, during the year was as follows:		
Administration	22	21
Underwriting	23	23
Claims	5	4
	50	48

	2016 £000	2015 £000
Included in gross staff costs are directors' emoluments as follows:		
Salaries	724	697
Profit related remuneration	2,485	3,034
Company pension scheme contributions	12	22
Private health insurance	8	6
	3,229	3,759

Of the total directors' emoluments, £2,485,000 (2015: £3,034,000) relates to profit related remuneration, of which £497,000 is not payable until the closure of 2015 syndicate year of account (2015: £645,000 in respect of the 2014 syndicate year of account). Of the balance of the total directors' emoluments, £655,000 (2015: £619,000) was recharged to Syndicate 2791. Profit related remuneration is not recharged to either managed syndicate.

During the year retirement benefits accrued to 1 director (2015 - 1) in respect of defined contribution pension schemes.

	2016 £000	2015 £000
Included in the gross directors' emoluments above are amounts paid in respect of the highest paid director as follows:		
Salary	320	312
Profit related remuneration	1,507	1,902
Medical healthcare policy	3	2
	1,830	2,216

Within the profit related remuneration of the highest paid director, £302,000 is not payable until the closure of the 2015 syndicate year of account (2015: £405,000 related to the 2014 syndicate year of account).

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. INTEREST PAYABLE

	2016	2015
	£000	£000
Other interest payable	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

5. INTEREST RECEIVABLE

	2016	2015
	£000	£000
Bank interest receivable	28	25
	<u>28</u>	<u>25</u>
	<u>28</u>	<u>25</u>

6. OPERATING PROFIT

	2016	2015
	£000	£000
The operating profit is stated after charging the following items		
Depreciation	131	161
Operating lease rentals for land and buildings	697	496
Hire of plant and equipment	23	22
Foreign exchange (gain)	(1,445)	(965)
	<u>-</u>	<u>-</u>

Auditor's remuneration for:

Current year audit for Company's annual accounts	9	9
Current year audit for the Subsidiaries' annual accounts	28	28
Prior year audit accrual adjustment for the Subsidiaries	2	-
Current year audit by auditor's associate for the Employee Share Ownership Trust	-	4

The above figures highlight the Group operating expenses that may be of interest. These amounts are incurred by the Group but some of the expenses are recharged to Syndicate 2791 on a cash basis. Only the element not recharged to the Syndicate forms part of the Group expenses in the Statement of comprehensive income.

A total of £118,000 (2015: £147,000) in respect of depreciation and £635,000 (2015: £419,000) in respect of operating lease rentals for land and buildings were recharged to Syndicate 2791. Services provided by BWCI Trust Company Limited in relation to the Employee Share Ownership Trust totalled £6,000 (2015: £6,000) for the year.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. TAXATION

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	2,105	1,966
	2,105	1,966
Total current tax	2,105	1,966
Deferred tax		
Origination and reversal of timing differences	36	224
Total deferred tax	36	224
Taxation on profit on ordinary activities	2,141	2,190

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	11,213	10,777
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	2,242	2,182
Effects of:		
Capital allowances for year less than / (in excess of) depreciation	12	(4)
Adjustments to tax charge in respect of prior periods	(32)	-
Current year expenses not deductible	251	308
Prior year expenses now deductible	(303)	(514)
Adjustment due to change in tax rate in period	(4)	(19)
Adjustment due to differential in tax rate used by Employee Share Trust	(61)	13
Origination and reversal of timing differences	36	224
Total tax charge for the year	2,141	2,190

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. DIVIDENDS

	2016	2015
	£000	£000
Interim dividend paid on 24 March 2016 \$49.87 and £1.25 per ordinary 'A' and 'B' share USD rate: 1.4087 (2015: \$39.07 and £4.58 at USD rate: 1.4820)	7,065	5,974
	7,065	5,974
	7,065	5,974

In accordance with FRS 102 Section 9, the Employee Share Trust is included in the consolidated financial statements and therefore the dividends paid to the Employee Share Trust are eliminated and only dividends paid externally to the Group are shown above.

During 2016 the trustee of the Employee Share Trust waived its right to £2,098,000 (2015: £1,762,000) of the dividend.

On 15 March 2017 the directors proposed an interim dividend of \$39.72 per ordinary 'A' and 'B' share. All dividends were paid on 11 April 2017. The trustee of the Employee Share Trust waived its rights to its entire dividend of \$2,811,000.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. TANGIBLE FIXED ASSETS

Group

	L/Term Leasehold Property £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 January 2016	207	310	1,517	2,034
Additions	-	-	23	23
At 31 December 2016	207	310	1,540	2,057
Depreciation				
At 1 January 2016	35	239	1,425	1,699
Charge for the period on owned assets	41	17	73	131
At 31 December 2016	76	256	1,498	1,830
Net book value				
At 31 December 2016	131	54	42	227
At 31 December 2015	172	71	92	335

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. PRINCIPAL SUBSIDIARIES

The Company is the largest company in the Group for which consolidated accounts are prepared. The Group structure can be summarised as follows:

Company name	Country of incorporation	Percentage shareholding	Description
Direct holdings			
Managing Agency Partners Holdings Limited	United Kingdom	90%	Intermediate holding company
Indirect holdings			
Managing Agency Partners Limited	United Kingdom	90%	Managing Agent at Lloyd's of London

11. FIXED ASSET INVESTMENTS

Investments at the year end comprise an investment in a subsidiary, Managing Agency Partners Holdings Limited ('MHL'), a holding equivalent of circa 10% of both the issued share capital and the economic interest. In the year ended 31 December 2016, MHL made a profit after tax of £8,069,000 (2015: £6,855,000) with a retained loss, after dividends paid, of £3,000 (2015: £10,000). This resulted in an aggregate of capital and reserves of £2,861,000 (2015: 2,864,000) at the end of the year. The investment in MHL comprises 250,000 shares directly owned by the Company and 2,002 shares owned by the Employee Share Ownership Trust. MHL holds 100% of the shares in Managing Agency Partners Limited.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	2,693
At 31 December 2016	2,693
Net book value	
At 31 December 2016	2,693
At 31 December 2015	2,693

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. DEBTORS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Prepayments and accrued income	3,878	4,329	-	-
	<u>3,878</u>	<u>4,329</u>	<u>-</u>	<u>-</u>
Due within one year				
Amounts owed by group undertakings	-	-	8	-
Other debtors	479	499	-	-
Prepayments and accrued income	16,972	19,824	2	2
Deferred taxation	248	284	-	-
	<u>21,577</u>	<u>24,936</u>	<u>10</u>	<u>2</u>

13. CREDITORS: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Other creditors	1	4	1	4
Trade creditors	28	-	-	-
Amounts owed to group undertakings	-	-	-	4
Corporation tax	1,395	1,311	-	-
Other taxation and social security	190	178	-	-
Profit related remuneration	5,724	7,368	-	-
Accruals and deferred income	1,034	1,085	58	11
	<u>8,372</u>	<u>9,946</u>	<u>59</u>	<u>19</u>

14. CREDITORS: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Other creditors	30	15	-	-
Profit related remuneration	1,333	1,612	-	-
Accruals and deferred income	660	689	-	-
	<u>2,023</u>	<u>2,316</u>	<u>-</u>	<u>-</u>

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

15. DEFERRED TAXATION

Group

	2016 £000
At beginning of year	284
Charged to the profit or loss	(36)
At end of year	248

The deferred tax asset is made up as follows:

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	(2)	(15)
Profit related remuneration (2015 YOA payable in 2018)	250	-
Profit related remuneration (2016 YOA payable in 2017)	-	304
Adjustment for prior year tax rate change	-	(5)
	248	284

16. SHARE CAPITAL

	2016 £000	2015 £000
Shares classified as equity		
Authorised		
150,000 Ordinary A shares of £1 each	150	150
350,000 Ordinary B shares of £1 each	350	350
	500	500
Allotted, called up and fully paid		
75,000 Ordinary A shares of £1 each	75	75
175,000 Ordinary B shares of £1 each	175	175
	250	250

"A" shareholders are entitled to once vote per share. 'B' shareholders have no entitlement to vote. Both share classes have identical rights in respect of dividend payments.

MAP EQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. EMPLOYEE SHARE OWNERSHIP TRUST

The Company is a party to an Employee Share Trust which, on 31 December 2016, held the following number of shares in MEL:

Share class	2016	2015
'A' Shares	15,000	15,000
'B' Shares	42,547	42,247
	57,547	57,247

The ESOT also holds 2,002 'C' Shares (2015: 2,002) in the subsidiary, Managing Agency Partners Holdings Limited. These shares are held for investment purposes.

During 2016 the ESOT purchased 300 'B' shares from an employee at a cost of £300 (£1 a share) in line with the shareholder agreement.

The distribution of shares held by the ESOT is at the discretion of the directors and all expenses of the trust are borne by the Company.

18. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme, the MAP Group Personal Pension scheme, for its directors and employees. The Group's contribution to the scheme for 2016 totalled £465,000 (2015: £598,000) of which £409,000 (2015: £526,000) was recharged to Syndicate 2791.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Not later than 1 year	640	636
Later than 1 year and not later than 5 years	1,118	1,663
	1,758	2,299

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

20. RELATED PARTY TRANSACTIONS

The directors of MEL provide underwriting capacity to the Group's managed Syndicates via an unaligned corporate vehicle, MAP Capital Limited ('MCL'), and a limited liability partnership, Nomina 208 LLP. The directors and their related party interests are as follows:

	2016 YOA MCL* voting rights %	2016 Capacity on 2791 ** £000	2016 Capacity on 6103 ** £000	2015 YOA MCL* voting rights %	2015 Capacity on 2791 ** £000	2015 Capacity on 6103 ** £000
A Kong	6	1,910	107	6	1,910	98
B S McAuley #	1	854	44	1	854	39
C J Smelt	2	1,553	104	2	1,553	83
R K Trubshaw	12	5,630	380	12	5,630	277

*MCL is an unaligned corporate member that provides underwriting capacity to Syndicates 2791 and 6103.

**Participation via Nomina 208 LLP and MCL, both unaligned corporate members.

#B S McAuley was appointed a director on 6 December 2016.

All transactions between MAP Equity Group and the corporate capital vehicle, in which the directors and their related parties have an interest, are made on an arm's length basis. Profit commission and Managing Agent's fees are identical to all other capital providers.