

Registered number: 06308306

FURNESS UNDERWRITING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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FURNESS UNDERWRITING LIMITED

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FURNESS UNDERWRITING LIMITED

COMPANY INFORMATION

DIRECTORS

B Gozzi
M L Glover
P Molyneaux

COMPANY SECRETARY

Callidus Secretary Limited

REGISTERED NUMBER

06308306

REGISTERED OFFICE

50 Fenchurch Street
London
EC3M 3JY

INDEPENDENT AUDITORS

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

FURNESS UNDERWRITING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of insurance underwriting services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,148,238 (2016 - £1,560,629).

Dividends paid in the year amount to £400,000 (2016 - £500,000)

DIRECTORS

The Directors who served during the year were:

B Gozzi
M L Glover
P Molyneaux

FUTURE DEVELOPMENTS

The Directors envisage that both portfolio products offered and geographic reach of the company will expand in the immediate future. In support of this objective the company has taken steps to mitigate the impact of Brexit by incorporating a subsidiary in Belgium which will pursue passporting authority across the European Union. The Directors consider that this action will further strengthen the company position in the European insurance market.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are 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's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 18 June 2018 and signed on its behalf.



B Gozzi
Director

FURNESS UNDERWRITING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FURNESS UNDERWRITING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FURNESS UNDERWRITING LIMITED

OPINION

We have audited the financial statements of Furness Underwriting Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

FURNESS UNDERWRITING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FURNESS UNDERWRITING LIMITED (CONTINUED)

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

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

FURNESS UNDERWRITING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FURNESS UNDERWRITING LIMITED (CONTINUED)

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's shareholder 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 shareholder those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report, or for the opinions we have formed.



Paul Goldwin (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditors

1 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 21st June 2018

FURNESS UNDERWRITING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	3,536,063	3,385,805
Gross profit		3,536,063	3,385,805
Administrative expenses		(2,110,030)	(1,446,923)
Operating profit	5	1,426,033	1,938,882
Tax on profit of ordinary activities	10	(277,795)	(378,253)
Profit for the financial year		1,148,238	1,560,629

There was no other comprehensive income other than the amounts recognised in the profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

FURNESS UNDERWRITING LIMITED
REGISTERED NUMBER: 06308306

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	164,645	163,951
		<u>164,645</u>	<u>163,951</u>
Current assets			
Debtors: amounts falling due within one year	12	784,121	675,419
Cash at bank and in hand	13	3,530,140	2,718,479
		<u>4,314,261</u>	<u>3,393,898</u>
Creditors: amounts falling due within one year	14	(603,749)	(433,298)
Net current assets		<u>3,710,512</u>	<u>2,960,600</u>
Total assets less current liabilities		<u>3,875,157</u>	<u>3,124,551</u>
Provisions for liabilities			
Deferred tax	15	(21,787)	(19,419)
Net assets		<u><u>3,853,370</u></u>	<u><u>3,105,132</u></u>
Capital and reserves			
Called up share capital	16	50,000	50,000
Profit and loss account	17	3,803,370	3,055,132
		<u><u>3,853,370</u></u>	<u><u>3,105,132</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2018.


B Gozzi
 Director

The notes on pages 10 to 20 form part of these financial statements.

FURNESS UNDERWRITING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	50,000	1,994,503	2,044,503
Profit for the year	-	1,560,629	1,560,629
Dividends	-	(500,000)	(500,000)
	<hr/>	<hr/>	<hr/>
At 1 January 2017	50,000	3,055,132	3,105,132
Profit for the year	-	1,148,238	1,148,238
Dividends	-	(400,000)	(400,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	50,000	3,803,370	3,853,370
	<hr/>	<hr/>	<hr/>

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The Company is a private Company limited by shares and is incorporated and domiciled in England. The principal place of business is 50 Fenchurch Street, London, EC3M 3JY.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Furness Insurance Services Limited as at 31 December 2017 and these financial statements may be obtained from the Company's registered office.

2.3 TURNOVER

Turnover comprises commissions and fees received for services provided. Insurance commission is recognised in full in the month when policy concerned is inception.

Profit commission arising from the placement of insurance contracts is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 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.

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:

Improvements to Leasehold property	-	20% Straight line basis
Fixtures and fittings	-	20% Straight line basis
Computer equipment	-	20% Straight line basis
Software	-	20% Straight line basis

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 Statement of Comprehensive Income.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals are paid by International Professional Risks Limited under operating leases and are cross charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.6 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument 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.

Short term debtors are measured at the transaction price, less impairment. Short term creditors are measured at the transaction price.

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 Statement of Comprehensive Income.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.7 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 within administrative expenses.

2.8 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 SHARE BASED PAYMENTS

Where share options in the Holding Company are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period within administrative expenses, the corresponding entry is treated as a capital contribution within other reserves. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet 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 a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

2.10 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.11 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.12 INSURANCE ASSETS AND LIABILITIES

The Company acts as an underwriting agent and underwrites risks on behalf of insurers and as such is not liable as principal for the amounts arising from such transactions. In recognition of this relationship, debtors from insurance transactions are not included as assets of the Company.

Other than amounts receivable for the fees and commissions earned on a transaction the Company does not recognise any part of the insurance transaction until cash is received in respect of premiums or claims. At that time a corresponding liability is established in favour of the insurer or client. In certain circumstances the Company advances premiums, refunds or claims to insurers or clients prior to collection. The advances are reflected in the balance sheet as part of insurance debtors.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

No judgements have been made in applying the entities accounting policies that would have a significant effect on the amounts recognised in these financial statements.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is accrued profit commission.

(c) Accrued profit commission receivable

The Company is entitled to profit commission arising from the placement of insurance under certain contracts. The profit commission earned by the Company is dependent upon the underlying profitability of the book of business written, which given the tail of claims arising may not be payable to the Company for a period of time following completion of the contract on which profit commission is earned. Due to the unexpired risk of those contracts, the uncertain assessment of any final losses, including an assessment of any IBNR, and the impact of any loss deficit clauses, the Directors are not able, except to the extent that profit commission has been agreed with the insurance carrier, to reliably estimate profit commission due at the 31 December 2017 and have therefore not recognised such income.

4. TURNOVER

Turnover is wholly attributable to the Company's principal activity of operating as an insurance underwriting agent and represents commission, fees and profit commission. All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	63,739	46,098
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,500	7,500
Exchange differences	(67,190)	(147,728)
Defined contribution pension cost	38,498	49,900
Operating lease group recharge	60,334	39,834

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. EMPLOYEE NUMBER

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

	2017 No.	2016 No.
Administrative staff	15	15
Account executives	4	4
	<u>19</u>	<u>19</u>

7. STAFF COSTS

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

	2017 £	2016 £
Staff salaries	1,041,223	677,682
Social security costs	121,169	84,649
Other pension costs	38,498	49,990
	<u>1,200,890</u>	<u>812,321</u>

8. DIRECTORS' REMUNERATION

	2017 £	2016 £
Directors' emoluments	457,612	302,600
Other pension costs	10,000	27,288
	<u>467,612</u>	<u>329,888</u>

During the year retirement benefits were accruing to 1 Director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £457,612 (2016 - £302,600).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 (2016 - £27,288).

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. DIVIDENDS

	2017 £	2016 £
Dividends paid	400,000	500,000
	<u>400,000</u>	<u>500,000</u>

10. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Current tax on profits for the year	278,596	385,070
Adjustments in respect of previous periods	(3,169)	(12,500)
TOTAL CURRENT TAX	<u>275,427</u>	<u>372,570</u>
DEFERRED TAX		
Origination and reversal of timing differences	2,368	5,683
TOTAL DEFERRED TAX	<u>2,368</u>	<u>5,683</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>277,795</u>	<u>378,253</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,426,033</u>	<u>1,938,862</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	274,511	387,776
EFFECTS OF:		
Expenses not deductible for tax purposes	5,499	3,774
Adjustments in respect of prior periods	(2,007)	(12,500)
Rate change adjustments	(208)	(797)
TOTAL TAX CHARGE FOR THE YEAR	<u>277,795</u>	<u>378,253</u>

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation was passed on 18 November 2015 to further reduce the UK corporation tax rate to 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).

11. TANGIBLE FIXED ASSETS

	Improvements to leasehold property £	Fixtures and fittings £	Computer equipment £	Software £	Total £
COST OR VALUATION					
At 1 January 2017	55,155	24,317	48,354	169,815	297,641
Additions	7,200	1,298	3,479	52,698	64,675
Disposals	-	(2,519)	(3,348)	-	(5,867)
At 31 December 2017	<u>62,355</u>	<u>23,096</u>	<u>48,485</u>	<u>222,513</u>	<u>356,449</u>
DEPRECIATION					
At 1 January 2017	25,796	19,483	27,541	60,870	133,690
Charge for the year on owned assets	10,857	4,047	9,418	39,417	63,739
Disposals	-	(2,519)	(3,106)	-	(5,625)
At 31 December 2017	<u>36,653</u>	<u>21,011</u>	<u>33,853</u>	<u>100,287</u>	<u>191,804</u>
NET BOOK VALUE					
At 31 December 2017	<u>25,702</u>	<u>2,085</u>	<u>14,632</u>	<u>122,226</u>	<u>164,645</u>
At 31 December 2016	<u>29,359</u>	<u>4,834</u>	<u>20,813</u>	<u>108,945</u>	<u>163,951</u>

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. DEBTORS

	2017 £	2016 £
Insurance debtors	483,101	481,505
Amounts owed by group undertakings	170,103	77,553
Other debtors	26,448	36,951
Prepayments and accrued income	104,469	79,410
	<u>784,121</u>	<u>675,419</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	3,530,140	2,718,480
	<u>3,530,140</u>	<u>2,718,480</u>

Cash at bank and in hand includes £7,929 (2016 - £1,517) held in client money bank accounts, which is not available to the company for working capital purposes.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Insurance creditors	7,929	1,517
Trade creditors	35,000	75,214
Amounts owed to group undertakings	158,491	9,382
Corporation tax	71,986	166,876
Other taxation and social security	39,851	29,166
Accruals and deferred income	290,492	151,143
	<u>603,749</u>	<u>433,298</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. DEFERRED TAXATION

	2017 £
At 1 January 2017	(19,419)
Charged to profit or loss	(2,368)
At 31 December 2017	(21,787)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(21,787)	(19,419)
	<u>(21,787)</u>	<u>(19,419)</u>

The net deferred tax liability expected to reverse in 2018 is £508.

16. SHARE CAPITAL

	2017 £	2016 £
ALLOTTED, CALLED UP AND FULLY PAID		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17. RESERVES

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

18. SHARE BASED PAYMENTS

On 14 October 2014 Furness Insurance Service Limited introduced and adopted the rules of the 'Shipley House Limited Share Option Plan 2014'. On the same date options were granted over the B Ordinary Shares of £0.01 each to a number of employees employed by the Company.

The Directors now consider that the vesting conditions are unlikely to be satisfied and that the share options will not be exercised and no Share Option reserve is recognised in these financial statements. Details of outstanding Share Options can be found in Furness Insurance Services Limited.

FURNESS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. PENSION COMMITMENTS

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £38,498 (2016 - £49,990). Contributions totalling £Nil (2016 - £NIL) were payable to the fund at the balance sheet date.

20. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with Group companies in instances where subsidiaries of the Company's parent undertaking are wholly owned.

As at 31 December 2017 the Company owed £11,683 (2016 - was owed £15,572) to International Professional Risks Limited and is owed £24,821 (2016 - was owed £51,399) by CHP Legal Limited a fellow group subsidiaries of Furness Insurance Services Limited. During the year Company earned commission of £2,971,525 (2016 - £2,731,725) on policies placed into the market by International Professional Risks Limited.

As at 31 December 2017 the Company owed B Gozzi, the Director and ultimate controlling party, £17,797 (2016 - £22,610) in respect of unpaid expenses.

During the period £8,460 (2016 - £36,090) was paid to Callidus Solutions Limited, which is related by virtue of common directorship of M L Glover, in respect of professional fees. This fee was then partially recharged to other Group Companies. No amounts were outstanding at year end.

During the year commission totalling £423,336 (2016 - £529,950) was earned on policies placed through the company by Assigeco Srl. O Rosa is a director of Assigeco Srl and Furness Insurance Services Limited, the ultimate parent undertaking of the Company. At the balance sheet date commission of £92,922 (2016 - £114,163) remained outstanding.

Callidus Secretary Limited of which M.L. Glover is the sole director acted as Company Secretary during the year. No fees were charged in 2016 as well.

21. CONTROLLING PARTY

The Company's immediate and Ultimate Parent Undertaking is Furness Insurance Services Limited, a company registered in England and Wales. Group financial statements are available from the Company's registered office.

The ultimate controlling party is B Gozzi through his majority shareholdings in Furness Insurance Services Limited.