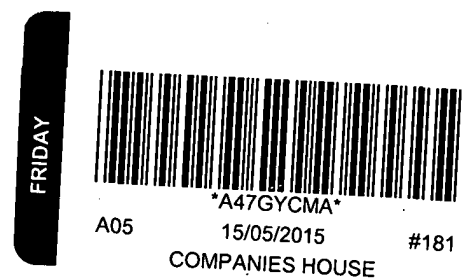


Abbey Protection plc

Annual Report and Financial Statements for
the year ended 31 December 2014

Registered Number 06352358



Abbey Protection plc
Annual Report and Financial Statements
for the year ended 31 December 2014

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Directors and administration

Board of Directors

Richard H Candy	(appointed 26 September 2014)
Andrew J Davies	(appointed 17 January 2014)
Colin Davison	
Adrian F Green	(resigned 30 September 2014)
William D Stovin	(appointed 17 January 2014)
Chris Ward	
Simon Wilson	(appointed 26 September 2014)

Non-executive Directors

Anthony P Shearer	(resigned 17 January 2014)
Paul Wilson	(resigned 17 January 2014)

Company Secretary

Andrew J Bailey	(appointed 26 June 2014)
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Registered office

20 Fenchurch Street
London
EC3M 3AZ

Registered Auditor

KPMG LLP, London

Strategic report

The Directors submit their Strategic report for Abbey Protection plc ("the Company") for the year ended 31 December 2014.

Review of the business

On 17 January 2014, Abbey Protection plc was acquired by Markel Capital Holdings Ltd. From that date, the Company's ultimate parent company is Markel Corporation, which is incorporated in Virginia in the United States and is listed on the New York Stock Exchange.

The Company is a United Kingdom intermediate holding company and was incorporated on 24 August 2007. The Company's principal operating subsidiaries as at the balance sheet date are;

- Abbey Protection Group Limited which sells and underwrites commercial legal expenses insurance that reimburses the legal fees incurred by businesses
- Abbey Tax & Consultancy Services Limited which sells and underwrites professional fees insurance which reimburses fees incurred by taxpayers when HMRC undertakes an investigation as well as providing a range of related consultancy services.
- LHS Solicitors LLP which is a legal services practice.
- Effective Tax Solutions Limited trading as HowarthLynch provides tax advisor services in respect of Research and Development.

Results and performance

The Company's profit for the financial year was £2,163,000 (2013, £17,647,000).

Business environment and future prospects

The Company intends to continue as a holding company.

Going Concern

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Principal risks and uncertainties

The principal risk to the Company is a permanent diminution in the value of its investments in Abbey Protection Group Limited ("APG") and Abbey Tax & Consultancy Services Limited ("ATCS"). The main risks to APG and ATCS are set out in the accounts of the respective companies.

Approved by the Board of Directors and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'A Bailey', with a stylized, cursive script.

Andrew J Bailey
Company Secretary
London

27 April 2015

Directors' report

The Directors present the Annual Report and financial statements of the Company for the year ended 31 December 2014.

Business review

A review of the business, the principal risks it faces, an assessment of its ability to continue as a going concern and a summary of future developments is disclosed within the Strategic report on page 2.

Dividends

On 23 January 2014 a dividend of £9,000,000 was paid to Markel Capital Holdings representing 8.9 pence per share.

On 25 March 2014 a dividend of £4,000,000 was paid to Markel Capital Holdings representing 4.0 pence per share.

On 31 August 2014 a dividend of £2,500,000 was paid to Markel Capital Holdings representing 2.5 pence per share.

Directors

The Directors set out on page 1 have held office during the whole of the period from 1 January 2014 to the date of this report unless otherwise stated.

Company number

The Company's registered number is 06352358 (England and Wales).

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

During the year, Deloitte LLP resigned as the auditor and KPMG LLP was appointed, pursuant to Section 487 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board,

A handwritten signature in black ink, appearing to read 'Andrew J Davies', with a stylized flourish at the end.

Andrew J Davies

Director
London

27 April 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's report to the Members of Abbey Protection plc

We have audited the financial statements of Abbey Protection plc for the year ended 31 December 2014, as set out on pages 9 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

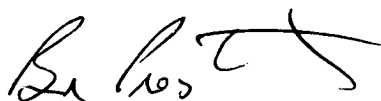
Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for 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.

Other matter

The financial statements of Abbey Protection plc for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2014.



Ben Priestley (Senior Statutory Auditor)
for and on behalf of KPMG LLP,

Chartered Accountants
15 Canada Square,
London, E14 5GL

27 April 2015

Profit and Loss Account

	Notes	2014 £'000	2013 £'000
Turnover			
Other income		811	622
Interest receivable		7	107
Realised gains on investments		8	-
		<u>826</u>	<u>729</u>
Operating expenses and charges		<u>(1,042)</u>	<u>(787)</u>
Operating loss		(216)	(58)
Income from shares in group undertakings - dividends from subsidiary		2,500	17,750
Profit on ordinary activities before taxation	2	2,284	17,692
Taxation on profit on ordinary activities	5	(121)	(45)
Profit for the financial year	11	2,163	17,647

The profit for the year has been calculated on the historical cost basis.

The Company's income and expenditure all relate to continuing operations.

Statement of total recognised gains and losses

There were no recognised gains or losses, either in the current or preceding year, other than those included in the profit and loss account and therefore no statement of total recognised gains and losses has been presented.

The notes on pages 11 to 16 form part of these Financial Statements.

Balance Sheet

as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed Assets			
Investments in subsidiaries	7	5,045	4,817
		<u>5,045</u>	<u>4,817</u>
Current Assets			
Debtors and prepayments	8	6,982	7,293
Cash at bank and in hand		1	9,797
		<u>6,983</u>	<u>17,090</u>
Creditors: amounts falling due within one year	9	<u>(4,810)</u>	<u>(2,167)</u>
Net current assets		2,173	14,923
Capital and reserves			
Called up share capital	10	1,012	1,000
Share premium	11	4,114	3,539
Own shares	11	-	(18)
Retained earnings	11	2,042	14,986
Capital redemption reserve	11	50	50
Equity settled share reserve	11	-	183
Total equity shareholders' funds		7,218	19,740

These financial statements were approved by the Board of Directors and authorised for issue on 27 April 2015.

Signed on behalf of the Board of the Directors.



Andrew J Davies
Director

27 April 2015

The notes on pages 11 to 16 form part of these Financial Statements.

Notes to the Financial Statements

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.

In accordance with Section 401 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements. The financial statements present information about the Company as an individual undertaking and not about its group.

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. They are presented in pounds sterling, rounded to the nearest thousand.

The Company has availed itself of the exemption under Financial Reporting Standard 1 (Revised) on 'Cash Flow Statements' on the grounds that it is a wholly-owned subsidiary undertaking whose ultimate parent prepares a group cash flow statement in its financial statements. As such, no cash flow statement is presented.

a) Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost and in respect of Abbey Protection Group Limited, the nominal value of the shares issued to acquire the subsidiary. Investments in subsidiary undertakings are reviewed for impairment when events, or changes in circumstances, indicate the carrying value may be impaired.

b) Going concern

The financial statements are prepared on the going concern basis as explained within the strategic report on page 2.

c) Dividend income

Dividend income from investments in subsidiaries is recognised when the right to receive payment is established.

d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that 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 laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
The profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration for:		
- fees for statutory audit services	4	18

3 Information regarding Directors and employees

Directors remuneration	2014 £'000	2013 £'000
Directors' emoluments	750	710
Compensation for loss of office	25	-
Company contributions to money purchase pension schemes	78	77
Total	853	787

Remuneration of the highest paid Director	2014 £'000	2013 £'000
Emoluments	262	200
Company contributions to money purchase pension schemes	15	56
Total	277	256

At the balance sheet date, there were six directors (2013, three) who were members of a money purchase pension scheme. Messrs Davies, Stovin and S Wilson emoluments in the year were paid by Markel International Services Limited, which makes no recharge to the Company. These directors are also directors of other companies in the Group and it is not possible to make an accurate apportionment of the emoluments in respect of each company of the Group that these directors provide services to. Their emoluments are disclosed in the financial statements of Markel International Insurance Company Limited as this is the entity where the directors are considered to spend the majority of their time.

Mr Candy's emoluments in the year were paid by Abbey Protection Group Limited and his emoluments and other benefits are disclosed within that company's accounts.

4 Staff costs

The Company had no employees other than the Executive Directors noted above.

5 Taxation

	2014 £'000	2013 £'000
(a) Analysis of charge in the year:		
Current taxation		
UK corporation taxation at 21.5% (2013, 23.25%) on the profit for the year on ordinary activities	166	45
Prior year adjustment	(45)	-
Total current taxation	121	45
Deferred taxation		
Origination and reversal of temporary differences	-	-
	121	45
(b) Factors affecting the taxation charge for the year:		
The rate of taxation differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:		
	2014 £'000	2014 £'000
Profit on ordinary activities	2,284	17,692
Profit on ordinary activities multiplied by standard rate of corporation taxation in the UK of 21.5% (2013, 23.25%)	491	4,111
Effects of:		
Expenses not deductible for taxation purposes	213	58
Non-taxable dividends	(538)	(4,127)
Prior year adjustments	(45)	-
Changes in the rate of corporation tax	-	3
Current taxation charge (as (a) above)	121	45

6 Dividends

	2014 £	2013 £
Ordinary dividend:		
Dividends paid in the year	15,500	10,189

Details of ordinary dividends paid during the year are disclosed within the Directors' report on page 4.

7 Investments in subsidiaries

Company	Country of Incorporation	Activity	Portion of ownership interests
Abbey Protection Group Limited	United Kingdom	Insurance intermediation / Consultancy	100%
Abbey Tax & Consultancy Services Limited	United Kingdom	Insurance intermediation / Consultancy	100%
LHS Solicitors LLP	United Kingdom	Legal Services	Controlling Member
Effective Tax Solutions Limited	United Kingdom	Consultancy	100%
Abbey Legal Holdings Limited	United Kingdom	Dormant	100%
Abbey Legal Protection Limited	United Kingdom	Dormant	100%
Abbey Tax Protection Limited	United Kingdom	Dormant	100%
Accountax Consulting Limited	United Kingdom	Dormant	100%
Accountax Law Limited	United Kingdom	Dormant	100%
Accountax UK Limited	Great Britain	Dormant	100%

In the Directors' opinion, the aggregate value of these investments is not less than the amounts at which those assets are included in the balance sheet.

Effective Tax Solutions Limited was acquired on 1 August 2014. Abbey Property Facilities Limited which the Company previously owned 70% was disposed on 31 October 2014 for £1. During the year, the assets and liabilities of Ibex Reinsurance Company Limited were novated to Markel International Insurance Company Limited and the company dissolved on 26 November 2014. Lewis Hymanson Small Solicitors LLP was renamed LHS Solicitors LLP on 1 March 2015. The dormant subsidiaries were dormant throughout the year.

8 Debtors and prepayments

	2014 £'000	2013 £'000
Due within one year		
Prepayments and accrued income	-	24
Amounts owed by group undertakings	6,982	7,269
Total	6,982	7,293

9 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	4,602	1,900
Corporation tax	166	45
Other taxes and social security	-	56
Accruals	42	166
	4,810	2,167

10 Share capital

	2014 £'000	2013 £'000
Issued, allocated and fully paid:		
Equity shares:		
101,212,786 (2013: 99,994,773) ordinary shares of 1p each	1,012	1,000
	1,012	1,000

11 Reconciliation of movements in shareholders' funds

	Share Capital £'000	Share Premium £'000	Own Shares £'000	Capital Redemption Reserve £'000	Equity settled share incentive reserve £'000	Retained earnings £'000	Total £'000
At beginning of the year	1,000	3,539	(18)	50	183	14,986	19,740
Shares issued	12	575	-	-	-	-	587
Equity settled share-based payments	-	-	-	-	-	411	411
Ordinary dividends paid	-	-	-	-	-	(15,500)	(15,500)
Treasury shares cancelled	-	-	18	-	-	(18)	-
Own shares released on vesting of share options	-	-	-	-	(183)	-	(183)
Profit for the year	-	-	-	-	-	2,163	2,163
Balance at 31 December 2014	1,012	4,114	-	50	-	2,042	7,218

12 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 in respect of transactions with group companies included within the consolidated accounts of the ultimate holding company.

13 Ultimate parent company

The Company's ultimate holding company is Markel Corporation, which is incorporated in the USA. Copies of the holding company's consolidated financial statements may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is www.markelcorp.com.