

Company registration number (England and Wales) 6984874

AAA UNDERWRITING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

SATURDAY



A2HUYH8J

A08

28/09/2013

#449

COMPANIES HOUSE

AAA UNDERWRITING LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 3
Independent auditors' report	4
Profit and loss account	5 - 6
Balance sheet	7 - 8
Cash flow statement	9
Accounting policies	10 - 12
Notes to the financial statements	13 - 21

AAA UNDERWRITING LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	Mr L W James Fidentia Trustees Ltd
------------------	---------------------------------------

Company Secretary	Fidentia Nominees Ltd
--------------------------	-----------------------

COMPANY ADDRESSES

Registered office	3 Castlegate Grantham Lincolnshire NG31 6SF
Member's agent	Alpha Insurance Analysts Ltd 107 Fenchurch Street London EC3M 5JF
Auditors	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
Administrator	Fidentia Services LLP 3 Castlegate Grantham, Lincolnshire NG31 6SF

AAA UNDERWRITING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was £193,159 (2011 loss £118,355) Interim dividends of £Nil (2011 £Nil) were paid during the year The directors do not recommend the payment of a final dividend

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's The Company commenced underwriting with effect from 1 January 2010

The result for the year is in respect of the 2012 annual accounting year, which consists of movements in the 2010, 2011 and 2012 years of account Gross premiums written decreased from £1,329,055 to £572,650 compared to the previous year and the overall balance in the technical account increased from £248,760 deficit to £223,168 as a result of the level of claims experienced

The company has continued to underwrite on the 2013 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk

Financial risk management objectives and policies

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

Hedge accounting is not used by the Company

Key performance indicators

The directors monitor the performance of the Company by reference to the following key performance indicators

	2012	2011
Capacity	£ 555,698	£ 1,790,953
Gross premium written as a % of capacity	103.05%	74.21%
Combined ratio	74.10%	123.83%

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

Directors and directors' interests

The directors who held office at any time during the period are listed below

Mr L W James
Fidentia Trustees Ltd

AAA UNDERWRITING LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 transaction 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.

The directors 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.

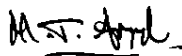
Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 23 September 2013 and signed on its behalf by



M J Argyle for and on behalf of Fidentia Trustees Limited
Director

AAA UNDERWRITING LIMITED

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF AAA UNDERWRITING LIMITED

We have audited the financial statements of AAA Underwriting Limited for the year ended 31 December 2012 on pages 5 to 21. 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).

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 a Report of the Auditors 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 the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

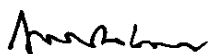
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' Report for the financial period 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 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.



Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co
Chartered Accountants
Statutory Auditor

Humphrey & Co
7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

Date *25 September* 2013

AAA UNDERWRITING LIMITED**PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Gross premiums written	2	572,650	1,329,055
Outward reinsurance premiums		(120,423)	(295,478)
Net premiums written		452,227	1,033,577
Change in the provision for unearned premiums			
Gross provision		271,349	46,621
Reinsurers' share		(40,223)	3,768
Net change in the provision for unearned premiums		231,126	50,389
Earned premiums net of reinsurance		683,353	1,083,966
Allocated investment income	4	51,260	11,154
Claims paid			
Gross amount		(689,274)	(476,027)
Reinsurers' share		156,564	88,081
Net claims paid		(532,710)	(387,946)
Change in provision for claims			
Gross amount		413,478	(823,303)
Reinsurers' share		(108,742)	202,167
Net change in provision for claims		304,736	(621,136)
Claims incurred net of reinsurance		(227,974)	(1,009,082)
Net operating expenses	5	(278,396)	(333,153)
Investment expenses and charges		(5,075)	(1,645)
Balance on technical account for general business		223,168	(248,760)

AAA UNDERWRITING LIMITED

PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Balance on the general business technical account		223,168	(248,760)
Investment income	6	2	1
Other income	7	-	171,582
Other charges		(37,742)	(37,468)
Profit/(Loss) on ordinary activities before taxation	8	185,428	(114,645)
Tax on profit/(loss) on ordinary activities	17	7,731	(3,710)
Profit/(Loss) for the financial year		193,159	(118,355)

The company has no recognised gains or losses other than the profit/(loss) for the financial years stated above

All amounts above relate to continuing operations

AAA UNDERWRITING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

Company registration number (England and Wales) 6984874

ASSETS	Note	Syndicate Participation £	Corporate £	2012 Total £	2011 Total £
Intangible assets					
Syndicate participation rights	9	-	62,391	62,391	45,205
Investments					
Financial investments	10	1,464,569	-	1,464,569	637,161
Deposits with ceding undertakings		439	-	439	463
Total investments		1,465,008	-	1,465,008	637,624
Reinsurers' share of technical provisions					
Provision for unearned premiums		30,161	-	30,161	71,927
Claims outstanding		184,939	-	184,939	146,975
Other technical provisions		117,275	-	117,275	138,308
Total reinsurers' share of technical provisions		332,375	-	332,375	357,210
Debtors					
Arising out of direct insurance operations	11				
Policyholders		-	-	-	-
Intermediaries		153,876	-	153,876	216,487
Arising out of reinsurance operations	11	52,264	-	52,264	37,320
Other debtors	12	386,791	76,875	463,666	496,400
Total debtors		592,931	76,875	669,806	750,207
Other assets					
Cash at bank	13	188,082	16	188,098	94,860
Other		-	-	-	1
Total other assets		188,082	16	188,098	94,861
Prepayments and accrued income					
Accrued interest		1,944	-	1,944	1,081
Deferred acquisition costs		48,741	-	48,741	114,911
Other prepayments and accrued income		1,400	-	1,400	3,453
Total prepayments and accrued income		52,085	-	52,085	119,445
Total assets		2,630,481	139,282	2,769,763	2,004,552

/continued

page seven

AAA UNDERWRITING LIMITED

BALANCE SHEET (continued) AS AT 31 DECEMBER 2012

Company registration number (England and Wales) 6984874

	Note	Syndicate Participation £	Corporate £	2012 Total £	2011 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	100	100	100
Share premium account	15	-	-	-	-
Profit and loss account	15	33,023	(9,380)	23,643	(169,516)
Shareholder's funds attributable to equity interests	16	33,023	(9,280)	23,743	(169,416)
Technical provisions					
Provision for unearned premiums		199,776	-	199,776	481,478
Claims outstanding - gross amount		1,926,345	-	1,926,345	1,386,802
Total technical provisions		2,126,121	-	2,126,121	1,868,280
Provisions for other risks and charges					
Provision for taxation	17	-	3,645	3,645	-
Deposits received from reinsurers		685	-	685	-
Creditors					
Arising out of direct insurance operations		52,487	-	52,487	23,939
Arising out of reinsurance operations		167,628	-	167,628	172,453
Amounts due to credit institutions		-	-	-	-
Other creditors	18	243,908	144,917	388,825	102,655
Total creditors		464,023	144,917	608,940	299,047
Accruals and deferred income					
Other accruals and deferred income		6,629	-	6,629	6,641
Total liabilities		2,630,481	139,282	2,769,763	2,004,552

Approved by the Board on 23 September

2013 and signed on its behalf by

M. J. Argyle

M J Argyle for and on behalf of Fidentia Trustees Limited
Director

AAA UNDERWRITING LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash (outflow) from operating activities	19	(76,691)	(8,417)
Returns on investments and servicing of finance			
Interest received		2	1
Interest paid		-	-
Dividends received		-	-
Dividends paid		-	-
Net cash inflow from returns on investments and servicing of finance		2	1
Taxation			
UK corporation tax paid		(6,800)	-
Foreign tax paid		(1,233)	-
Net cash (outflow) from taxation		(8,033)	-
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(48,560)	(9,388)
Proceeds from sale of syndicate participation rights		-	365,325
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cash (outflow) from capital expenditure and financial investment		(48,560)	355,937
Net cash (outflow) before financing		(133,282)	347,521
Financing			
Funds lent to/(withdrawn from) the company by the company's shareholders		133,282	(347,520)
Issue of share capital		-	-
Net cash inflow from financing		133,282	(347,520)
Increase in cash		-	1
Net funds at 1 January		16	15
Increase in cash in the year		-	1
Net funds at 31 December		16	16

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

AAA UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies And Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Company's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

ii Unearned premiums

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

iii Deferred acquisition costs

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

iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

AAA UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi Closed years of account

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

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

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

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

vii Run-off years of account

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

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

AAA UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

ix Basis of currency translation

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the period in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

x Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

xi Distribution of profits and collection of losses

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

1.2 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

1.3 Intangible assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

1.4 Investments

Investments held directly by the company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2 Class of business	Gross written premiums	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance balance
	£	£	£	£	£
2012					
Direct					
Accident and health	32,622	46,361	(18,788)	(18,999)	(1,791)
Motor - third party liability	4,165	7,266	(2,401)	(2,779)	(284)
Motor - other classes	17,647	22,495	(16,095)	(8,036)	(356)
Marine, aviation and transport	57,631	110,459	(18,859)	(38,238)	(397)
Fire and other damage to property	180,265	262,087	(125,487)	(92,840)	(22,018)
Third party liability	50,394	58,791	(23,155)	(25,571)	(7,154)
Credit and suretyship	10,471	18,486	(5,777)	(4,659)	(3,146)
Other	4,720	4,986	(2,068)	(2,450)	46
Total direct	357,915	530,931	(212,630)	(193,572)	(35,100)
Reinsurance business					
Reinsurance balance	214,735	313,068	(63,166)	(84,824)	(77,724)
Total	572,650	843,999	(275,796)	(278,396)	(112,824)
2011					
Direct					
Accident and health	64,690	58,556	(50,566)	(20,807)	(6)
Motor - third party liability	10,073	9,240	(7,948)	(2,960)	(5)
Motor - other classes	22,426	20,891	(25,336)	(6,842)	(5)
Marine, aviation and transport	199,118	213,101	(179,638)	(53,178)	(72)
Fire and other damage to property	337,236	333,425	(347,399)	(98,199)	(351)
Third party liability	66,514	57,289	(52,871)	(17,720)	(37)
Credit and suretyship	28,937	25,918	(17,363)	(4,501)	(63)
Other	4,537	3,803	(1,786)	(2,257)	(2)
Total direct	733,531	722,223	(682,907)	(206,464)	(541)
Reinsurance business					
Reinsurance balance	595,524	653,453	(616,423)	(126,689)	(921)
Total	1,329,055	1,375,676	(1,299,330)	(333,153)	(1,462)

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

3	Geographical analysis	2012	2011
		£	£
	Direct gross premiums written in:		
	United Kingdom	357,915	733,531
	Other EU member states	-	-
	The rest of the world	-	-
	Total	357,915	733,531
4	Allocated investment income	2012	2011
		£	£
	Investment income	48,635	12,261
	Realised gain/(loss) on investments	2,625	(1,107)
	Total	51,260	11,154
5	Net operating expenses	2012	2011
		£	£
	Acquisition costs	174,327	250,009
	Administrative expenses	90,035	85,029
	Loss/(Profit) on exchange	14,034	(1,885)
	Total	278,396	333,153

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

6	Investment income	2012	2011
		£	£
	Income from other investments (including interest receivable)	2	1
	Realised gain from other investments	-	-
	Unrealised gain from other investments	-	-
	Total	2	1

7	Other income	2012	2011
		£	£
	Profit on sale of syndicate participation rights	-	171,582
	Other	-	-
	Total	-	171,582

8	Profit/(Loss) on ordinary activities before taxation	2012	2011
		£	£
	This is stated after charging		-
	Auditor's remuneration - audit	810	810
	Auditor's remuneration - other	-	-
	Director's remuneration	-	-
	Employer's National Insurance contributions	-	-
	Employer's pension contributions	-	-
	Wages and salaries	-	-
	Amortisation of syndicate capacity	31,374	31,372
	Impairment of syndicate capacity	-	-

The company has no employees

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Intangible assets

Syndicate Participation Rights £

Cost

At 1 January 2012	94,117
Additions	48,560
Disposals	-
At 31 December 2012	142,677

Amortisation

At 1 January 2012	48,912
Charge for the period	31,374
Impairment losses	-
Disposals	-
At 31 December 2012	80,286

Net book value

At 31 December 2012	62,391
At 31 December 2011	45,205

10 Investments: Financial investments

	Syndicate £	Corporate £	2012 Total £	2011 Total £
At market value				
Shares and other variable yield securities	164,786	-	164,786	73,310
Debt securities and other fixed income securities	1,118,171	-	1,118,171	502,538
Participation in investment pools	134,332	-	134,332	41,849
Loans guaranteed by mortgage	8,605	-	8,605	4,231
Other loans	32,847	-	32,847	13,094
Deposits with credit institutions	5,684	-	5,684	1,739
Other	144	-	144	400
Total	1,464,569	-	1,464,569	637,161

The corporate investments held include £Nil (2011 £Nil) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 20

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

10 Investments Financial investments (continued)

	Syndicate	Corporate	2012 Total	2011 Total
	£	£	£	£
At cost				
Shares and other variable yield securities	162,740	-	162,740	71,306
Debt securities and other fixed income securities	1,113,907	-	1,113,907	506,192
Participation in investment pools	150,882	-	150,882	41,208
Loans guaranteed by mortgage	8,518	-	8,518	4,553
Other loans	32,837	-	32,837	13,012
Deposits with credit institutions	5,684	-	5,684	1,739
Other	33	-	33	391
Total	1,474,601	-	1,474,601	638,401

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate	Corporate	2012 Total	2011 Total
	£	£	£	£
The following amounts are due after one year				
Direct insurance operations	40	-	40	197
Reinsurance operations	15,026	-	15,026	16,554
Total	15,066	-	15,066	16,751

12 Other debtors

	Syndicate	Corporate	2012 Total	2011 Total
	£	£	£	£
Deferred tax	-	-	-	-
Other	386,791	76,875	463,666	496,400
Total	386,791	76,875	463,666	496,400

Corporate other debtors includes £Nil (2011 £Nil) due to the company after more than one year

Syndicate other debtors includes £22,072 (2011 £153,347) due to the company after more than one year

13 Cash at bank

	Syndicate	Corporate	2012 Total	2011 Total
	£	£	£	£
Lloyd's deposit	67,946	1	67,947	30,779
Cash at bank and in hand	120,136	15	120,151	64,081
Total	188,082	16	188,098	94,860

Any Lloyd's deposit is held in accordance with the constraints detailed in note 20

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Share capital	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 00	100	100
Nil Preference shares	-	-

15 Statement of movements on reserves	Share premium account £	Profit and loss account £
At 1 January 2012	-	(169,516)
Premium on shares issued during the period	-	-
Profit during the period	-	193,159
Dividends	-	-
At 31 December 2012	-	23,643

16 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Retained profit/(loss) for the financial period	193,159	(118,355)
Proceeds from the issue of shares	-	-
Net addition to/(depletion in) shareholders' funds	193,159	(118,355)
Opening shareholders' funds	(169,416)	(51,061)
Closing shareholders' funds	23,743	(169,416)

17 Taxation	2012 £	2011 £
<i>Analysis of charge in period</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the period	(6,552)	12,857
Adjustments in respect of prior years	(6,057)	-
Foreign tax	1,233	-
Total current tax	(11,376)	12,857

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

17 Taxation (continued)	2012	2011
	£	£
<i>Analysis of charge in period</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	3,645	(9,147)
Changes in tax rates	-	-
Other items	-	-
Total deferred tax	3,645	(9,147)
Tax on profit/(loss) on ordinary activities	(7,731)	3,710

Factors affecting tax charge for the period

The tax assessed for the period is different than the standard rate of Corporation Tax in the UK of 20.00%.
The differences are explained below

	2012	2011
	£	£
Profit/(Loss) on ordinary activities before taxation	185,428	(114,645)
Profit/(Loss) on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00%	37,086	(23,216)
<i>Effects of</i>		
(Income)/Expenses not (taxable)/deductible	4,772	(10,790)
Timing differences arising from the taxation of the underwriting results	(44,634)	50,369
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward/(Utilisation of tax losses)	-	(2,164)
Adjustments to tax charge in respect of prior periods	(9,838)	-
Other adjustments	1,238	(1,342)
Current tax charge for the year	(11,376)	12,857

Factors that may affect future tax charges

The company has trading losses of £Nil (2011 - £Nil) available for carry forward against future trading profits

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

17 Taxation (continued)	2012	2011
	£	£
<i>Provision for deferred tax</i>		
At 1 January	-	-
Charge to the profit and loss account	3,645	-
Released or utilised in the period	-	-
At 31 December	3,645	-

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £Nil (2011 - £38,029)

18 Other creditors	Syndicate	Corporate	2012	2011
	£	£	£	£
Other creditors	243,908	-	243,908	78,163
Social security costs	-	-	-	-
Corporation tax	-	-	-	12,857
Shareholders' loan account	-	144,917	144,917	11,635
	243,908	144,917	388,825	102,655

19 Reconciliation of operating profit/(loss) before interest to net cash outflow from operating activities	2012	2011
	£	£
Operating profit/(loss) before interest	185,426	(114,646)
Prior year result distributable in year	-	-
Loss/(Profit) on sale of syndicate participation rights	-	(171,582)
Increase in creditors	-	246,439
Increase in debtors	(293,491)	-
Amortisation and impairment of syndicate participation rights	31,374	31,372
Net cash outflow from operating activities	(76,691)	(8,417)

Note that the current year technical profit of £223,168, which has not been distributed in the period, is included within the increase in debtors line above

AAA UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

20 Funds at Lloyd's

Cash balances of £1 (2011 - £1) detailed in note 13 and investments of £Nil (2011 - £Nil) detailed in note 10 are held within the company's Lloyd's deposit. These balances exclude any amounts held via the syndicates.

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the company's underwriting activities as described in the accounting policies. The company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

In addition to these amounts, the shareholders of the company have also made available to Lloyd's assets amounting to approximately £1,474,116 (2011 - £1,432,551) that are also used by the company to support its Lloyd's underwriting.

21 Related party transactions

Mr L W James is controlling director and shareholder of the company. During the year, Mr L W James provided funding of £133,282 (2011 - £17,805) and withdrew funding of £Nil (2011 - £365,325). Included within creditors at 31 December 2012 is £144,917 (2011 - £11,635) which is due to Mr L W James. This amount is shown separately in note 18 under shareholders' loan account. No interest is chargeable on the amount outstanding.

22 Ultimate controlling party

The ultimate controlling party is Mr L W James.