

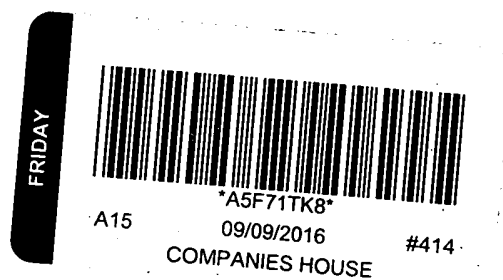
Company registration number: 7772439

Ludwig Fuchs London Limited

**Report and financial statements
31 December 2015**

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Ludwig Fuchs London Limited

Company information

Directors

Mr L A Fuchs
Mr G B Hudson
Mr J A Mackay

Company Secretary

Argenta Secretariat Limited

Registered Office

Fountain House
130 Fenchurch Street
London EC3M 5DJ

Auditors

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

Accountants

Argenta Tax & Corporate Services Limited
Fountain House
130 Fenchurch Street
London EC3M 5DJ

Ludwig Fuchs London Limited

Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2015.

Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's corporate capital member.

The financial statements incorporate the annual accounting results of the Syndicates on which the Company participates for the 2013, 2014 and 2015 years of account, as well as any 2012 and prior run-off years. The 2013 year closed at 31 December 2015 with a result of £75,346 (2012 - £65,680). The 2014 and 2015 open underwriting accounts will normally close at 31 December 2016 and 2017 respectively.

Results and Dividends

The results for the year are set out on pages 7 to 8 of the financial statements. Dividends totalling £Nil were paid in the year (2014 - £Nil).

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 agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's 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

	2015	Restated 2014
Capacity (youngest underwriting year)	£ 827,380	£ 705,465
Gross premium written as a % of capacity	93.0%	85.3%
Underwriting profit of latest closed year:		
as a % of capacity	12.4%	13.7%
Run-off years of account movement	£ -	£ -
Combined ratio	90.1%	87.3%

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


Approved by the Board on
and signed on its behalf by:


G B HUDSON

Director

2016

Aug. 18


L. Fuchs

Ludwig Fuchs London Limited

Report of the Directors

The Directors submit their Report together with the audited financial statements of the Company for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company continues to underwrite for the 2016 year of account.

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 period. 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; 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 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.

Directors

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

Mr L A Fuchs
Mr G B Hudson
Mr J A Mackay

Ludwig Fuchs London Limited

Report of the Directors (continued)

Auditors

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors.

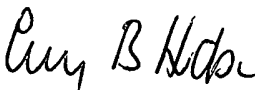
In the case of each of the persons who are Directors at the time this report is approved, the following applies:

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

Approved by the Board on
and signed on its behalf by:

2016

Aug. 18


G B HUDSON

Director


L. Fuchs

Ludwig Fuchs London Limited

Independent Auditor's report

Independent auditor's report to the members of Ludwig Fuchs London Limited

We have audited the financial statements of Ludwig Fuchs London Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of 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 (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit/(loss) 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 the other matter prescribed by the Companies Act 2006

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

Ludwig Fuchs London Limited

Independent Auditor's report (continued)

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.



Markham Grice (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St. Katharine's Way
London E1W 1DD

6 September 2016

Ludwig Fuchs London Limited

Profit and loss account

Technical account – general business

For the year ended 31 December 2015

	Note	2015 £	Restated 2014 £
Premiums written			
Gross premiums written	1	769,482	601,476
Outward reinsurance premiums	1	(146,265)	(119,090)
Net premiums written		<u>623,217</u>	<u>482,386</u>
Change in the provision for unearned premiums			
Gross provision	1	(87,222)	(35,694)
Reinsurers' share	1	10,836	5,548
Earned premiums, net of reinsurance		<u>546,831</u>	<u>452,240</u>
Allocated investment return transferred from the non-technical account		5,959	10,137
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(261,416)	(218,700)
Reinsurers' share	1	48,679	49,307
Net claims paid		<u>(212,737)</u>	<u>(169,393)</u>
Change in provision for claims			
Gross amount	1	(35,086)	(26,070)
Reinsurers' share	1	(4,489)	(10,175)
Change in net provision for claims		<u>(39,575)</u>	<u>(36,245)</u>
Claims incurred, net of reinsurance		<u>(252,312)</u>	<u>(205,638)</u>
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(240,563)	(189,218)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>59,915</u>	<u>67,521</u>

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Ludwig Fuchs London Limited

Profit and loss account

Non - technical account

For the year ended 31 December 2015

	Note	2015 £	Restated 2014 £
Balance on technical account for general business		59,915	67,521
Investment income	3	5,962	10,137
Allocated investment return transferred to the general business technical account		(5,959)	(10,137)
Other income		(1,195)	-
Other charges		(50,502)	(47,754)
Profit/(loss) on ordinary activities before taxation	4	8,221	19,767
Tax on profit/(loss) on ordinary activities	5	(2,060)	(12,477)
Profit/(loss) for the financial year		6,161	7,290
Other comprehensive income		2,220	3,907
Total comprehensive income	10	8,381	11,197

All amounts relate to continuing operations.

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Ludwig Fuchs London Limited

Balance sheet As at 31 December 2015

		31 December 2015			Restated 31 December 2014		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	53,073	53,073	-	88,776	88,776
Investments							
Financial investments	7	658,135	-	658,135	594,421	-	594,421
Deposits with ceding undertakings		90	-	90	189	-	189
		658,225	-	658,225	594,610	-	594,610
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	51,278	-	51,278	30,573	-	30,573
Claims outstanding	8	156,847	-	156,847	148,181	-	148,181
Other technical provisions		-	-	-	6,858	-	6,858
		208,125	-	208,125	185,612	-	185,612
Debtors							
Arising out of direct insurance operations		169,962	-	169,962	126,650	-	126,650
Arising out of reinsurance operations		232,953	-	232,953	183,075	-	183,075
Other debtors	7	79,574	-	79,574	51,885	-	51,885
		482,489	-	482,489	361,610	-	361,610
Other assets							
Cash at bank and in hand		28,147	-	28,147	25,790	84	25,874
Other		36,269	-	36,269	30,294	-	30,294
		64,416	-	64,416	56,084	84	56,168
Prepayments and accrued income							
Accrued interest		358	-	358	319	-	319
Deferred acquisitions costs	8	100,212	-	100,212	74,450	-	74,450
Other prepayments and accrued income		3,080	-	3,080	2,551	-	2,551
		103,650	-	103,650	77,320	-	77,320
Total assets		1,516,905	53,073	1,569,978	1,275,236	88,860	1,364,096


The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Ludwig Fuchs London Limited

Balance sheet As at 31 December 2015

		31 December 2015			Restated 31 December 2014		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	9	-	100	100	-	100	100
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	10	104,325	(105,493)	(1,168)	107,872	(117,421)	(9,549)
Shareholders' funds – attributable to equity interests		104,325	(105,393)	(1,068)	107,872	(117,321)	(9,449)
Technical provisions							
Provision for unearned premiums	8	371,631	-	371,631	275,096	-	275,096
Claims outstanding	8	828,396	-	828,396	730,078	-	730,078
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	11	-	1,893	1,893	-	484	484
Other		-	-	-	-	-	-
Deposit received from reinsurers		123	-	123	148	-	148
Creditors							
Arising out of direct insurance operations		16,469	-	16,469	11,660	-	11,660
Arising out of reinsurance operations		112,572	-	112,572	93,070	-	93,070
Amounts owed to credit institutions		978	-	978	780	-	780
Other creditors including taxation and social security	7	82,701	137,485	220,186	51,717	190,644	242,361
		1,412,870	139,378	1,552,248	1,162,549	191,128	1,353,677
Accruals and deferred income		(290)	19,088	18,798	4,815	15,053	19,868
Total liabilities		1,516,905	53,073	1,569,978	1,275,236	88,860	1,364,096

Approved and authorised for issue by the Board of Directors on 18th Aug 2016
and signed on its behalf by:


G B HUDSON
Director

Company registration number: 7772439

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.



Ludwig Fuchs London Limited

Statement of changes in equity For the year ended 31 December 2015

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	100	-	-	(20,746)	-	(20,646)
Profit/(loss) for the year	-	-	-	7,290	-	7,290
Other comprehensive income	-	-	-	3,907	-	3,907
Total comprehensive income	-	-	-	11,197	-	11,197
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2014	100	-	-	(9,549)	-	(9,449)
Profit/(loss) for the year	-	-	-	6,161	-	6,161
Other comprehensive income	-	-	-	2,220	-	2,220
Total comprehensive income	-	-	-	8,381	-	8,381
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2015	100	-	-	(1,168)	-	(1,068)

Called-up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Ludwig Fuchs London Limited

Cash flow statement

For the year ended 31 December 2015

	2015 £	Restated 2014 £
Operating activities		
Profit/(loss) on ordinary activities before tax	10,441	23,674
(Profit)/loss attributable to syndicate transactions	3,547	71,955
Profit/(loss) - excluding syndicate transactions	13,988	95,629
Adjusted for:		
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	(49,124)	25,122
(Profit)/loss on disposal of intangible assets	1,195	-
Amortisation of syndicate capacity	34,508	33,002
Realised/unrealised (gains)/losses on investments	-	-
Investment income	(3)	-
Corporation and overseas taxes (paid)/refunded	(651)	(747)
Net cash inflow/(outflow) from operating activities	(87)	153,006
Investing activities		
Investment income	3	-
Purchase of syndicate capacity	-	(9,050)
Proceeds from sale of syndicate capacity	-	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	-	-
Net cash (outflow)/inflow from investing activities	3	(9,050)
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	-	-
Net cash (outflow)/inflow from financing activities	-	-
Net cash increase/(decrease) in cash and cash equivalents	(84)	143,956
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	84	(143,872)
Cash and cash equivalents at the end of the year	-	84
Consisting of:		
Cash at bank and in hand	-	84
Cash equivalents	-	-
	-	84

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.

The accounting policies and notes on pages 13 to 39 form part of these Financial Statements.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Basis of preparation of financial statements

General information

The Company is a limited company incorporated in the United Kingdom.

The financial statements have been presented in Pounds Sterling ("Sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

Basis of preparation and transition to FRS 102

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These financial statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

The financial statements for the year ended 31 December 2015 are the Company's first financial statements that comply with FRS 102; the Company's date of transition to FRS 102 was 1 January 2014. The impact on reported profit or loss and equity on transition to FRS 102 is set out in the notes to these financial statements.

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 requires the Company to recognise its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

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

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Accounting policies

i Going concern

As at 31 December 2015 the Company had net liabilities of £1,068 (2014: £9,449). The directors consider the Company to be a going concern and have prepared the financial statements on that basis. The Company is continuing to underwrite at Lloyd's for the 2016 year of account.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vi below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vi below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Accounting policies (continued)

vi Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either
 - (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

vii Financial instruments

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables, trade and other payables and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Accounting policies (continued)

vii Financial instruments (continued)

Basic financial instruments (except for non-puttable ordinary and non-convertible preference shares) are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest rate method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

viii Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

ix Foreign currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with in the profit and loss account.

x Intangible assets

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Accounting policies (continued)

xi Taxation

The Company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these financial statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods.

xii Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

xiii Critical accounting judgements and key sources of estimated uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicates.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

Accounting policies (continued)

xiii Critical accounting judgements and key sources of estimated uncertainty (continued)

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating value in use

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

Recoverability of receivables

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

Determining the useful life of purchased syndicate capacity

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

1. Class of Business

2015	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	27,825	26,694	(12,332)	(12,051)	(1,355)	956
Motor – third party liability	5,728	4,944	(3,458)	(1,754)	279	11
Motor – other classes	16,019	13,237	(9,617)	(4,525)	33	(872)
Marine, aviation and transport	112,900	97,928	(39,140)	(41,538)	(10,393)	6,857
Fire and other damage to property	228,431	198,436	(81,900)	(70,163)	(34,586)	11,787
Third party liability	115,294	104,637	(59,411)	(37,965)	(4,631)	2,630
Credit and suretyship	9,040	9,050	(5,147)	(2,235)	(1,275)	393
Legal expenses	1,186	1,539	(657)	(752)	(9)	121
Assistance	-	-	-	-	-	-
Miscellaneous	4,171	4,022	(1,497)	(1,737)	(515)	273
	520,594	460,487	(213,159)	(172,720)	(52,452)	22,156
Reinsurance	248,888	221,773	(83,343)	(67,843)	(38,787)	31,800
Total	769,482	682,260	(296,502)	(240,563)	(91,239)	53,956

Restated 2014	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	25,447	24,443	(10,581)	(10,764)	(1,076)	2,022
Motor – third party liability	4,008	3,928	(2,829)	(1,387)	(53)	(341)
Motor – other classes	10,021	9,879	(6,276)	(3,551)	(278)	(226)
Marine, aviation and transport	87,462	84,357	(41,120)	(29,456)	(5,119)	8,662
Fire and other damage to property	169,264	160,077	(58,935)	(55,257)	(28,554)	17,331
Third party liability	92,477	79,052	(48,721)	(28,205)	(2,404)	(278)
Credit and suretyship	9,069	8,875	(6,772)	(2,147)	(114)	(158)
Legal expenses	1,692	1,725	(671)	(950)	(8)	96
Assistance	-	-	-	-	-	-
Miscellaneous	3,502	3,492	(676)	(1,617)	(751)	448
	402,942	375,828	(176,581)	(133,334)	(38,357)	27,556
Reinsurance	198,534	189,954	(68,189)	(55,884)	(36,053)	29,828
Total	601,476	565,782	(244,770)	(189,218)	(74,410)	57,384

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

2. Net Operating Expenses	2015	Restated
	£	2014
		£
Acquisition costs	218,580	165,289
Change in deferred acquisition costs	(25,899)	(12,577)
Administrative expenses	39,718	27,852
Reinsurance commissions and profit participations	(17,319)	(13,728)
Personal expenses	25,483	22,382
	<u>240,563</u>	<u>189,218</u>
3. Investment Income	2015	Restated
	£	2014
		£
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	11,160	10,159
Realised gains and losses	(671)	1,042
Unrealised gains and losses	(3,497)	99
Other	-	-
	<u>6,992</u>	<u>11,300</u>
Financial instruments held at amortised cost:		
Interest	3	-
Other	-	-
	<u>3</u>	<u>-</u>
Investment management expenses, including interest	(1,033)	(1,163)
	<u>(1,033)</u>	<u>(1,163)</u>
	<u>5,962</u>	<u>10,137</u>
4. Profit/(Loss) on Ordinary Activities before Taxation	2015	Restated
	£	2014
		£
Operating profit/(loss) is stated after charging:		
Directors' remuneration	-	-
Amortisation of syndicate capacity	34,508	33,002
(Profit)/loss on disposal of intangible fixed assets	1,195	-
(Profit)/loss on exchange	(65)	579

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

The fees payable to the Company's auditor for audit services are included in the fees payable to the Members' Agent.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

5. Taxation	2015 £	Restated 2014 £
Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) of the year	-	-
Adjustment in respect of previous period	-	-
Foreign tax	651	747
Total current tax	651	747
Deferred tax:		
Origination and reversal of timing differences	1,371	11,730
Change in tax rate	38	-
Total tax	2,060	12,477
Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK of 20.00% (2014 - 20.00%). The differences are explained below:		
Profit/(loss) on ordinary activities before tax	10,441	19,767
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2014 - 20.00%)	2,088	3,953
Effects of:		
Change in deferred tax rate	38	-
Deferred tax asset previously unrecognised	-	8,703
Foreign tax	521	598
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Marginal rates of taxation and prior period adjustment	(587)	(777)
Total tax charge/(credit) for the period	2,060	12,477

The results of the Company's participation on the 2013, 2014 and 2015 years of account and any calendar year movement on 2012 and prior run-offs, will not be assessed to tax until the year ended 31 December 2016, 2017 and 2018 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

A change in the main UK corporation tax rate from 21% to 20% took effect from 1 April 2015. The rate will be reduced further to 19% from 1 April 2017 and to 18% from 1 April 2020. The effect of these reductions are reflected in the recognised deferred tax liability/(asset).

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

6.	Intangible Assets	2015	Restated
		£	2014
			£
	Purchased Syndicate Capacity		
	Cost		
	At 1 January 2015	174,060	165,010
	Additions	-	9,050
	Disposals	(1,519)	-
	At 31 December 2015	172,541	174,060
	Amortisation		
	At 1 January 2015	85,284	52,282
	Additions	34,508	33,002
	Disposals	(324)	-
	At 31 December 2015	119,468	85,284
	Net Book Value		
	At 31 December 2015	53,073	88,776
	At 31 December 2014	88,776	112,728
7.	Financial Instruments and Financial Risk Management		
7.1	Financial Investments		
	Other financial investments – Syndicate participation		
		2015	Restated
		Market	2014
		Value	Market
		£	Value
			£
	Shares and other variable yield securities and units in unit trusts	5,562	15,312
	Debt securities and other fixed income securities	525,670	473,935
	Participation in investment pools	11,213	15,892
	Loans with credit institutions	2,570	2,486
	Derivative financial instruments	223	177
	Other investments	-	5,016
	Deposits with credit institutions	13,148	13,069
	Other	99,749	68,534
		658,135	594,421
	Other financial investments – Corporate		
	Shares and other variable yield securities and units in unit trusts	-	-
	Debt securities and other fixed income securities	-	-
	Other investments	-	-

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.2 Other Debtors

	2015			Restated 2014		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	79,574	-	79,574	51,885	-	51,885
	79,574	-	79,574	51,885	-	51,885

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2015			Restated 2014		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
	-	-	-	-	-	-

Funds at Lloyd's represents assets 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 Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies 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.

7.4 Other Creditors including Taxation and Social Security

	2015			Restated 2014		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	128,434	128,434	-	181,594	181,594
Third party funds	-	-	-	-	-	-
Other creditors	82,701	9,051	91,752	51,717	9,050	60,767
Amount due to group undertakings	-	-	-	-	-	-
	82,701	137,485	220,186	51,717	190,644	242,361

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Company's financial instruments by classification.

Other financial investments – Syndicate participation

	2015			Restated 2014		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	692,507	-	692,507	623,231	-	623,231
Deposits with ceding undertakings	-	90	90	-	189	189
Insurance debtors	-	169,962	169,962	-	126,650	126,650
Reinsurance debtors	-	232,953	232,953	-	183,075	183,075
Other debtors	-	79,574	79,574	-	51,885	51,885
Cash at bank and in hand	-	28,147	28,147	-	25,790	25,790
Other assets	-	-	-	-	-	-
	692,507	510,726	1,203,233	623,231	387,589	1,010,820
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	-	-	-	(71)	-	(71)
Insurance creditors	-	16,469	16,469	-	11,660	11,660
Reinsurance creditors	-	112,572	112,572	-	93,070	93,070
Amounts owed to credit institutions	-	978	978	-	780	780
Other creditors	-	-	-	-	-	-
	-	130,019	130,019	(71)	105,510	105,439

Other financial investments – Corporate

	2015			Restated 2014		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	84	84
Other assets	-	-	-	-	-	-
	-	-	-	-	84	84
Financial liabilities						
Other creditors	-	137,485	137,485	-	190,644	190,644
	-	137,485	137,485	-	190,644	190,644

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

The table below sets out details of the Company's derivative financial instruments.

	2015		Restated 2014	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	(16,448)	138	279	117
Interest rate future contracts	(18,448)	32	2,040	36
Foreign exchange options	-	-	-	-
Equity options	989	22	3,901	(7)
Foreign exchange contract for difference	1,379	30	9,996	15
Other	-	-	-	-
	(32,528)	222	16,216	161

7.6 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2015						
Financial assets						
Shares and other variable yield securities and units in unit trusts	17,859	81,987	5,466	105,312	-	105,312
Debt securities and other fixed income securities	225,120	236,989	63,561	525,670	-	525,670
Participation in investment pools	2,225	3,732	5,256	11,213	-	11,213
Loans and deposits with credit institutions	34,229	9,567	6,283	50,079	-	50,079
Derivatives	41	-	182	223	-	223
Other investments	-	-	10	10	-	10
Financial assets classified as held for sale	-	-	-	-	-	-
	279,474	332,275	80,758	692,507	-	692,507
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	(77)	-	(217)	(294)	-	(294)
Financial liabilities classified as held for sale	-	-	-	-	-	-
	(77)	-	(217)	(294)	-	(294)

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
Restated - 2014						
Financial assets						
Shares and other variable yield securities and units in unit trusts	20,604	43,177	20,065	83,846	-	83,846
Debt securities and other fixed income securities	175,688	228,975	69,273	473,936	-	473,936
Participation in investment pools	6,569	2,377	6,946	15,892	-	15,892
Loans and deposits with credit institutions	35,083	6,695	7,595	49,373	-	49,373
Derivatives	104	-	73	177	-	177
Other investments	-	-	8	8	-	8
Financial assets classified as held for sale	-	-	-	-	-	-
	238,048	281,224	103,960	623,232	-	623,232
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	(52)	-	(18)	(70)	-	(70)
Financial liabilities classified as held for sale	-	-	-	-	-	-
	(52)	-	(18)	(70)	-	(70)

Other financial investments – Corporate

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2015						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Corporate (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
Restated 2014						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

7.7 Financial Risk Management

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Foreign exchange risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2015						
Shares and other variable yield securities and units in unit trusts	23,751	2,012	10,773	4,647	64,128	105,311
Debt securities and other fixed income securities	161,597	185,178	121,308	53,445	4,142	525,670
Participation in investment pools	2,977	1,294	380	48	6,514	11,213
Loans secured with credit institutions	2,270	31	269	-	-	2,570
Deposits with credit institutions	-	199	1,083	-	-	1,282
Overseas deposits	28,211	9,576	6,956	2,786	56	47,585
Derivative investments	25	-	4	9	184	222
Other investments	-	-	-	-	10	10
Deposits with ceding undertakings	-	-	-	-	90	90
Reinsurers share of claims outstanding	5,291	47,972	96,686	1,183	4,873	156,005
Reinsurance debtors	926	148,343	19,455	258	119	169,101
Cash at bank and in hand	13,140	766	11,049	3,192	-	28,147
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	238,188	395,371	267,963	65,568	80,116	1,047,206

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Restated 2014						
Shares and other variable yield securities and units in unit trusts	28,530	1,884	6,900	3,904	42,625	83,843
Debt securities and other fixed income securities	179,398	154,558	104,368	32,992	2,618	473,934
Participation in investment pools	6,734	1,733	411	-	7,013	15,891
Loans secured with credit institutions	2,057	5,049	396	-	-	7,502
Deposits with credit institutions	-	-	611	-	40	651
Overseas deposits	21,709	9,674	7,304	1,142	2,876	42,705
Derivative investments	68	-	24	13	73	178
Other investments	-	-	-	-	8	8
Deposits with ceding undertakings	-	-	155	-	34	189
Reinsurers share of claims outstanding	6,785	49,784	84,656	1,203	4,131	146,559
Reinsurance debtors	777	121,905	14,125	272	190	137,269
Cash at bank and in hand	8,855	71	15,180	1,683	-	25,789
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	254,913	344,658	234,130	41,209	59,608	934,518

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2015						
Shares and other variable yield securities and units in unit trusts	105,312	-	-	-	1	105,313
Debt securities and other fixed income securities	525,670	-	-	-	-	525,670
Participation in investment pools	11,213	-	-	-	-	11,213
Loans secured with credit institutions	2,570	-	-	-	-	2,570
Deposits with credit institutions	1,283	-	-	-	-	1,283
Overseas deposits	47,584	-	-	-	-	47,584
Derivative investments	223	-	-	-	-	223
Other investments	10	-	-	-	-	10
Deposits with ceding undertakings	90	-	-	-	-	90
Reinsurers share of claims outstanding	156,005	841	1	1	-	156,848
Reinsurance debtors	169,101	10,120	1,058	154	294	180,727
Cash at bank and in hand	28,147	-	-	-	-	28,147
Insurance debtors	198,446	9,757	1,895	2,584	-	212,682
Other debtors	41,971	-	-	96	-	42,067
	1,287,625	20,718	2,954	2,835	295	1,314,427

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Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
Restated 2014						
Shares and other variable yield securities and units in unit trusts	83,842	-	-	-	3	83,845
Debt securities and other fixed income securities	473,935	-	-	-	-	473,935
Participation in investment pools	15,892	-	-	-	-	15,892
Loans secured with credit institutions	7,502	-	-	-	-	7,502
Deposits with credit institutions	650	-	-	-	-	650
Overseas deposits	42,705	-	-	-	-	42,705
Derivative investments	177	-	-	-	-	177
Other investments	8	-	-	-	-	8
Deposits with ceding undertakings	189	-	-	-	-	189
Reinsurers share of claims outstanding	146,559	-	-	-	-	146,559
Reinsurance debtors	137,269	4,669	112	372	340	142,762
Cash at bank and in hand	25,790	-	-	-	-	25,790
Insurance debtors	146,507	7,210	2,084	479	-	156,280
Other debtors	23,935	-	-	91	-	24,026
	1,104,960	11,879	2,196	942	343	1,120,320

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2015						
Derivative financial instruments	-	290	55	-	-	345
Deposits received from reinsurers	-	123	-	-	-	123
Creditors	20,716	103,001	38,742	1,276	-	163,735
Other	412	-	-	-	-	412
	21,128	103,414	38,797	1,276	-	164,615

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Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
Restated - 2014						
Derivative financial instruments	-	183	14	-	-	197
Deposits received from reinsurers	-	148	-	-	-	148
Creditors	12,061	74,207	34,796	1,211	-	122,275
Other	337	-	-	-	-	337
	12,398	74,538	34,810	1,211	-	122,957

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2015 £	Restated 2014 £
Impact of 50 basis point increase on profit or loss	(5,124)	(4,668)
Impact of 50 basis point decrease on profit or loss	4,669	4,302
Impact of 50 basis point increase on equity	(5,244)	(4,807)
Impact of 50 basis point decrease on equity	4,790	4,443

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Company manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

Syndicate participation	2015 £	Restated 2014 £
Impact on profit or loss of 5% increase in Stock Market Prices	1,165	1,278
Impact on profit or loss of 5% decrease in Stock Market Prices	(1,165)	(1,278)
Impact on equity of 5% increase in Stock Market Prices	1,165	1,278
Impact on equity of 5% decrease in Stock Market Prices	(1,165)	(1,278)

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.

Currency risk

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

Net assets and liabilities	2015		Restated 2014	
	Syndicate Participation £	Corporate £	Syndicate Participation £	Corporate £
Sterling	(56,545)	(158,466)	(37,245)	(206,144)
United States Dollar	104,478	-	89,047	47
Euro	10,911	-	8,617	-
Canadian Dollar	25,941	-	31,556	-
Australian Dollar	3,309	-	2,551	-
Japanese Yen	(1,350)	-	(765)	-
Other	(2,163)	-	(1,807)	-

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these financial statements.

The Company's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the profit and loss.

	Corporate Profit and loss			
	31 December 2015		Restated - 31 December 2014	
	Increase	Decrease	Increase	Decrease
	£	£	£	£
Effect of sterling exchange movement by 10%				
United States Dollar	-	-	4	(5)
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

7.8 Capital Management

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicates. Refer to Note 7.3 for further information.

Ludwig Fuchs London Limited

Notes to the Financial Statements For the year ended 31 December 2015

8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2015			Restated 2014		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	730,078	148,181	581,897	295,457	55,083	240,374
Movements in the year	34,744	(4,489)	39,233	25,270	(10,175)	35,445
Exchange differences	63,574	13,155	50,419	409,351	103,273	306,078
At 31 December	828,396	156,847	671,549	730,078	148,181	581,897

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2015			Restated 2014		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	275,096	30,573	244,523	234,031	32,288	201,743
Movements in the year	87,222	10,836	76,386	35,694	5,548	30,146
Exchange differences	9,313	9,869	(556)	5,371	(7,263)	12,634
At 31 December	371,631	51,278	320,353	275,096	30,573	244,523

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2015 £	Restated 2014 £
At 1 January	74,450	61,451
Movements in the year	25,899	12,577
Exchange differences	(137)	422
At 31 December	100,212	74,450

8.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these financial statements.

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Notes to the Financial Statements For the year ended 31 December 2015

9. Called-up Share Capital

Issued and fully paid

	At 1 January	Issued during the year	Redeemed during the year	At 31 December
Par value per share				
Ordinary £1 shares	100	-	-	100
Total	100	-	-	100

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

10. Profit and Loss Account

	2015			2014		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit/(loss) brought forward	107,872	(117,421)	(9,549)	35,917	(56,663)	(20,746)
Reallocate distribution	(65,693)	65,693	-	-	-	-
Profit/(loss) for the financial year	62,146	(53,765)	8,381	71,955	(60,758)	11,197
Equity dividends	-	-	-	-	-	-
Retained profit/(loss) carried forward	104,325	(105,493)	(1,168)	107,872	(117,421)	(9,549)

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Notes to the Financial Statements For the year ended 31 December 2015

11. Deferred Tax

	2015			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £
At 1 January	22,072	(20,485)	-	(1,103)
Movement in the year	(1,390)	2,914	-	(115)
At 31 December	20,682	(17,571)	-	(1,218)

	Restated 2014			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £
At 1 January	6,425	(17,671)	-	-
Movement in the year	15,647	(2,814)	-	(1,103)
At 31 December	22,072	(20,485)	-	(1,103)

The unused tax losses carried forward at the Balance Sheet date are £88,577. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

12. Related Party Disclosure

During the year the Directors made loans to and from the Company. At the Balance Sheet date the amount due (to)/from the Company was £128,434 (2014: £181,594).

Any related party loans and balances do not attract interest and are repayable on demand.

13. Ultimate Controlling Party

The Company is controlled by Mr L A Fuchs who holds 100% of the issued £100 ordinary share capital.

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Notes to the Financial Statements For the year ended 31 December 2015

14. Explanation of transition to FRS 102

This is the first financial year that the Company has presented its financial statements in accordance with FRS 102 *The Financial Reporting Framework Applicable in the UK and Republic of Ireland* ("FRS 102"). For financial years up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant UK GAAP. The Company's date of transition to FRS 102 was therefore 1 January 2014.

This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The Company's opening equity position as at 1 January 2014 and its previously published financial statements for the year ended 31 December 2014 have been restated.

In carrying out the transition to FRS 102, the Company has not applied any of the optional exemptions as permitted by Section 35 Transition to this FRS.

Set out below are the transition tables to reconcile:

- Total equity as at 1 January 2014;
- Total equity as at 31 December 2014; and
- Profit or loss for the year ended 31 December 2014.

Reconciliation of Equity

	As at 31 December 2014 £	As at 1 January 2014 £
Equity as reported under old UK GAAP	(6,952)	(24,458)
Effect of change in foreign exchange accounting policy	(2,497)	3,812
Equity as reported under FRS 102	<u>(9,449)</u>	<u>(20,646)</u>

Reconciliation of Profit and Loss

	For the year ended 31 December 2014 £
Profit/(loss) as reported under old UK GAAP	17,506
Effect of change in foreign exchange accounting policy	(6,309)
Profit/(loss) as reported under FRS 102	<u>11,197</u>

Transitional adjustments applicable to the Syndicates

The effect of change in foreign exchange accounting policy has arisen from the following adjustments:

Adjustment 1 - Foreign exchange under SSAP 20

For accounting periods up to and including 31 December 2014, a number of Syndicates had adopted Statement of Standard Accounting Practice No 20 ('SSAP 20') Foreign currency translation as the basis on which they accounted for foreign currency translation. SSAP20 permitted 'branch' accounting with exchange movements being reported as adjustments to reserves. In accordance with FRS 103 all exchange differences have been reported in the non-technical account.

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Notes to the Financial Statements For the year ended 31 December 2015

14. Explanation of transition to FRS 102 (continued)

Adjustment 2 - Foreign exchange under FRS 23

For accounting periods up to and including 31 December 2014, a number of Syndicates had adopted FRS 23 The Effect of Changes in Foreign Exchange Rates as the basis on which they accounted for foreign currency translation. Some balances arising from foreign currency denominated insurance contracts were treated as non-monetary items, and so were not retranslated at closing rates. FRS 103 requires an entity to treat all assets and liabilities arising from an insurance contract as monetary items.

Adjustment 3 – Cash at bank and in hand

The transition to FRS 102 has impacted the amount reported as cash at bank and in hand. Under FRS 102 financial assets with a maturity of 90 days or less are included within the definition of cash equivalents. Such assets that were previously reported under financial investments are now reported as cash and cash equivalents.

There are no transitional adjustments applicable to the Corporate.