

Registered number: 8164886

DUAL SPECIALTY RISKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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DUAL SPECIALTY RISKS LIMITED

COMPANY INFORMATION

DIRECTORS

T S Bains (appointed 28 August 2016, resigned 31 December 2016)
G Marshall (resigned 27 October 2016)
J M Murphy (resigned 5 November 2016)
R M Clapham (appointed 28 November 2016)
S P Doyle (resigned 10 November 2015)
A H Elston (resigned 31 December 2015)
R W N Kilpatrick (resigned 29 April 2016)

COMPANY SECRETARY

Andrew Moore
Emma Snooks

REGISTERED NUMBER

8164886

REGISTERED OFFICE

Bankside House
107-112 Leadenhall Street
London
EC3A 4AF

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

DUAL SPECIALTY RISKS LIMITED

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DUAL SPECIALTY RISKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

BUSINESS REVIEW

The Company made a loss after taxation for the year ended 30 September 2016 of £492,000 (2015: profit after taxation of £615,000 [restated]).

Revenue fell from £2,922,000 to £1,363,000, a decrease of 53%. The Company's preferred measure of profitability is earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA fell from a profit of £779,000 to a loss of £644,000. The results reflect the Company ceasing to underwrite new insurance business during the year.

The reconciliation between the statutory basis of reporting and EBITDA is below:

	2016 £000	2015 £000
EBITDA	(644)	779
Depreciation	(1)	(1)
	-	-
Profit/(loss) before tax	(645)	778

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations are exposed to cyclical factors that affect the insurance market and therefore the level of premiums written and commissions earned. The Company operates in a highly competitive market and faces competition from other insurance intermediary underwriters.

The Company is not directly exposed to any ultimate underwriting losses on business written, but participates in underwriting profits which may vary significantly year on year. As it is reliant on third party underwriting capital, the Company is exposed to potential changes in underwriting policy and practice by its capital providers.

The Company conducts its business whilst being fully aware of the risks arising from non-compliance with either local or international regulations and operates within a business framework which seeks to minimise the risk of financial crime (including bribery and corruption) occurring.

The Company is heavily dependent on its IT systems for delivery of its functions. The Company believes its IT systems and those systems provided by third parties are reliable and well protected, notwithstanding that they require regular updating and maintenance to ensure ongoing suitability.

The Company's success is reliant upon attracting and retaining key staff. The Company maintains contracts of employment and, where possible, succession planning processes.

Following the United Kingdom referendum result to exit the EU on 23 June 2016, the impact on market conditions, currency values and the wider economic environment is volatile, but the Directors are satisfied that the Company is sufficiently positioned to manage risks and react to any market developments.

DUAL SPECIALTY RISKS LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

FINANCIAL RISK MANAGEMENT

A portion of the Company's income, expenses, assets and liabilities are denominated in currencies other than the Company's functional currency of sterling. As a result, movement in exchange rates may affect the sterling value of those items. Where possible the Company will endeavour to match foreign currency assets with liabilities of similar maturities. However given the relative insignificant value per transaction and short time frame between inception and settlement of liability/asset the Company does not enter into appropriate financial instruments to hedge the foreign exchange risk where there is a net exposure.

The Company's principal financial assets are bank balances and cash as well as trade and other receivables. The amounts presented in the financial statements are net of allowances for doubtful receivables. An allowance is made where there is an identified loss event. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company regularly reviews its working capital situation and outsources its treasury arrangements to HIG Finance Limited, the Group's main treasury entity, which uses a mixture of long-term and short-term debt finance.

FUTURE DEVELOPMENTS

The Company ceased to underwrite new insurance business during the year.

This report was approved by the board on **9 January 2017** and signed on its behalf.



R M Clapham
Director

DUAL SPECIALTY RISKS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The Directors present their report and the financial statements for the year ended 30 September 2016.

PRINCIPAL ACTIVITY

DUAL Specialty Risks Limited ("the Company") is an Appointed Representative of a fellow group undertaking, DUAL Corporate Risks Limited. The Company is an underwriting agency specialising in General Liability Insurance in the mid-market sector.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £492,000 (2015 - profit of £615,000).

The Directors do not recommend a payment of a dividend (2015 - £NIL).

DIRECTORS

The Directors who served during the year and up to the date of this report were:

T S Bains (appointed 28 August 2016, resigned 31 December 2016)
G Marshall (resigned 27 October 2016)
J M Murphy (resigned 5 November 2016)
S P Doyle (resigned 10 November 2015)
A H Elston (resigned 31 December 2015)
R W N Kilpatrick (resigned 29 April 2016)
R M Clapham (appointed 28 November 2016)

DIRECTORS' INDEMNITIES

Hyperion Insurance Group Limited, the ultimate holding company, has made qualifying third party indemnity provisions for the benefit of the Company Directors which were made during the year and remain in force at the date of this report.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of financial risk management objectives and policies are included in the Strategic Report, and form part of this report by cross-reference:

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

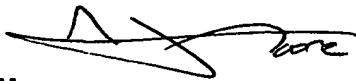
DUAL SPECIALTY RISKS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 January 2017 and signed on its behalf.



A Moore
Company Secretary

DUAL SPECIALTY RISKS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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

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

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

DUAL SPECIALTY RISKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUAL SPECIALTY RISKS LIMITED

We have audited the financial statements of DUAL Specialty Risks Limited for the year ended 30 September 2016, set out on pages 8 to 24, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council'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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material 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 30 September 2016 and of its 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 OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Directors' Report has been prepared in accordance with applicable legal requirements.

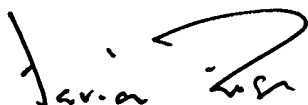
DUAL SPECIALTY RISKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUAL SPECIALTY RISKS LIMITED

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.



David Rush (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date:

9 January 2017

DUAL SPECIALTY RISKS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Note	2016 £000	As restated (Note 18) 2015 £000
Turnover	3	1,363	2,922
Administrative expenses		(2,008)	(2,144)
		<hr/>	<hr/>
OPERATING PROFIT		(645)	778
Taxation on profit/(loss) on ordinary activities	7	153	(163)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		(492)	615
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement.

The notes on pages 12 to 24 form part of these financial statements.

DUAL SPECIALTY RISKS LIMITED
REGISTERED NUMBER: 8164886

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016 £000	As restated 2015 £000
FIXED ASSETS			
Tangible assets	8	-	1
		<u>-</u>	<u>1</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,321	3,322
Cash and cash equivalents	10	3,764	4,988
		<u>5,085</u>	<u>8,310</u>
CREDITORS: amounts falling due within one year	11	(4,808)	(7,542)
NET CURRENT ASSETS		<u>277</u>	<u>768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>277</u>	<u>769</u>
NET ASSETS		<u>277</u>	<u>769</u>
CAPITAL AND RESERVES			
Profit and loss account	14	277	769
		<u>277</u>	<u>769</u>

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



R M Clapham
Director

9 January 2017

DUAL SPECIALTY RISKS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 October 2015	-	769	769
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(492)	(492)
Actuarial gains on pension scheme	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(492)	(492)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
AT 30 SEPTEMBER 2016	-	277	277

DUAL SPECIALTY RISKS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Retained earnings	Total equity
	£000	£000
At 1 October 2014	154	154
COMPREHENSIVE INCOME FOR THE YEAR		
Profit for the year	615	615
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>615</u>	<u>615</u>
TOTAL TRANSACTIONS WITH OWNERS	<u>-</u>	<u>-</u>
AT 30 SEPTEMBER 2015	<u><u>769</u></u>	<u><u>769</u></u>

The notes on pages 12 to 24 form part of these financial statements.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

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

Information on the impact of first-time adoption of FRS 102 is given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

1.4 Insurance intermediary assets and liabilities

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Company, other than the receivable for fees and commissions earned on the transaction, which is recognised within trade receivables. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and is recognised as an insurance payable.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. Insurance cash balances represent funds held in separately designated bank accounts through which insurance transactions for premiums, claims, commissions and other deductions are processed.

Insurance payables represents corresponding monies collected from premiums due to underwriters net of deductions, claims funds held on behalf of underwriters, and outstanding commissions and fees due to the Company.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Computer equipment	- 4 - 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

1.6 Leases

Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

1.7 Cash and cash equivalents

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

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates in the month of transaction.

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

1.9 Pensions

Defined contribution pension plan

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

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

1.10 Employee benefits

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Defined contribution scheme

The amount charged to the Income Statement in respect of pension and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The Company has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.12 Current and deferred taxation

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

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

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

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

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

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates and judgments that have a significant effect on the carrying value of assets and liabilities relate to revenue recognition.

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the fair value of fulfilment of these obligations. Profit commission and other contingent fee arrangements are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty.

3. TURNOVER

Analysis of turnover by country of destination:

	2016	2015
	£000	£000
Commission and fees from within the EU	1,272	2,810
Commission and fees from outside the EU	91	112
	<u>1,363</u>	<u>2,922</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible fixed assets	1	1
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	5	8
Difference on foreign exchange	(156)	35
	<u>(150)</u>	<u>44</u>

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

5. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	1,180	874
Social security costs	110	105
Other staff costs	6	25
Cost of defined contribution pension scheme	136	131
	<u>1,432</u>	<u>1,135</u>

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

	2016	2015
	No.	No.
Directors	2	2
Underwriters	3	2
Adminstration and claims	3	3
	<u>8</u>	<u>7</u>

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

6. DIRECTORS' REMUNERATION

	2016	2015
	£000	£000
Directors' emoluments	648	626
Company contributions to defined contribution pension schemes	-	41
	648	667

The highest paid Director received remuneration of £491,000 (2015 - £366,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2015 - £NIL).

The total accrued pension provision of the highest paid Director at 30 September 2016 amounted to £NIL (2015 - £NIL).

The amount of the accrued lump sum in respect of the highest paid Director at 30 September 2016 amounted to £NIL (2015 - £NIL).

Messrs T S Bains, S P Doyle, A H Elston and R W N Kilpatrick were remunerated by other group companies and receive no remuneration specifically in relation to their services to the Company.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

7. TAXATION

	2016	As restated
	£000	2015 £000
CORPORATION TAX		
Current tax on profit/loss for the year	(155)	191
Adjustments in respect of previous periods	-	(13)
	<u>(155)</u>	<u>178</u>
TOTAL CURRENT TAX	<u>(155)</u>	<u>178</u>
DEFERRED TAX		
Origination and reversal of timing differences	27	(23)
Changes to tax rates	1	-
Adjustments in respect of prior periods	(26)	8
TOTAL DEFERRED TAX	<u>2</u>	<u>(15)</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(153)</u>	<u>163</u>

No tax was charged or credited to other comprehensive income in current or prior year.

DUAL SPECIALTY RISKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. TAXATION (continued)

FACTORS AFFECTING TAX (CREDIT)/CHARGE FOR THE YEAR

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	2016 £000	As restated 2015 £000
Profit on ordinary activities before tax	(645)	778
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	(129)	159
EFFECTS OF:		
Expenses not deductible for tax purposes	1	(8)
Adjustments to tax charge in respect of prior periods	-	(13)
Adjustments to deferred tax in respect of prior years	(26)	2
Other timing differences leading to an increase/(decrease) in taxation	-	23
Deferred tax rate change	1	-
TOTAL TAX (CREDIT)/CHARGE FOR THE YEAR	(153)	163

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Group's profits for the accounting period to 30 September 2016 were taxed at an effective rate of 20%. Further changes to the UK corporation tax rate were substantively enacted in the Finance Bill 2016. These include reductions in the main rate to 19% from April 2017 and to 17% from April 2020. The Group's UK deferred tax balances have been recognised at 19% or 17% depending on when the timing/temporary differences are expected to be reversed.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

8. TANGIBLE FIXED ASSETS

	Computer equipment £000
COST OR VALUATION	
At 1 October 2015	3
	<hr/>
At 30 September 2016	3
DEPRECIATION	
At 1 October 2015	2
Charge owned for the period	1
	<hr/>
At 30 September 2016	3
	<hr/>
At 30 September 2016	-
	<hr/> <hr/>
At 30 September 2015	1
	<hr/> <hr/>

9. DEBTORS

	2016 £000	As restated 2015 £000
Commission and fees receivable	312	1,641
Amounts owed by group undertakings	721	1,562
Other debtors	17	17
Prepayments and accrued income	-	10
Tax recoverable	247	66
Deferred taxation	24	26
	<hr/>	<hr/>
	1,321	3,322
	<hr/> <hr/>	<hr/> <hr/>

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

10. CASH AND CASH EQUIVALENTS

	2016	2015
	£000	£000
Cash at bank and in hand	58	133
Insurance broker cash balances	3,706	4,855
	<u>3,764</u>	<u>4,988</u>

The use of insurance broker cash balances is restricted in accordance with the regulations governing these accounts.

11. CREDITORS: Amounts falling due within one year

	2016	As restated 2015
	£000	£000
Insurance creditors	3,706	4,855
Amounts owed to group undertakings	-	1,895
Accruals and deferred income	1,102	792
	<u>4,808</u>	<u>7,542</u>

12. DEFERRED TAXATION

	Deferred tax
	£000
At 1 October 2015	26
Utilised in year	(2)
AT 30 SEPTEMBER 2016	<u>24</u>

The deferred tax asset is made up as follows:

	2016	2015
	£000	£000
Other timing differences	24	26
	<u>24</u>	<u>26</u>

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

13. SHARE CAPITAL

	2016	2015
	£000	£000
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-
	<u> </u>	<u> </u>

14. RESERVES

Profit and loss account

Made up of all current and prior period retained profits and losses.

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available in FRS 102 to not disclose related party transactions with subsidiaries that are wholly owned within the group.

16. POST BALANCE SHEET EVENTS

There are no material post balance sheet events required to be disclosed.

17. CONTROLLING PARTY

The Company's immediate and ultimate parent company is Hyperion Insurance Group Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group of which the Company is a member for which group financial statements are drawn up is that of Hyperion Insurance Group Limited. Copies of the financial statements of this Company can be obtained from The Group Finance Department, 16 Eastcheap, London EC3M 1BD.

DUAL SPECIALTY RISKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

18. TRANSITION TO FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 October 2014

	£000
Equity at 1 October 2014 under previous UK GAAP	166
Holiday pay accrual	(12)
	<hr/>
EQUITY SHAREHOLDERS FUNDS AT 1 OCTOBER 2014 UNDER FRS 102	154
	<hr/> <hr/>

Reconciliation of equity at 30 September 2015

	£000
Equity at 30 September 2015 under previous UK GAAP	785
Holiday pay accrual	(16)
	<hr/>
EQUITY SHAREHOLDERS FUNDS AT 30 SEPTEMBER 2015 UNDER FRS 102	769
	<hr/> <hr/>

Reconciliation of profit and loss account for the year ended 30 September 2015

	£000
Profit for the year under UK GAAP	611
Reversal of prior year holiday pay accrual	4
	<hr/>
PROFIT FOR THE YEAR ENDED 30 SEPTEMBER 2015 UNDER FRS 102	615
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The following were changes in accounting policies arising from the transition to FRS 102:

1. Accrual for unused holiday pay allowance at the Statement of Financial Position date.
2. No Balance Sheet recognition of the insurance transaction until receipt of cash. This has no impact on equity.