Amended

Company Registration No. 08470590

ANGLO LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

Directors	B P Russell J P Bates I P Russell Z M Spicer – Appointed 22 May 2018
Secretary	Zoe Spicer
Registered Number	08470590
Head Office and Registered Office	80 Leadenhall Street London EC3A 3DH
Auditor	BDO LLP 55 Baker Street London W1U 7EU

The Directors have pleasure in presenting their report and the Financial Statements of Anglo London Limited ("the Company") and together with its subsidiaries ("the Group") for the year ended 31 December 2017.

Principal Activities

Anglo London Limited is an investment holding company which owns a number of subsidiary undertakings and takes strategic stakes in other companies operating in the insurance sector. The Group's subsidiary undertakings are:

- Anglo Pacific Consultants (London) Limited ('APC') which acts as a Lloyd's insurance broker and a managing general agent ('MGA'); and
- Folgate Insurance Company Limited ('Folgate'), which following its authorisation by the Prudential Regulation Authority on 6 August 2015, underwrites reinsurance business. Previously this company was in run-off.

In addition, the Group has strategic non-controlling investments in Incorporated Insurance Group Limited and Heparo BV, two MGAs.

The directors consider that the Group's primary business is that of an MGA because the majority of the revenue of the group comes from the activities of APC therefore, the financial statements have not been presented in accordance with the special provisions which relate to insurance groups.

Results and Dividends

The consolidated results for the year are set out on page 13 of the Financial Statements.

The pre-tax profit for the financial year amounted to £1,306,000 (2016: £730,000). A review of the Group's business and its future prospects is set out within the Strategic Report.

Interim dividends totalling £115,000 were paid during the year (2016: £100,000) which can be seen in note 28.

Charitable contributions

During the year, the Group made charitable contributions of £1,000 (2016: £7,986).

Directors and Officers

The Directors of the Company in office during the year and subsequently were as follows:

B P Russell
J P Bates
I P Russell
Z M Spicer – Appointed 22nd May 2018

Stephen Wainwright, who served as a director during the year passed away in February 2018.

Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during 2017 and remain in force at the date of this report.

Financial Instruments – Financial Risk Management
Financial risk management policies have been addressed on page 7 and 8 in the Strategic Report.

Provision of Information to Auditor

So far as each of the directors is aware at the time this report is approved:

(a) There is no relevant audit information of which the Company's auditor is unaware; and

(b) The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

During the period, BDO LLP were appointed as auditors the Company, in place of outgoing auditors Grant Thornton.

A resolution to reappoint BDO LLP as auditor will be placed before the Annual General Meeting.

The report was approved by the board of directors on 27 September 2018 and signed on its behalf by:

Z M Spicer
Director

The Strategic Report provides a review of the business for the financial year and describes how we manage risks. The report outlines the developments and performance of Anglo London Limited during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

Introduction

Anglo London was established in 2013 as an investment vehicle, purchasing Anglo Pacific Consultants (London) Limited in October 2013 and Folgate Insurance Company Limited in August 2014.

Anglo London also has non-controlling investments in Incorporated Insurance Group Limited and Heparo BV.

Principal Activities

The Group provides insurance broking and insurance underwriting services. The principal activity of the Company is the investment in insurance related companies.

Results and Dividends

The group profit after taxation for the year amounted to £906,000 (2016: £437,000) and has been transferred to accumulated reserves.

Key Performance Indicators

For APC the directors consider the main KPIs to be:

	2017 £'000	2016 £'000
Gross written premiums processed	31,354	23,882
Profit After Tax	906	437
EBITDA	1,957	1,453
Capital Resources in excess of the minimum requirement	778	1,239

	2017 £'000	2016 £'000
Net Profit	906	437
Dividends	(115)	(100)
Tax	400	293
Depreciation	727	761
Interest Paid	223	287
Interest Received	(184)	(225)
	1,957	1,453

Folgate's activities can be split into two distinct areas, firstly, the live reinsurance business; and secondly the run-off of the book of business which was originally undertaken by Folgate and which was placed into run-off in 2002.

For the current reinsurance book of business, Folgate's Key performance indicators are;

- Gross Written Premium £4,102,000 (2016 – £2,560,000)
- Gross Incurred Loss Ratio * 54.99% (2016 – 55.86%)
- Combined Operating Ratio 85.94% (2016 – 102.54%)

*(Gross incurred claims divided by Gross written premiums)

The Combined Operating Ratio target is 88%, which it is anticipated the business will continue to achieve as the business written matures.

For the run-off book of business, originating from the underwriting of the previous owners, the directors consider the main KPI to be movement on the incurred. The financial statements show that net claims incurred have increased by £4,000 (2016: reduction £9,000) for the year ended 31 December 2017.

Business Review

For Anglo Pacific Consultants (London) Limited, the Group's main insurance broking and MGA business, underwriting rates have remained competitive throughout the year with some small exceptions. We have seen growth of 12% on Gross Written Premium ("GWP"), and revenue for 2017 has increased by 8% to £5.334m, (compared to £4.695m for 2016).

2017 has been a tough year for increasing both GWP and bottom line profit, due to the competitive pricing of other insurers. Whilst we believe the market is showing some signs of rates hardening in some product classes, we still believe the market remains competitive. However we are delighted to advise that our strategy for increasing the offering of our product lines to more brokers during 2017 along with new products to come online, and with certain non UK fringe insurers having pulled out of the UK in Q4 of 2017 will see continued growth with an estimate for the forthcoming year of 8%. We will also be introducing three of our standard products on the Acturis system which should cement this growth.

During the period, Folgate underwrote the reinsurance of property and general liability risks which are underwritten as agent by the Company's fellow subsidiary, APC, a Managing General Agent, and connected Company Heparo BV trading as APC Holland. In addition, it continued to administer the inherited run-off of its pre-existing business (principally Household, Motor, Commercial and Travel). Full details of Folgate's results are contained in the financial statements.

The Group has no intention of underwriting motor insurance.

Future Developments

The future of Folgate is to continue the reinsurance of a proportion of the UK and European SME business that is placed with Tokio Marine Kiln by APC. In June 2017 the Group has applied to the UK regulator to expand its permissions to include the writing of direct insurance business, and such permission has subsequently been approved. For the 2018 year Folgate has increased its quota share proportion to 30% (2016: 27.5%) for UK business & decreased to 30% (2016: 40%) for Dutch business. This results in an estimated Gross Premium for 2018 of £5.3m (estimate 2017: £4.6m). Folgate did not meet the 2017 Premium estimate due to slower than anticipated growth on new binders APC had written in the year.

Risk Management

The Group's activities expose it to a variety of financial and non-financial risks. The directors are responsible for managing the Group's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk.

MGA Business Risks

The Group's MGA business operates in a very competitive market. It has a very good reputation with many insurers within the London market place having dealt with many over the years. As mentioned previously, the Group currently has one insurer carrier for its main underwriting capacity. There is the possibility that a breakdown could lead to the loss of this capacity, however, this relationship has been in force since 1996 and such a breakdown is unlikely to happen. If this did occur, then APC would have no difficulty in replacing its underwriting capacity with several insurers. To mitigate this risk, strong links have been established which should lead to the businesses working more closely, particularly as the Group is authorised to reinsure APC's business within Folgate.

The MGA business operates in the SME marketplace and is not dependant on any one client. In view of this there is no significant credit concentration.

In addition, insurance business underwritten by APC could be lost due to uncompetitive pricing, but pricing structures are revised on a regular basis and prices adjusted accordingly.

Insurance Risk – Underwriting

Folgate writes reinsurance business. The main underwriting risks it and ultimately the Group faces in relation to this are:

- Rating – ensuring that the rates for business underwritten by Folgate are economically viable. Through its relationship with APC, Folgate has over 20 years of experience of the data relating to the book of business that it currently reinsures, which helps to mitigate this risk.

- Catastrophic loss – ensuring that Folgate is not exposed to catastrophic losses. This is achieved by limiting the exposure of the underlying book of business by both class of business and geographic region. In addition, Folgate purchases reinsurance to protect itself against large and accumulation losses.

Insurance Risk – Claims management

Folgate's business exposes it to the possibility that claims will arise on business written. Each risk or group of risks is regularly reassessed so that adequate case reserves are maintained taking into account full information available at that time. The claims risk which affect Folgate are:

- Reserving – the risk that the case reserves established by Folgate at a previous year-end prove to be inadequate.

- Reinsurance of Folgate proves inadequate.

Reserving

Reserves are established for expired risks, i.e. that part of Folgate's business that is attributable to earned premium income. Case reserves are established for all reported claims, based on the information available. In order to mitigate the reserving risk, Folgate uses actuarial techniques to project insurance liabilities, using an external actuarial expert. The results of these techniques are discussed by management to establish the level of reserves to be held in respect of incurred but not yet reported (IBNR) claims.

Reinsurance Risk

Reinsurance risks arise from two different sources. The first relates to concentration risk whereby recoveries from claims paid are due from a limited number of reinsurers. To mitigate this risk, Folgate places its reinsurance in line with policy guidelines established by the directors and these arrangements are subject to regular reviews.

The second source of reinsurance risk relates to credit risk. Credit risk arises where reinsurers fail to meet their financial obligations in full as they fall due. To mitigate this risk, Folgate monitors its credit exposures on a regular basis.

Investment Risk

The Folgate investment committee monitor the performance of invested funds on a regular basis and periodically agree on the investment strategy to be adopted to mitigate risks of interest rate fluctuation and credit risks and to provide appropriate liquidity. The current strategy is an allocation of 90% bonds & 10% equities.

Regulatory Risk

Folgate is regulated by the Financial Conduct Authority (FCA) and authorised by the Prudential Regulation Authority (PRA) and APC is regulated by FCA. Failure to comply with applicable regulations could result in a variety of sanctions, the most extreme being a withdrawal of the permissions to write insurance business. The directors have established a business ethos in which best practice is the required standard for all operations, both in the commercial interests of the business and to ensure regulatory compliance. Management has also put in place appropriate monitoring structures to mitigate the risk of failing to meet this standard.

Operational Risk

Much of the effect of the Group's exposure to operational risks is reflected in the various other risk headings above and is mitigated and managed through the exercise of the management controls and actions described above. The main additional exposures are in relation to business continuity, i.e. the risk that the ability of the Group to continue business will be affected by events not reflected under other headings, for example the impact of cyber-attack or terrorist activity and in the management of relationships and arrangements with key individuals. In relation to the former, the management maintains a Business Continuity Plan ('BCP') which sets out the main anticipated risks, including those relating to the robustness and sustainability of IT infrastructure, business applications as well as the arrangements to mitigate those risks. The BCP is monitored and updated regularly. In addition, the management seeks to maintain sufficient personnel with appropriate experience and expertise to reduce the dependence on any one individual, so far as is practicably possible. The board has reviewed the possible implications of Brexit and deemed this as low risk to the Group, with the information available at this time.

Financial risk management objectives

The Group is exposed to a range of financial risks, in particular through its insurance undertaking subsidiary Folgate. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk are market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.

Interest rate risk

Interest rate risk arises primarily from investments in interest bearing securities. The Group's investments portfolio comprises of 73.22% (2016: 79%) fixed interest securities and 10.76% (2016: 0%) floating rate securities. The rest of the portfolio comprises of shares. The Group considers that the interest rate risk arising from investments in floating rate securities is not material.

Equity price risk

The Group is exposed to equity securities' price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the UK and other recognised stock exchanges. Listed securities represent 100% (2016: 100%) of total equity investments.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- counterparty risk with respect to investments.

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. It is also the Group's policy to use highly rated reinsurers, the acceptance criteria being based on a combination of the reinsurer credit rating and available surplus. Credit risk is monitored closely as part of the risk appetite framework and the Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is reviewed on a regular basis and the Group holds liquid cash deposits to cover these.

The report was approved by the board of directors on 27 September 2018 and signed on its behalf by:

ZSpicer

Z M Spicer
Director

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts').

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 and profit or loss of the Company and Group 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 Group 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.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ANGLO LONDON LIMITED

Opinion

We have audited the financial statements of Anglo London Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Parent Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
Date: 27 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	6	8,150	6,458
Administrative expenses, claims incurred and other charges		(6,883)	(5,790)
Operating Profit	8	1,267	668
Interest receivable and similar income	11	223	287
Interest payable and similar charges	12	(184)	(225)
Profit on ordinary activities before tax		1,306	730
Tax on profit on ordinary activities	13	(400)	(293)
Profit on ordinary activities after taxation		906	437

The notes on pages 18 to 49 form part of these financial statements.

No other comprehensive income was recognised in current or prior years and therefore profit for the year is in effect total comprehensive income; no separate statement of other comprehensive income is prepared.

ANGLO LONDON LIMITED

GROUP BALANCE SHEET
As at 31 December 2017

Company Number 08470590	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
NON CURRENT ASSETS					
Intangible assets	14	2,560		3,256	
Tangible assets	15	42		60	
Investments in associates	16	39		51	
			2,641		3,367
CURRENT ASSETS					
Other financial investments	17	6,532		4,220	
Debtors	18	2,054		1,439	
Cash and cash equivalents	19	6,048		5,903	
			14,634		11,562
Total assets			17,275		14,929
EQUITY					
Capital and reserves					
Called up share capital	27	10		10	
Profit and loss account		2,553		1,761	
Shareholders' funds attributable to equity interests			2,563		1,771
CURRENT LIABILITIES					
Provision for liabilities					
Technical Provision	22		4,788		2,780
Creditors					
Creditors: falling less than one year	20		6,243		5,702
NON-CURRENT LIABILITIES					
Creditors: falling due after more than one year	21		3,681		4,676
Total equity and liabilities			17,275		14,929

These financial statements were approved by the board of directors on 27 September 2018 and were signed on its behalf by:

Z M Spicer
Z M Spicer
Director

The notes on pages 18 to 49 form part of these financial statements.

Company Number 08470590	Note	£'000	2017 £'000	£'000	2016 £'000
FIXED ASSETS					
Investments	16	8,173		8,173	
			8,173		8,173
CURRENT ASSETS					
Cash at bank and in hand		56		96	
			56		96
Total assets			8,229		8,269
EQUITY					
Capital and reserves					
Called up share capital	27	10		10	
Profit and loss account		3,410		2,337	
Shareholders' funds attributable to equity interests			3,420		2,347
CURRENT LIABILITIES					
Creditors: due within one year	20	1,129		1,252	
			1,129		1,252
Creditors: due after more than one year	21	3,680		4,670	
			3,680		4,670
Total equity and liabilities			8,229		8,269
Profit and loss for the parent company			1,074		1,067

These financial statements were approved by the board of directors on 27 September 2018 and were signed on its behalf by:

Z Spicer

Z M Spicer
Director

The notes on pages 18 to 49 form part of these financial statements.

	Note	2017 £'000	2016 £'000
Net Cash *from operating activities*	32	4,256	4,553
Taxation paid		(400)	(289)
Net cash generated from operating activities		3,856	4,264
Cash flow from investing activities			
Purchase of tangible fixed assets		(15)	(4)
Purchase of financial investments		(2,409)	(2,041)
Interest received		2	4
Net cash used in investing activities		(2,422)	(2,041)
Cash flow from financing activities			
Payment of dividend to shareholders		(115)	(100)
Repayment of loan note		(750)	(750)
Repayment of bank loan		(240)	(240)
Interest paid		(184)	(225)
Net cash used in financing activities		(1,289)	(1,315)
Net increase in cash and cash equivalents		145	908
Cash and cash equivalents at the beginning of the year		5,903	4,995
Cash and cash equivalents at the end of the year	19	6,048	5,903

The notes on pages 18 to 49 form part of these financial statements.

Group Statement of Changes in Equity

	Share Capital £'000	Profit and Loss account £'000	Shareholders' funds £'000
At 1 January 2016	10	1,424	1,434
Profit for the financial year	-	437	437
Dividend paid	-	(100)	(100)
At 31 December 2016	10	1,761	1,771
At 1 January 2017	10	1,761	1,771
Profit for the financial year	-	906	906
Dividend paid	-	(115)	(115)
At 31 December 2017	10	2,552	2,562

Parent Company Statement of Changes in Equity

	Share Capital £'000	Profit and Loss account £'000	Shareholders' funds £'000
At 1 January 2016	10	1,270	1,280
Profit for the financial year	-	1,167	1,167
Dividend paid	-	(100)	(100)
At 31 December 2016	10	2,337	2,347
At 1 January 2017	10	2,337	2,347
Profit for the financial year	-	1,188	1,188
Dividend paid	-	(115)	(115)
At 31 December 2017	10	3,410	3,420

The notes on pages 18 to 49 form part of these financial statements.

1. General information

Anglo London Limited ('the Company') is a holding company which owns a number of subsidiary undertakings. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 80 Leadenhall Street, London, EC3A 3DH.

The Company's principal subsidiary undertaking is Anglo Pacific Consultants (London) Limited, which acts as a Lloyd's insurance broker and managing general agent ('MGA').

Folgate Insurance Company Limited is the Company's other active subsidiary undertaking. On 6 August 2015 Folgate was approved by the Prudential Regulation Authority ('PRA') to underwrite reinsurance business. On 1 September 2015 Folgate commenced underwriting the reinsurance of business originally underwritten by its fellow underwriting agency subsidiary, Anglo Pacific Consultants (London) Limited and connected Company Heparo BV trading as APC Holland. Since this date Folgate has underwritten a number of quota share reinsurance contracts. Premiums and claims arising on this business have been categorised as the 'Reinsurance account'.

Prior to 1 September 2015 Folgate had written a general insurance account. This was placed into run-off on 30 June 2002. Premiums and claims arising on this business have been categorised as the 'Run-off account'.

2. Statement of compliance

The financial statements of Anglo London Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103), the Companies Act 2006 and in accordance with the provisions of Schedule 1 of the Large and Medium-size Companies and Groups (Accounts and Reports) Regulations 2008.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These group financial statements for the year-ended 31 December 2017 have been prepared to comply with FRS 102 and 103.

The Group and Company's financial statements are prepared in Pounds Sterling, which is the presentational and functional currency of the Company and its subsidiaries, and rounded to thousands.

As noted above, the Group owns subsidiary undertakings which act as an MGA and a general insurance company. The directors consider the Group's primary business is that of an MGA.

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value through profit or loss that are measured at fair value.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3 Summary of significant accounting policies (continued)

b. Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and.
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the company as a whole.

The Company has also taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

c. Basis of Accounting

The Group financial statements have been prepared in accordance with applicable accounting standards and, except for investments held within Folgate, the Group's insurance subsidiary undertaking, which are shown at market value, under the historical cost convention.

They have also been prepared on a going concern basis. In this respect the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

d. Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December each year. The company profit or loss is shown in the statement of changes in equity.

An associate is an entity, being neither a subsidiary undertaking nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

e. Turnover

MGA turnover comprises brokerage and fees and profit commission received for the services provided. Insurance brokerage is recognised in full in the month when the policy concerned incepts. Brokerage for policies written prior to the balance sheet date but incepting after the balance sheet date is deferred until the inception date. An element of brokerage is deferred in respect of post-placement services that constitute obligations of the Group under certain contracts for the administration of claims.

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

3 **Summary of significant accounting policies (continued)**

In respect of insurance underwriting revenue, premiums are earned proportionately over the period of cover. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as provision for unearned premium.

f. Intangible Assets: Goodwill arising on consolidation

Goodwill represents the excess of the costs of acquisition over the fair value of the separable net assets of the businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over the estimated useful life of 8 years.

Also included is Computer software development which is amortised over 3 years (33.33%), which we believe is the useful economic life of the asset.

g. Tangible assets

Tangible fixed assets under the cost model are stated at cost less accumulated depreciation and any accumulated impairment losses.

The Company adds to the carrying amount of any 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 the profit or loss during the period in which they are incurred.

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

Office equipment, fixtures and fittings	-	20% per annum on a straight-line basis
Improvements to leasehold property	-	Straight line over the life of the lease
Computer equipment	-	33% per annum on a straight-line basis

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount.

h. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

i. Insurance Debtors and Creditors - Intermediary Activities

APC, the Group's MGA subsidiary undertaking, acts as an insurance intermediary involved in the placement of the insurable risks of clients with insurers and as such is not liable as principal for the amounts arising from such transactions. In recognition of this relationship, debtors from insurance transactions are not included as assets of the Group. Other than amounts receivable for the fees and commissions earned on a transaction, the Group does not recognise any part of the insurance transaction until cash is received in respect of premiums or claims. At that time a corresponding liability is established in favour of the insurer or client. Folgates insurance debtors are those balances due to and from the primary carrier that Folgate reinsures.

3. Summary of significant accounting policies (continued)

j. Financial Instruments

The Group primarily enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties, debt securities and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and subsequently at the undiscounted amount of cash or other consideration expected to be paid or received. Convertible debt instruments are assessed to determine if they are basic, and if they fail to satisfy this criteron and are deemed to be non-basic, they are carried at fair value through profit or loss.

Financial assets
Financial assets that are measured at the undiscounted amount are assessed at the end of each reporting period for objective evidence of impairment. If this is found an impairment loss is recognised in the statement of comprehensive income. For an instrument measured at amortised cost in accordance with FRS 102 paragraph 11.14(a), the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

The Group has chosen to adopt the recognition and measurement criteria of Sections 11 and 12 of FRS 102 in respect of financial instruments. These comprise exchange traded equity instruments and high grade debt securities which are initially measured at fair value and subsequent changes in fair value are recognised in the statement of comprehensive income. The Group has designated its debt securities at fair value through the profit and loss account to enable the short term gains and losses to be matched against the short-tail nature of the Group's insurance liabilities. Furthermore debt securities are managed on a fair value basis, alongside equity investments held by the Group within the overall investment portfolio, and reported on that basis to the parent Company's board of directors. Realised gains or losses represent the difference between net sales proceeds and book value. Unrealised gains and losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. All realised and unrealised gains and losses are taken to the statement of comprehensive income.

Fair value estimation
All financial instruments carried at fair value are valued by relevance to quoted prices in an active market.

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the bid price.
- Level 2: when quoted prices are unavailable the instrument is valued using inputs that are observable either directly or indirectly including quoted prices for similar assets or liabilities in active markets, quoted prices for Identical or similar assets or liabilities in inactive markets, inputs that are observable such as interest rates and yield curves observable at commonly quoted intervals, implied volatility or credit spreads and market-corroborated inputs.
- Level 3: when observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using the valuation technique is to estimate what the fair value would have been on the measurement date.

Financial liabilities
Creditors are financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method. Short term creditors are measured at the transaction price.

3. Summary of significant accounting policies (continued)

Financial liabilities (continued)

The Group's financial liabilities are based on remaining undiscounted contractual obligations, including interest payable, and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

Non-basic convertible debt instruments are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of convertible debt instruments are immediately recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net account reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

k. Investment return

Interest income is recognised using the effective rate method.

Dividend income is recognised when the right to receive payment is established. Interest and investment expenses are accounted for using the effective interest method.

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

l. Foreign currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts are monetary items.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within administrative expenses.

m. Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element, which reduces the outstanding obligation for future instalments.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3. Summary of significant accounting policies (continued)

m. Leases

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

n. Pensions

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

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

o. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Related party transactions

The Group discloses transactions with related parties which are associates of the group. As permitted by FRS 102, it does not disclose transactions with members of the same group that are wholly owned.

q. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

3. Summary of significant accounting policies (continued)

q. Taxation (continued)

Deferred tax (continued)

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

r. Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

s. Insurance contacts

The following accounting policies are applied in accounting for Folgate, the Group's insurance company subsidiary undertaking.

Folgate's underwiting results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

a) *Premiums written*

Premiums written related to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the company, less an allowance for cancellations. All business is written through reinsurance arrangements with two Tokio Marine Kiln Syndicates & Tokio Marine Insurance Ltd.

b) *Unearned premiums*

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

3. Summary of significant accounting policies (continued)

s. Insurance contacts (continued)

c) *Claims incurred*

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

d) *Claims provisions and related reinsurance recoveries*

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs. The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and the models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

Property and accident business
Property and accident business is "short tail", that is there is not a significant delay between the occurrence of the claim and the claim being reported to the Company. The costs of claims notified to the Company at the balance sheet date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics which show how estimates of claims incurred in previous periods have developed over time. This is in order to reflect changes in the underlying estimates of the cost of notified claims and late notifications.

Liability
These claims are longer tail than for those of the other classes of business and so a larger element of the claims provision relates to incurred but not reported claims. Claims estimates for liability business are derived from a combination of loss ratio based estimates and an estimate based upon actual claims experience. In respect of liability claims, the assessment of claims inflation and anticipated market experience is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability class of business is also subject to the emergence of new types of latent claims and an allowance is included for this as at the balance sheet date.

3. Summary of significant accounting policies (continued)

s. Insurance contacts (continued)

Unexpired risk provision

Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision ('UPP') and unexpired risks provision. The expected claims are calculated based on information available at the balance sheet date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. The unexpired risk provision would be included within 'Other technical provisions', however, at 31 December 2017 and 2016 no provision was required.

Folgate assesses at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

t. Investment in Subsidiary

Investments in subsidiaries are measured at cost less accumulated impairment in the parent company balance sheet.

4 Critical accounting judgements and estimation uncertainty

In preparing these financial statements, the directors have made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) The MGA Business

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

(i) Post placement activities provision

The group has an obligation to provide services following the placement of insurance policies under certain contracts, including the handling of claims arising on these contracts. The cost of these services depends on a number of factors, including the number, nature and complexity of claims received and anticipated cost base for handling such claims. In order to recognise the post placement obligation an amount of income is deferred. The amount of income deferred is estimated by the management after taking into account the factors noted previously. The assumptions reflect historical experience, current trends and management's best estimate.
At 31 December 2017 the Group has deferred £254,070 (2016: £254,070) in respect of post-placement activities; this amount is included within insurance creditors.

4. Critical accounting judgements and estimation uncertainty (continued)

a) The MGA Business (continued)

(ii) Accrued profit commission receivable

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

At 31 December 2017 the Group has accrued nil (2016: £17,323) in respect of profit commission.

b) Folgate reinsurance business

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to Folgate.

For reinsurance business the amount included in respect of IBNR is based on statistical techniques of estimation applied by Folgate's management and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time.

For run-off business the amount included in respect of IBNR is based on management's assessment of the number of new claims which are expected to be notified over the remaining term of the run-off.

The provision for claims also includes amounts in respect of internal and external claims handling costs.

c) Sources of estimation uncertainty

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. The carrying amount of the liability is £2,670,000 (2016: £1,493,000). There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. In particular, in respect of claims arising from the policies written in the run-off account, particularly in respect of industrial deafness. These claims are not expected to be settled for many years and there is considerable uncertainty as to the amounts at which they will be settled. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and case law.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed

4. Critical accounting judgements and estimation uncertainty (continued)

c) Sources of estimation uncertainty (continued)

regularly. See Note 22 for disclosures relating to these provisions and Note 5a for discussion of the related risks.

d) Format of financial statements

The directors consider that the Group's primary business is that of an MGA because the majority of the revenue of the group comes from the activities of APC therefore, the financial statements have not been presented in accordance with the special provisions which relate to insurance groups.

5 Management of insurance and financial risk

Folgate issues contracts that transfer insurance risk. It is also exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and policyholder liabilities. This section summarises these risks and the way Folgate manages them.

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that Folgate faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. Folgate reinsures business underwritten by its fellow underwriting agency subsidiary, Anglo Pacific Consultants (London) Limited on behalf of Tokio Marine Kiln. The underwriting agency has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The liabilities that are in place at the year-end are based on the best estimate of current claims outstanding with an additional element for claims incurred but not reported ('IBNR'). The IBNR is based on historical data patterns to provide a reasonable estimate of the future development of current claims.

The insurance risk in relation to the run off book is that the claims might settle at higher than the booked amounts. This risk is managed through company's claims settlement and review processes.

Sensitivity testing around claims is performed as part of the regulatory reporting required for insurance companies and contribute to the Own Risk & Solvency Assessment (ORSA). Through a combination of the business model, the short-tail nature of the insurance written and the level of reinsurance in place, insurance risk is considered by the Board to be a moderate risk area.

The process by which the insurance reserves are estimated is such that there is no single driver for which sensitivity can be meaningfully presented, therefore, we have presented an indication of 10%

5.Management of insurance and financial risk (continued)

a) Insurance risk (continued)

sensitivity on reserves balances for the financial year. We anticipate the variability in the reserves to be within a range of 10% - 20%.

The process by which the insurance reserves are estimated is such that there is no single driver for which sensitivity can be meaningfully presented, therefore, we have presented an indication of 10% sensitivity on reserves balances for the financial year. We anticipate the variability in the reserves to be within a range of 10% - 20%.

Claims	Reinsurance Book Claims outstanding	Run Off Book Claims outstanding	Total
Gross Amount	£'000	£'000	£'000
Incurred At 31 December 2017	2,477	193	2,670
Sensitivity 10% Load	2,725	212	2,937
Sensitivity Profit adjustment	(248)	(19)	(267)

i. Frequency and severity of claims

Folgate has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Property contracts are underwritten by reference to the commercial replacement value of the properties and contents insured and claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

The insurance risk arising from these contracts is not concentrated in any one geographical location within the United Kingdom and Holland. Folgate defines not concentrated as less than 15% in any one geographical postcode.

The third-party liability contracts' frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered and the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Folgate manages this risk through the company's claims settlement and review processes.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

5.Management of insurance and financial risk (continued)

i. **Frequency and severity of claims (continued)**

Underwriting limits are in place to enforce appropriate risk selection criteria.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that Folgate should not suffer total net insurance losses of more than £250,000 in any one loss.

ii. **Sources of uncertainty in the estimation of future claim payments**

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 4.

Claims are payable on a claims-occurrence basis. Folgate is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time, and an element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to Folgate, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For liability contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

iii. **Process used to decide on assumptions**

Folgate uses a chain-ladder method to estimate claims for the reinsurance book.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

For the run off book the key assumptions are the time left until all risks are extinguished; the number of claims notified per year and the average cost of individual claims. The basis of these assumptions is evaluated periodically and updated based on actual claims experience.

b) Financial risk management objectives

Folgate is exposed to a range of financial risks, in particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

The risks that Folgate faces due to the nature of its investment and liabilities are interest rate risk and equity price risk. Folgate's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

5 Management of insurance and financial risk (continued)

b) Financial risk management objectives (continued)

i. Market risk

Interest rate risk

The Group, through Folgate, is exposed to interest rate risk. Interest rate risk arises primarily from investments in interest bearing securities. The company's investments portfolio comprises of 73.22% (2016: 79%) fixed interest securities and 10.76% (2016: 0%) floating rate securities. The rest of the portfolio comprises of shares. The company considers that the interest rate risk arising from investments in floating rate securities is not material.

Equity price risk

The Group, through Folgate, is exposed to equity securities' price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the UK and other recognised stock exchanges.

The Group has a defined investment policy which sets limits on the Company's exposure to equities both in aggregate terms and by geography, industry and counterparty. This policy of diversification is used to manage the Company's price risk arising from its investments in equity securities.

Investment Management meetings are held quarterly. At these, the external investment managers discuss investment return and concentration. The current investment strategy is limited to not exceed 5% of the total investment value in any one Company across all investment types.

Listed securities represent 100% (2016: 100%) of total equity investments. If equity market indices had increased/decreased by 5%, with all other variables held constant, and all the Company's equity investments moving according to the historical correlation with the index, equity would increase/decrease by £52,340 (2016: £35,437).

ii. Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- counterparty risk with respect to investment; and,
- cash and cash equivalents.

Folgate manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge Folgate's liability as primary insurer. If a reinsurer fails to pay a claim, Folgate remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating

5. Management of insurance and financial risk (continued)

c) Financial risk management objectives (continued)

ii. Credit risk (continued)

agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy.

No balances are past due or impaired.

The table below provides information regarding the credit risk exposure of Folgate at 31 December 2017 by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB (including captives) are classified as not rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated. We have used AM best ratings for classification of investments/bank balances into respective rating categories..

31 December 2017	AAA	AA	A	BBB	Not Rated	Total
	£000	£000	£000	£000	£000	£000
Other Financial investments – debt securities	405	2,451	1,639	990	-	5,485
Other Financial investments – Equities	-	45	209	253	540	1,047
Debtors arising out of reinsurance operations	-	-	1,343	-	-	1,343
Cash at bank and in hand	-	-	-	710	-	710
Debtors from Insurance Intermediation Activities	-	-	-	-	529	529
	405	**2,496**	**3,191**	**1,953**	**1,069**	**9,114**

31 December 2016	AAA	AA	A	BBB	Not Rated	Total
	£000	£000	£000	£000	£000	£000
Other Financial investments – debt securities	-	1,369	-	-	1,976	3,345
Other Financial investments – Equities	-	-	-	-	875	875
Debtors arising out of reinsurance operations	-	-	632	-	-	632
Cash at bank and in hand	-	-	-	1,161	-	1,161
Debtors from Insurance Intermediation Activities	-	-	-	-	554	554
	-	**1,369**	**632**	**1,161**	**3,405**	**6,567**

c) Management of insurance and financial risk (Continued)

b. Financial risk management objectives (continued)

It is also Folgate's policy to use highly rated reinsurers, the acceptance criteria being based on a combination of the reinsurer credit rating and available surplus. Credit risk is monitored closely as part of the risk appetite framework and the Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

iii. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is reviewed on a regular basis and Folgate holds liquid cash deposits to cover these. At 31 December 2017 Folgate had cash balances of £710,000 (2016: £1,161,000) to cover gross outstanding claims, including IBNR, of £2,670,000 (2016: £1,493,000).

Group Maturity profiles

The table below summarises the estimated timing of the net cash outflows resulting from recognised

	Carrying amount £000	Undiscounted Cashflows	Up to a year £000	1 - 2 years £000	2 - 5 years £000
31 December 2017					
Claims outstanding- reinsurance	**2,220**	**2,220**	**2,220**	**-**	**-**
Creditors arising out of direct insurance operations- run off	**89**	**89**	**89**	**-**	**-**
Loan Notes	**3,750**	**4,042**	**862**	**1,090**	**2,090**
Bank Loan	**920**	**1,008**	**291**	**717**	**-**
31 December 2016					
Claims outstanding- reinsurance	1,228	1,228	1,228	-	-
Creditors arising out of direct insurance operations- run off	103	103	103	-	-
Loan Notes	4,500	4,927	885	862	3,180
Bank Loan	1,160	1,312	304	291	717

insurance liabilities.

iv. Capital risk

Folgate's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, and taking appropriate action to maintain the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The amount of capital Folgate requires to meet its obligations is prescribed by the Prudential Regulation Authority (PRA). The Company's minimum capital requirement is the PRA set Absolute Minimum Capital Resource (AMCR) which converts to £3,167,280 at a 1.136622 Conversion rate (1.11 rate 2016). The Company is subject to capital requirements imposed by the PRA and has complied throughout the year with these requirements.

Folgate undertakes its Own Risk Solvency Assessment (ORSA) and targets a 20% loading of the standard formula calculation (SCR) with a 10% tolerance. The unaudited surplus at December was 116% over AMCR & 135% over SCR.

5. Management of insurance and financial risk (Continued)

b. Financial risk management objectives (continued)

iv. Foreign currency risk

The Group is not exposed to significant foreign currency risk as the majority of the Group transactions, assets and liabilities are denominated in GBP.

v. Regulation

Folgate is regulated by the Prudential Regulation Authority and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

The Solvency II regime has been effective from 1 January 2016 and establishes a set of EU-wide capital requirements, risk management and disclosure standards. Folgate is subject to these regulations and required to meet a Solvency capital requirement (SCR) which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12 month time horizon.

Folgate calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations as the assumptions underlying the standard formula are considered to be a good fit for the Folgate's risk profile.

vi. Fair value estimation

All financial instruments are carried a fair value and are valued by relevance to quoted prices in an active market (Level 1).

6. Turnover

The turnover is solely attributable to the Group's principal activity of insurance intermediation and reinsurance underwriting, and arise in the United Kingdom, Republic of Ireland, Netherlands and Greece.

6a Insurance intermediation	**2017**	**2016**
	£'000	**£'000**
UK	**5,195**	4,822
Republic of Ireland	**10**	12
Netherlands	**121**	129
Greece	**18**	-
BVI	**-**	2
	5,344	4,965
6b Earned premiums, net of reinsurance (note 7)	**2,806**	1,493
	8,150	6,458

7. Particulars of business - underwriting

(i) Results from insurance operations

The results of Folgate's insurance operations are set out below:

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Earned premiums, net of reinsurance					
Gross premiums written		**4,102**		2,560	
Outward reinsurance premiums		**(465)**		(376)	
Net premiums written		**3,637**		2,184	
Change in gross provision for unearned premiums		**(831)**		(691)	
Change in the provision for unearned premium, reinsurers' share		-		-	
Earned premiums, net of reinsurance			**2,806**		1,493
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		**(1,078)**		(421)	
Reinsurers' share		-		1	
		(1,078)		(420)	
Change in claims outstanding					
Gross amount		**(1,178)**		(1,000)	
Reinsurers' share		-		-	
		(1,178)		(1,000)	
Claims incurred, net of reinsurance			**(2,256)**		(1,420)
Net result of insurance operations			**550**		73

7. Particulars of business – underwriting (continued)

(ii) Analysis of business

An analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balance is set out below:

	Gross written Premiums		Gross premiums earned	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Direct business				
Fire and other damage to property	-	-	-	-
Third party liability	-	-	-	-
Miscellaneous	-	-	-	-
Total run-off account	-	-	-	-
Reinsurance business				
Reinsurance account	4,102	2,560	3,271	1,869
Total	**4,102**	**2,560**	**3,271**	**1,869**

	Gross incurred claims		Gross operating expenses		Reinsurance balance	
	2017	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**£'000**	£"000	**£'000**	£'000
Direct business						
Fire and other damage to property	1	5	-	-	-	-
Third party liability	3	(14)	-	-	-	(1)
Miscellaneous	-	-	-	-	-	-
Claims handling expense	-	-	-	-	-	-
Total run-off account	4	(9)	-	-	-	(1)
Reinsurance business						
Reinsurance account	2,252	1,430	156	111	465	376
Total	**2,256**	**1,421**	**156**	**111**	**465**	**375**

7. Particulars of business - underwriting (continued)

(iii) Analysis by geographic area

All reinsurance business underwritten in the year was derived from within the United Kingdom & Holland.

For 2017 £3,303,000 of gross written premium is derived from the UK, and £799,000 of gross written premium is derived from Holland. (£2,324,000 for 2016 UK & £235,000 for 2016 Holland)

(iv) Claims development table

The following tables show the estimates of cumulative incurred claims, excluding IBNR, for each successive accident year at each reporting date, together with cumulative payments to date. In setting claims provisions the Company exercises a degree of caution where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development. However, as claims develop the ultimate cost of claims become more certain.

Gross outstanding claims provision and paid position as at 31 December 2017 all shown in £000's:

Revenue Book

	2015 UWY		2016 UWY		2017 UWY		
Claims Triangle Incurred	GBP	EUR	GBP	EUR	GBP	EUR	Totals
At Dec 15	110	-	-	-	-	-	110
At Dec 16	557	62	869	133	-	-	1,621
At Dec 17	463	67	1,681	230	888	349	3,678
Outstanding claims as Dec-17	155	6	1,023	17	778	243	2,220
IBNR	56	-3	87	11	162	-55	256

	2015 UWY		2016 UWY		2017 UWY		
Claims Triangle Paid	GBP	EUR	GBP	EUR	GBP	EUR	Totals
Position at Dec 15	1	-	-	-	-	-	1
Position at Dec 16	169	33	134	58	-	-	394
Position at Dec 17	308	61	658	214	111	106	1,458
Outstanding claims as Dec-17	155	6	1,023	17	777	243	2,220
IBNR	56	-3	87	11	162	-55	256

7.Particulars of business - underwriting (continued)

(iv) Claims development table (continued)

Run Off

Run Off Triangle	All in £000	
Cumulative Claims	**Paid**	**Incurred**
Position at Dec 15	119	258
Position at Dec 16	146	249
Position at Dec 17	164	253
Outstanding claims as Dec-17		89
IBNR	105	

(v) Prior years' claims provisions for general business Run Off Account

(Under)/over provisions for general business claims provisions at the beginning of the year compared with payments and provisions at the end of the year in respect of prior years' claims were as follows:

	2017	**2016**
	£'000	**£'000**
Class of business:		
Fire and other damage to property	(1)	(5)
Third party liability	(3)	14
	(4)	9

8. Operating Profit

	2017 £'000	2016 £'000
This has been arrived at after charging:		
Fees payable to the Company's auditor for:		
- Audit of the Company's financial statements	**6**	5
- Audit of the subsidiaries financial statements	**53**	35
- Audit-related assurance services	**17**	18
- Taxation compliance services	**-**	-
Investment management fees	**38**	16
Amortisation of goodwill	**695**	683
Depreciation of own assets	**34**	36
Operating lease land and building	**240**	311

9. Employees

	2017 £'000	2016 £'000
Staff costs consist of:		
Wages and salaries	**2,321**	2,288
Other staff costs	**50**	45
Social security costs	**259**	242
Pension contributions	**154**	141
	2,784	2,716
The average number of employees, including directors, during the year was:	**Number**	**Number**
Directors and Officers	**4**	4
Underwriting	**16**	15
Sales and Marketing	**5**	4
Administration	**22**	21
	47	44

The parent company does not have any staff or employees, all staff, employees and directors with the exception of the Folgate Non Executive directors are employed by Anglo Pacific Consultants (London) Limited.

10. Directors

	2017 £'000	2016 £'000
Directors' remuneration consist of:		
Aggregate emoluments	**636**	624
Highest paid director		
Remuneration in year including benefits-in-kind	**164**	153
Company contributions to pension scheme	**-**	6
	164	159

10. Particulars of business - directors (continued)

The highest paid director is not in receipt of or due any share options. Contributions were made on behalf of 4 (2016: 4) directors to money purchase pension schemes.

11. Interest receivable and similar income

	2017 £'000	2016 £'000
Income from other investments	**142**	71
Dividend income	**25**	10
Foreign exchange gains	**-**	14
Realised gains/ (losses) on investments	**214**	(3)
Unrealised (losses)/ gains on investments	**(122)**	207
Bank interest receivable	**2**	4
Investment charges	**(38)**	(16)
	223	287

12. Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable on finance leases	**1**	1
Other interest payable	**125**	152
Bank interest payable	**58**	72
	184	225

13 Taxation on profit from ordinary activities

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on profits of the year	**400**	295
Adjustment in respect of previous years	**-**	2
Total current tax	**400**	297
Deferred tax		
Origination and reversal of timing differences	**-**	(4)
Taxation on profit on ordinary activities	**400**	293

13. Taxation (continued)

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

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	**1,306**	730
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	**251**	154
Effects of:		
Expenses not deductible for tax purposes	**157**	154
Income not taxable for tax purposes	**(8)**	(4)
Adjustment to tax charge in respect of previous years	-	2
Rate change adjustment	-	1
Deferred tax not previously recognised	-	(14)
Taxation on profit on ordinary activities	**400**	293

Legislation was passed on 18 November 2015 to reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. New legislation was passed on 15 September 2016 to further reduce this rate to 17% from 1 April 2020. The effect of the reduction to 17% is reflected in the deferred tax balance.

14. Intangible Assets

Group	Goodwill arising on consolidation £'000	Computer Software £'000	Total £'000
Cost			
At 1 January 2017	5,471	841	6,312
Disposal during year	-	-	-
Balance at December 2017	**5,471**	**841**	**6,312**
Amortisation			
At 1 January 2017	2,218	838	3,056
Charge in year	**694**	**2**	**696**
At 31 December 2017	**2,912**	**840**	**3,752**
Net Book Value			
At 31 December 2017	**2,559**	**1**	**2,560**
At 31 December 2016	3,253	3	3,256

15 Tangible assets

	Computer equipment £'000	Equipment fixtures and fittings £'000	Improvements to leasehold property £'000	Total £'000
Cost				
At 31 December 2016	190	173	86	449
Additions	14	1	-	15
At 31 December 2017	**204**	**174**	**86**	**464**
Depreciation				
At 31 December 2016	176	151	62	389
Provided for the year	11	11	9	31
At 31 December 2017	**187**	**162**	**71**	**420**
Net book value				
At 31 December 2017	**17**	**12**	**15**	**44**
At 31 December 2016	15	21	24	60

Included in office equipment, fixtures and fittings and computer software development with a net book value 2017: £1,559 (2016: £7,796) relating to assets acquired under finance leases.

16. Fixed Asset Investments

Group

Interests in associated undertakings are analysed as follows:

	2017 £'000	2016 £'000
At 1 January or on formation	**51**	93
Movement as a result of equity accounting	**(12)**	(42)
	39	51

At 31 December 2017 the cost of the Group's investments in associated undertakings was £103,032.

16. Fixed Asset Investments (continued)

Company

	Investment in Subsidiary Undertakings £'000	Investment in Associated Undertakings £'000	Total £'000
1 January 2017 and 31 December 2017	8,070	103	8,173

The Company has the following beneficial interest in group undertakings:

Name	Class of shares held	Proportion of shares held directly	Country of incorporation	Business activity	Registered office
Anglo Pacific Consultants (London) Limited	Ordinary	100%	England and Wales	Insurance broker and managing general agent	80 Leadenhall Street, London, EC3A 3DH
Folgate Insurance Company Limited	Ordinary	100%	England and Wales	Insurance company	80 Leadenhall Street, London, EC3A 3DH
Quotemac Limited	Ordinary	100%	England and Wales	Dormant	80 Leadenhall Street, London, EC3A 3DH
Incorporated Insurance Group Limited	Ordinary	20%	England and Wales	Underwriting agent	3 Morland Drive, Lamberhurst, Tunbridge Wells, Kent, TN3 8HZ
Heparo BV	Ordinary	20%	Netherlands	Underwriting agent	Eisenhowerlaan 158A, 2517 KP Den Haag, Netherlands

17. Other financial investments

	Carrying value 2017 £'000	Carrying value 2016 £'000	Historical cost 2017 £'000	Historical cost 2016 £'000
Shares and other variable yield securities and units in unit trusts	1,047	875	981	786
Debt securities and other fixed interest Income securities	5,485	3,345	5,376	3,280
	6,532	4,220	6,357	4,066

All financial investments in the prior and current year, at the reporting date and throughout both periods have been categorised as level 1 and there have been no other categories and transfers.

18. Debtors

Group	2017 £'000	2016 £'000
Trade Debtors from Insurance Intermediation Activities	**529**	554
Trade Debtors from Reinsurance Underwriting Activities	**1,343**	632
Prepayments	**182**	249
Deferred Taxation (Note 26)	**-**	4
	2,054	1,439

All debtors are due within one year.

19. Cash and cash equivalents

Group	2017 £'000	2016 £'000
Cash in bank and in hand	**796**	1,410
Cash held in client money bank accounts	**2,277**	1,642
Cash held in designated Claims Trust accounts	**2,760**	2,321
Deposits with credit institutions	**215**	530
Total	**6,048**	5,903

Monies held in the Non-Statutory Trust client money bank accounts and the designated Claims Trust Accounts are not available to the Group to use for working capital purposes.

20. Creditors: falling due within one year

Group	2017 £,000	2016 £,000
Loan Notes (Note 24)	**750**	750
Bank Loan (Note 23)	**240**	240
Obligations under finance leases and hire purchase contracts (Note 25)	**5**	5
Insurance Creditors from Insurance Intermediation Activities	**4,294**	3,786
Corporation tax	**206**	195
Other taxation and social security	**74**	68
Other creditors	**45**	41
Accruals and deferred income	**629**	617
	6,243	5,702

Company	2017 £,000	2016 £,000
Loan Notes (Note 24)	**750**	750
Bank Loan (Note 23)	**240**	240
Amount owed to subsidiary undertaking	**123**	252
Accruals and deferred income	**16**	10
	1,129	1,252

21. Creditors: falling due after more than one year

Group	2017 £'000	2016 £'000
Loan Notes (Note 24)	**3,000**	3,750
Bank Loan (Note 23)	**680**	920
Obligations under finance leases and hire purchase contracts (Note 25)	**1**	6
	3,681	4,676

Company	2017 £,000	2016 £,000
Loan Notes (Note 24)	**3,000**	3,750
Bank Loan (Note 23)	**680**	920
	3,680	4,670

22.Technical provisions

	Unearned Premiums Provision
Gross amount	**£'000**
At 1 January 2017	1,286
Movement in provision	832
At 31 December 2017	2,118
Reinsurance Expense amount	
At 1 January 2017	-
Movement in provision	-
At 31 December 2017	-
Net-technical provisions	
At 31 December 2017	2,118
At 31 December 2016	1,286

22. Technical Provisions(continued)

Claims	Reinsurance Book Claims outstanding	Run Off Book Claims outstanding	Total
Gross amount	**£'000**	**£'000**	**£'000**
At 1 January 2017	1,278	215	1,493
Paid Claims	(1,060)	(22)	(1,082)
New Claims	2,259	-	2,259
At 31 December 2017	2,477	193	2,670
Reinsurance amount			
At 1 January 2017	-	-	-
Movement in provision	-	-	-
At 31 December 2017	-	-	-
Net technical provisions			
At 31 December 2017	2,477	193	2,670
At 31 December 2016	1,278	215	1,493

23. Bank Loan

On 28 August 2014 the Company entered into a bank loan for £1,700,000. This is repayable over five years in quarterly instalments and the first repayment of £60,000 was made during the 2014 year. The loan is secured by mortgage debentures provided by the Company and Anglo Pacific Consultants (London) Limited. A cross guarantee has been provided by Anglo London Limited and Anglo Pacific Consultants (London) Limited. The interest rate on this loan is 5.45%. Brian Russell, director and shareholder, has made a personal guarantee of £160,000.

The bank loan is shown within the financial statements as:

	2017 £'000	**2016 £'000**
Payable within one year	**240**	240
Payable after more than one year and not later than five years	**680**	920
	920	1,160

24. Loan Notes

On 19 October 2013 the Company acquired Anglo Pacific Consultants (London) Limited for £6,102,157. The acquisition was financed by way of the issue of convertible redeemable loan notes to Brian Russell, a director and the former owner of Anglo Pacific Consultants (London) Limited, and a trust that he established on behalf of his family. The loan notes bear interest at 3% and the interest charge for 2013 was waived.

24. Loan Notes (Continued)

The loan notes are repayable over the next 4 (2016 – 5) years, as follows:

Year ended 31 December	2017 £'000	2016 £'000
2017	-	750
2018	**750**	750
2019	**1,000**	1,000
2020	**1,000**	1,000
2021	**1,000**	1,000
	3,750	4,500

The loan notes are shown within the financial statements as:

	2017 £'000	2016 £'000
Payable within one year	**750**	750
Payable after more than one year	**3,000**	3,750
	3,750	4,500

Should any of the loan notes not be repaid within the established timetable then there is an option to convert the loan notes into ordinary share capital. The Group has not had any defaults of principal or interest or other breaches with respect to its loan notes during the years ended 31 December 2017 and 2016. The loan notes are not classified as compound instrument as they do not meet the "fixed for fixed" test and the value of the conversion feature is negligible. The loan notes are designated at fair value through profit and loss and classified as Level 3 financial instruments. The fair value has been measured by use of valuation technique with the major unobservable input has been the interest rate for similar instruments available on the market. There have been no changes in the fair value of the loan notes in the period and cumulatively, nor in the assumptions underlying the valuation technique for the year ended 31 December 2017 and 2016. The carrying value of the loan notes was equal to the contractual amount due at maturity. Management considers the Group exposure to liquidity and market risk with respect to the loan notes at the end of 2017 and 2016 reporting periods to be immaterial.

25. Obligations under finance leases and hire purchase contracts

	2017 £'000	2016 £'000
Within one year	**5**	5
In two to five years	**1**	6
	6	11

26. Deferred Taxation

Group asset	2017 £'000	2016 £'000
As At 1 January	**4**	-
Movement in the year	-	4
As At 31 December	**4**	4
Depreciation in excess of capital allowances	**4**	4

It is expected that the deferred tax balance will unwind in full after more than a year.
No deferred taxation is provided for by the Company.

27. Called-up Share Capital

	Allocated, issued and fully paid			
	2017	**2016**	**2017**	**2016**
	Number	**Number**	**£'000**	**£'000**
Ordinary Share capital with par value of 1p	**1,000,000**	1,000,000	**10**	10

28. Dividends

During the year the company declared dividends of £115,000 (2016: £100,000) which was fully paid at the year end.

29. Commitments under Operating Leases

The Company had commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2017 £'000	**Land and Buildings 2016 £'000**
Operating Leases which expire:		
In one year	**228**	191
In two to five years	**172**	361
	400	552

30. Ultimate Parent Undertaking and Controlling Party

The Directors consider Brian Russell to be the ultimate controlling party of the Group and Company.

31. Related Parties

The Group has taken advantage of the exception, as permitted by FRS 102 Section 33 Related Party Disclosures not to disclose intra group transactions as all such transactions have been eliminated on consolidation in these Group Financial Statements except those only between wholly owned subsidiaries.

Anglo London Limited has a 20% holding in Heparo BV (APC Holland) which writes commercial combined and property business in Holland. It pays fees for using the Company's Quotemac System. The total income in these accounts from Heparo BV is €154,744 (2016: €150,924). There are no outstanding balances at the year end.

On 18 April 2013 APC acquired 20% of the share capital of Incorporated Insurance Group Limited (IIGL) an insurance underwriting company for a consideration of £100,000. IIGL pays fees for using the APC's *Quotemac System and for bringing business to Lloyds'. The total income in these accounts derived from* IIGL is £160,539 (2016: £160,642). This investment was transferred to Anglo London Limited on 10 October 2013. There are no outstanding balances at year end.

During 2013 Brian Russell sold his shareholding in APC to Anglo London Limited in a management buy-out. Anglo London Limited is a holding company for various companies and as such there is no one individual that controls the company.

Brian Russell as a shareholder of Brinpat Management Limited, which is a managing company for a property that APC rents in Hornchurch. The ultimate landlord is APC Retirement Benefit Scheme. Rent and service charges paid in the period was £24,661 (2016: £24,126).

32. Net Cash Flow from Operating Activities

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	**1,306**	730
Amortisation of intangible fixed assets – goodwill and computer software	**694**	683
Depreciation of tangible fixed assets	**34**	36
Unrealised capital (gains)/losses	**122**	(207)
Interest received	**(2)**	(4)
Interest paid	**184**	225
(Increase)/decrease in debtors	**(614)**	63
Increase in creditors	**523**	920
Movement as result of equity accounting for associates	**-**	42
Increase in technical provisions	**2,009**	2,067
Net cash inflow from operating activities	**4,256**	4,555