LIMITED LIABILITY PARTNERSHIP

Leadendhall No 507 LLP (formerly Nomina No 507 LLP)

Annual Report and Financial Statements

◆ for the year ended 31 December 2016 ◆

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Registered Number: OC340391

Leadendhall No 507 LLP

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Leadendhall No 507 LLP

Partnership Information

Designated Members
Nomina Designated Member No. 1 Limited
Nomina Designated Member No. 2 Limited

Members' Agent
(Regulated by the Financial Conduct Authority)
Hampden Agencies Ltd

Auditors
PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Registered Number
OC340391

Registered Office
5th Floor, 40 Gracechurch Street
London
EC3V 0BT

Leadendhall No 507 LLP

Members' Report

The Members present their Report together with the audited Financial Statements of the Partnership for the year ended 31 December 2016.

Principal activities

The principal activity of the Partnership is that of a limited liability underwriting member of Lloyd's. The Company has ceased underwriting and all years of account on which the Company participated have closed.

Results

The Financial Statements incorporate the annual accounting results of the syndicates on which the Partnership participates for any run-off years of account.

The results for the year are set out on pages 6 and 7 of the Financial Statements.

Impact of Brexit vote

Following the referendum vote for the United Kingdom to leave the EU, Lloyd's has been working together with market members to prepare for changes that are likely to arise as a result of leaving the EU. Lloyd's have noted that, although only around 11% of the market's gross written premiums arise from the EU excluding the UK, they are making preparations to maintain access to the insurance market in the EU. At this time the details of future trading with the EU in general and the impact on the Lloyd's market cannot be known, although these uncertainties, together with related economic factors including exchange rates and investment values, may have an impact on results for several years. The Members are monitoring the Lloyd's market's preparations along with general market conditions to identify if it is appropriate to make any changes to the current strategy of the Partnership.

Members' interests

The net profit or loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

During the year, Members may receive drawings representing payments on account of profits which may be allocated to them. The amount of such drawings may be reclaimed from Members until such time as profits have been allocated to them.

Profits are determined, allocated and divided between Members in accordance with the partnership agreement. The partnership agreement requires the net profit of the LLP to be allocated once it has been ascertained.

Designated Members

The Designated Members during the period were as follows:

Nomina Designated Member No. 1 Limited
Nomina Designated Member No. 2 Limited

Leadendhall No 507 LLP

Members' Report (continued)

Statement of Members' Responsibilities

Legislation applicable to Limited Liability Partnerships requires the Members to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

In preparing those Financial Statements, the Members 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 accounting standards have been followed, subject to any material departure 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 Partnership will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclosure with reasonable accuracy at any time the financial position of the Partnership. This will enable the Members to ensure that the Financial Statements comply with the Limited Liability Partnership Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved by the Members on 26 July 2017 and signed on their behalf by:

Hampden Legal Plc

Hampden Legal Plc
for and on behalf of

Nomina Designated Member No. 1 Limited
Designated Member

Leadendhall No 507 LLP

Independent Auditor's Report

Independent Auditor's Report to the Members of Leadendhall No 507 LLP

We have audited the Financial Statements of Leadendhall No 507 LLP for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Members' Interests, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Limited Liability Partnership's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and Auditor

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

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements, sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Limited Liability Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Designated Members; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identity any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

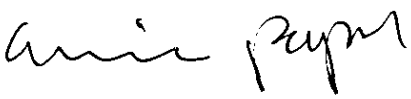
In our opinion the Financial Statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2016 and of its result 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Carmine Papa (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
26 July 2017

1 Westferry Circus
Canary Wharf
London
E14 4HD

Leadendhall No 507 LLP

Profit and Loss Account
Technical Account – General Business
for the year ended 31 December 2016

	Note		2016 £		2015 £
Premiums written					
Gross premium written	5,6		-		-
Outward reinsurance premiums			-		-
Net premiums written			-		-
Change in the provision for unearned premiums	7				
Gross provision			-		-
Reinsurers' share			-		-
Net change in the provision for unearned premiums			-		-
Earned premiums, net of reinsurance			-		-
Allocated investment return transferred from the non-technical account			-		-
Other technical income, net of reinsurance			-		-
Total technical income			-		-
Claims paid					
Gross amount		-		-	
Reinsurers' share		-		-	
Net claims paid		-		-	
Change in the provision for claims					
Gross amount		-		-	
Reinsurers' share		-		-	
Change in the net provisions for claims	7	-		-	
Claims incurred, net of reinsurance			-		-
Changes in other technical provisions, net of reinsurance			-		-
Net operating expenses	8		-		92,750
Other technical charges, net of reinsurance			-		-
Balance on the technical account for general business			-		92,750

The Notes are an integral part of these Financial Statements.

Leadendhall No 507 LLP

Profit and Loss Account
Non-Technical Account
for the year ended 31 December 2016

	Note	2016 £	2015 £
Balance on the technical account for general business		-	92,750
Investment income	9	136	115
Unrealised gains on investments	9	-	-
Investment expenses and charges	9	-	-
Unrealised losses on investments	9	-	-
Allocated investment return transferred to the general business technical account		-	-
Other income		-	-
Other charges		148	(22,592)
Profit/(loss) for the financial year before Members' remuneration and profit shares	10	284	70,273
Members' (remuneration)/contribution charged as an expense	11	(284)	(70,273)
Result for the financial year available for discretionary division among Members		-	-

Statement of Comprehensive Income

	2016 £	2015 £
Result for the financial year available for discretionary division among Members	-	-
Other comprehensive income:		
Currency translation differences	-	-
Other comprehensive income before Members' remuneration and profit shares	-	-
Members' (remuneration)/contribution	-	-
Other comprehensive income for the year available for discretionary division among Members	-	-
Total comprehensive income for the financial year available for discretionary division among Members	-	-

All items derive from continuing activities.

The Notes are an integral part of these Financial Statements.

Leadendhall No 507 LLP

Balance Sheet
as at 31 December 2016

	Note	31 December 2016 Syndicate participation £	Partnership £	Total £	31 December 2015 Syndicate participation £	Partnership £	Total £
Assets							
Intangible assets	12	-	-	-	-	-	-
Investments							
Financial investments	13	-	-	-	-	-	-
Deposits with ceding undertakings		-	-	-	-	-	-
		-	-	-	-	-	-
Reinsurers' share of technical provisions							
Provision for unearned premiums	7	-	-	-	-	-	-
Claims outstanding	7	-	-	-	-	-	-
Other technical provisions		-	-	-	-	-	-
		-	-	-	-	-	-
Debtors							
Arising out of direct insurance operations:							
- Policyholders		-	-	-	-	-	-
- Intermediaries		-	-	-	-	-	-
Arising out of reinsurance operations		-	-	-	-	-	-
Other debtors	14	-	-	-	-	-	-
		-	-	-	-	-	-
Other assets							
Cash at bank and in hand		-	284	284	-	-	-
Other		-	-	-	-	-	-
		-	284	284	-	-	-
Prepayments and accrued income							
Accrued interest		-	-	-	-	-	-
Deferred acquisition costs	7	-	-	-	-	-	-
Other prepayments and accrued income		-	-	-	-	-	-
		-	-	-	-	-	-
Total assets		-	284	284	-	-	-

The Notes are an integral part of these Financial Statements.

Leadendhall No 507 LLP

Balance Sheet
as at 31 December 2016

	Note	31 December 2016 Syndicate participation £	Partnership £	Total £	31 December 2015 Syndicate participation £	Partnership £	Total £
Liabilities and Members' interests							
Loans and other debts due to Members within one year							
Other		-	284	284	-	-	-
Technical provisions							
Provision for unearned premiums	7	-	-	-	-	-	-
Claims outstanding – gross amount	7	-	-	-	-	-	-
Other technical provisions		-	-	-	-	-	-
		-	-	-	-	-	-
Provisions for other risks and charges		-	-	-	-	-	-
Deposit received from reinsurers		-	-	-	-	-	-
Creditors							
Arising out of direct insurance operations		-	-	-	-	-	-
Arising out of reinsurance operations		-	-	-	-	-	-
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation *and social security*	16	-	-	-	-	-	-
		-	-	-	-	-	-
Accruals and deferred income		-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-
Total liabilities and Members' interests		-	284	284	-	-	-

The Financial Statements were approved and authorised for issue by the Members of the Limited Liability Partnership on 26 July 2017 and signed on its behalf by:

Jeremy Evans, for and on behalf of
Nomina Designated Member No. 1 Limited
Designated Member

Partnership registration number: OC340391

The Notes are an integral part of these Financial Statements.

Leadendhall No 507 LLP

Statement of Changes in Members' Interests for the year ended 31 December 2016

	Debt Loans and other debts due to Members less any amounts due from Members		
	Syndicate capacity £	Other £	Total £
At 1 January 2015	-	133,750	133,750
Allocated remuneration from profit/(loss)	-	70,273	70,273
Allocated remuneration from other comprehensive income	-	-	-
Funds introduced by / (repaid to) Members and former Members	-	(204,023)	(204,023)
Other movements	-	-	-
At 31 December 2015	-	-	-
At 1 January 2016	-	-	-
Allocated remuneration from profit/(loss)	-	284	284
Allocated remuneration from other comprehensive income	-	-	-
Funds introduced by / (repaid to) Members and former Members	-	-	-
Other movements	-	-	-
At 31 December 2016	-	284	284

Debt:

The profit/loss on disposal of syndicate capacity together with the amortisation charge is shown under the heading 'Syndicate capacity'. The direct underwriting return and all other movements are shown under the heading 'Other'.

Loans and other debts due to Members rank equally with debts due to ordinary creditors on winding up.

Within loans and other debts due to Members, there is no Members' capital classified as debt.

Equity:

Within equity, based on the Partnership agreement, there are no Members' Other Interests.

The Notes are an integral part of these Financial Statements.

Leadendhall No 507 LLP

Statement of Cash Flows
for the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit/(loss) before Members' remuneration and profit shares	284	70,273
Deduction of (profit)/loss attributed to syndicate transactions	-	-
Distribution/(collection) of closed year result from syndicates	-	317,458
Profit/(loss) excluding syndicate transactions	284	387,731
Adjustments for:		
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	-	(193,774)
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	-	-
Investment income	(136)	(115)
Realised/unrealised (gains)/losses on investments	-	-
Income tax paid	-	-
Net cash inflow/(outflow) from operating activities	148	193,842
Cash flows from investing activities		
Investment income	136	115
Purchase of syndicate capacity	-	-
Proceeds from sale of syndicate capacity	-	-
Purchase of investments	-	-
Proceeds from sale of investments	-	-
Net cash inflow/(outflow) from investing activities	136	115
Cash flows from financing activities with Members and former Members		
Contributions introduced by / (repaid to) Members and former Members	-	(204,023)
Net cash inflow/(outflow) from financing activities with Members and former Members	-	(204,023)
Net increase/(decrease) in cash and cash equivalents	284	(10,066)
Cash and cash equivalents at beginning of year	-	10,066
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	284	-
Cash and cash equivalents comprise:		
Cash at bank and in hand	284	-
Other financial investments	-	-
Cash and cash equivalents	284	-

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

The Notes are an integral part of these Financial Statements.

1. General information

The Partnership is a limited liability partnership that was incorporated in England and whose registered office is 40 Gracechurch Street, London, EC3V 0BT. The Partnership participates in insurance business as an underwriting member of various syndicates at Lloyd's.

2. Accounting policies

Basis of preparation

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" and the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships dated 26 January 2017 (effective for accounting periods beginning on or after 1 January 2016), and the Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations, relating to insurance.

Transition to FRS 102 and FRS 103

The Financial Statements for the year ended 31 December 2015 were the first Financial Statements that complied with FRS 102 and FRS 103. The date of transition was 1 January 2014 and the comparative figures in the 2015 Financial Statements were restated accordingly. The transition has resulted in a small number of changes in accounting policies to those used previously.

Going concern

The Partnership participates as an underwriting member of Lloyd's but has ceased accepting new business and is running off its affairs in an orderly manner. Its underwriting is supported by Funds at Lloyd's either made available by the Partnership directly or by its Members. The Members are of the opinion that the Partnership has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in preparation of the Financial Statements. Preparing accounts on a break up basis including a provision for future run-off expenses would not result in any material adjustment to the figures.

Basis of accounting

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation through profit and loss of certain financial instruments held at fair value, through profit or loss.

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

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Partnership participates.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the Balance Sheet as "Syndicate participation". Other assets and liabilities are shown as "Partnership". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these Financial Statements in respect of the syndicates has been supplied by managing agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted:

General business

i. Premiums

Premiums written comprise the total premiums receivable in respect of 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 syndicates on which the Partnership participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

2. Accounting policies (continued)

ii. Unearned premiums

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

iii. Deferred acquisition costs

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

iv. Reinsurance premiums

Managing agents enter into reinsurance contracts on behalf of syndicates, in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance premium costs are allocated by the managing agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

v. Claims incurred and reinsurers' share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported ("IBNR"). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in house reserving team and reviewed by external consulting actuaries. These techniques 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. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's 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. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time as the exposure period recedes. In addition, the nature of short tail claims, such as property where claims are typically notified and settled within a short period of time, will normally have less uncertainty after a few years than long tail risks, such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors, if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

2. Accounting policies (continued)

v. Claims incurred and reinsurers' share (continued)

The reinsurers share of provision for claims together with any other reinsurance assets are assessed for impairment at the balance sheet date, based on the likely amounts to be recovered. Any impairment loss is recognised as an expense in the Profit and Loss Account for the period.

vi. Unexpired risks provision

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the Balance Sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant managing agent.

vii. Closed years of account

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

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

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

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

viii. Run-off years of account

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

ix. Net operating expenses (including acquisition costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Partnership participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date.

x. Distribution of profits and collection of losses

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

2. Accounting policies (continued)

xi. Financial assets and financial liabilities

Classification:
The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the Profit and Loss Account and Other Comprehensive Income. These classifications are made at initial recognition and subsequent classification is only permitted in restricted circumstances.

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the syndicate after deducting all of its liabilities.

Recognition:
Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. In respect of the purchases and sales of financial assets, they are recognised on the trade date.

Initial measurement:
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

Subsequent measurement:
Non-current debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through profit or loss.

De-recognition of financial assets and liabilities:
Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicates, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement:
The best evidence of fair value is a quoted price for an identical asset or liability in an active market that the entity can access at the measurement date.

When quoted prices are unavailable, observable inputs developed using market data for the asset or liability, either directly or indirectly, are used to determine the fair value.

If the market for the asset is not active and there are no observable inputs, then the syndicate estimates the fair value by using unobservable inputs, i.e. where market data is unavailable.

Impairment of financial instruments measured at amortised cost or cost:
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

2. Accounting policies (continued)

xi. Financial assets and financial liabilities (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

Offsetting:
Debtors/creditors arising from insurance/reinsurance operations shown in the Balance Sheet include the totals of all the syndicates' outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

xii. Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the fair value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

xiii. Basis of currency translation

The presentational and functional currency of the Partnership is Pound Sterling, which is the currency of the primary economic environment in which it operates. Supported syndicates may have different functional currencies.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Pound Sterling at the rates of exchange at the Balance Sheet date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction.

Differences arising on translation to the functional currency of the syndicates where the functional currency was not Pound Sterling are reported in Other Comprehensive Income. All other exchange differences are reported within the Profit and Loss Account, Non-Technical Account (or the Technical Account in respect of Life syndicates).

Reinsurance at partnership level

Where considered applicable, the Partnership may purchase additional reinsurance to that purchased through the syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2 (iv) and (v) above.

Taxation

Income tax payable on the Partnership's profits is solely the personal liability of the Members and consequently is not dealt with in these Financial Statements.

2. Accounting policies (continued)

Intangible assets

Costs incurred by the Partnership in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible assets and amortised over a five year period beginning in the year following the purchase of the syndicate participation.

The intangible assets are reviewed for impairment where there are indicators for impairment, and any impairment is charged to the Profit and Loss Account for the period.

Cash and cash equivalents and Statement of Cash Flows

Cash and cash equivalents include deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and cash in hand.

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

Members' interests

The net profit/loss of the Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

Loans and other debts due to Members rank pari passu with other unsecured creditors on the winding up of a partnership.

Members' remuneration

Under the partnership agreement the net profit of the LLP is allocated to each Member in accordance with the Members' yearly shares for the underwriting years of account. Allocation between the underwriting years of account are apportioned on a fair and equitable basis.

Under the agreement the net profits are divided between Members when ascertained. Accordingly the net profits have been treated as an expense in the Profit and Loss Account and the Statement of Comprehensive Income. To the extent they remain unpaid at the year end they are shown as liabilities in the Balance Sheet.

3. Key accounting judgements and estimation uncertainties

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

The measurement of the provision for claims outstanding is the most significant judgement involving estimation uncertainty regarding amounts recognised in these Financial Statements in relation to underwriting by the syndicates and this is disclosed further in Note 4.

The management and control of each syndicate is carried out by the managing agent of that syndicate, and the Partnership looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each syndicate.

The key accounting judgements and sources of estimation uncertainty set out below therefore relate to those made in respect of the Partnership only, and do not include estimates and judgements made in respect of the syndicates.

3. Key accounting judgements and estimation uncertainties (continued)

Purchased syndicate capacity:

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

Determining the useful life of purchased syndicate capacity:
The assessed useful life of syndicate capacity is five years. This is on the basis that this is the life over which the original value of the capacity acquired is used up.

Assessing indicators of impairment:

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

Recoverability of receivables:

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

4. Risk management

This section summarises the financial and insurance risks the Partnership is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's syndicates.

Risk background

The syndicate's activities expose it to a variety of financial and non-financial risks. The managing agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the managing agent prepares a Lloyd's Capital Return ("LCR") for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the syndicate's management of risks.

The Partnership manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its managing agent. In addition, quarterly reports and annual accounts together with any other information made available by the managing agent are monitored and if necessary enquired into. If the Partnership considers that the risks being run by the syndicate are excessive it will seek confirmation from the managing agent that adequate management of the risk is in place and, if considered appropriate will withdraw support from the next underwriting year. The Partnership relies on advice provided by the members agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates. The Partnership also mitigates its insurance risks by participating across several syndicates.

Impact of Brexit vote:
The Brexit vote will have an impact on various risk factors, including currency risks. The Lloyd's market is in the process of developing a strategy for dealing with Brexit and the Partnership will monitor these developments and identify whether it needs to modify its participation in the Lloyd's market.

The analysis below provides details of the financial risks the Partnership is exposed to from syndicate insurance activities and at a corporate partnership level, as required by FRS 103. Note 7 provides further analysis of sensitivities to reserving and underwriting risks.

4. Risk management (continued)

Syndicate risks

i. Liquidity risk

The syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay obligation when due, or to ensure compliance with the syndicate's obligations under the various trust deeds to which it is party.

The syndicates' aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

Although there are usually no stated maturities for claims outstanding, syndicates have provided their expected maturity of future claims settlements as follows:

2016	No stated maturity £	0-1 year £	1-3 years £	3-5 years £	> 5 years £	Total £
Claims outstanding	-	-	-	-	-	-

2015	No stated maturity £	0-1 year £	1-3 years £	3-6 years £	> 5 years £	Total £
Claims outstanding	-	-	-	-	-	-

ii. Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities which are neither past due nor impaired are as follows:

2016	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	-	-
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-
	-	-	-	-	-	-

2015	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	-	-
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-
	-	-	-	-	-	-

4. Risk management (continued)

Syndicate risks (continued)

ii. Credit risk (continued)

Syndicate assets emerging directly from insurance activities, with reference to their due date or impaired are as follows:

2016	Neither past due nor impaired £	Past due but not impaired: Less than 6 months £	Past due but not impaired: Between 6 months and 1 year £	Past due but not impaired: Greater than 1 year £	Impaired £	Total £
Financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	-	-
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-
Insurance and other debtors	-	-	-	-	-	-
	-	-	-	-	-	-

2015	Neither past due nor impaired £	Past due but not impaired: Less than 6 months £	Past due but not impaired: Between 6 months and 1 year £	Past due but not impaired: Greater than 1 year £	Impaired £	Total £
Financial investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	-	-
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-
Insurance and other debtors	-	-	-	-	-	-
	-	-	-	-	-	-

iii. Interest rate and equity price risk

Interest rate risk and equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

iv. Currency risk

The syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US dollars. Transactions denominated in US dollars form a significant part of the syndicates' operations. This risk is, in part, mitigated by the syndicates maintaining financial assets denominated in US dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities by currency:

2016	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Surplus/(deficiency) of assets	-	-	-	-	-	-

4. Risk management (continued)

Syndicate risks (continued)

iv. Currency risk (continued)

2015	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Surplus/(deficiency) of assets	-	-	-	-	-	-

The impact of a 5% change in exchange rates between GBP and other currencies would be £- on loans and other debts due to Members within one year (2015: £-).

Partnership risks

i. Investment, Credit and Liquidity risks

The significant risks faced by the Partnership are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, interest rate risk and currency risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the Partnership to meet the claim. In order to minimise investment, credit and liquidity risk the Partnership's funds are invested in readily realisable short term deposits. The Partnership does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii. Currency risks

The syndicates can distribute their results in Pound Sterling, US dollars or a combination of the two. The Partnership is exposed to movements in the US dollar between the Balance Sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account.

iii. Regulatory risks

The Partnership is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Partnership is able to support.

iv. Operational risks

As there are relatively few transactions actually undertaken by the Partnership there are only limited systems and operational requirements of the Partnership and therefore operational risks are not considered to be significant. Close involvement of all Members in the Partnership's key decision making and the fact that the majority of the Partnership's operations are conducted by syndicates, provides control over any remaining operational risks.

5. Class of business

2016	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Net Operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	-	-	-	-	-	-
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-
Fire and other damage to property	-	-	-	-	-	-
Third party liability	-	-	-	-	-	-
Credit and suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total direct	-	-	-	-	-	-
Reinsurance inward	-	-	-	-	-	-
Total	-	-	-	-	-	-

2015	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Net operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	-	-	-	-	-	-
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-
Fire and other damage to property	-	-	-	-	-	-
Third party liability	-	-	-	-	-	-
Credit and suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total direct	-	-	-	-	-	-
Reinsurance inward	-	-	-	92,750	-	92,750
Total	-	-	-	92,750	-	92,750

6. Geographical analysis

	2016 £	2015 £
Direct gross premium written in:		
United Kingdom	-	-
Other EU Member States	-	-
Rest of the World	-	-
	-	-

7. Technical provisions

Movement in claims outstanding	Gross £	Reinsurance £	2016 Net £	Gross £	Reinsurance £	2015 Net £
At 1 January	-	-	-	1,438,956	170,230	1,268,726
Movement in technical account	-	-	-	-	-	-
Other movements	-	-	-	(1,438,956)	(170,230)	(1,268,726)
At 31 December	-	-	-	-	-	-

Movement in unearned premiums	Gross £	Reinsurance £	2016 Net £	Gross £	Reinsurance £	2015 Net £
At 1 January	-	-	-	-	-	-
Movement in technical account	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
At 31 December	-	-	-	-	-	-

Movement in deferred acquisition costs	2016 Net £	2015 Net £
At 1 January	-	-
Movement in deferred acquisition costs	-	-
Other movements	-	-
At 31 December	-	-

Included within other movements are foreign exchange movements and the effect of the 2013 and prior years' technical provisions being reinsured to close into the 2014 year of account (2015: 2012 and prior years' technical provisions being reinsured to close into the 2013 year of account), to the extent where the Partnership's syndicate participation portfolio has changed between those two years of account.

Assumptions, changes in assumptions and sensitivity

As described in Note 4 the majority of the risks to the Partnership's future cash flows arise from its participation in the results of Lloyd's syndicates and are mostly managed by the managing agents of the syndicates. The Partnership's role in managing these risks, in conjunction with the Partnership's members' agent, is limited to a selection of syndicate participations and monitoring the performance of the syndicates and their managing agents.

The amounts carried by the Partnership arising from insurance contracts are calculated by the managing agents of the syndicates and derived from accounting information provided by the managing agents and reported upon by the syndicate auditors.

The key assumptions underlying the amounts carried by the Partnership arising from insurance contracts are:

- the net premiums written calculated by the managing agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the Balance Sheet date;
- the net unearned premiums calculated by the managing agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the Balance Sheet date, including appropriate allowance for anticipated losses in excess of the unearned premium;
- the claims reserves calculated by the managing agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the Balance Sheet date;
- the potential ultimate result of run-off year results has been accurately estimated by the managing agents; and
- the values of investments and other assets and liabilities are correctly stated at their realisable values at the Balance Sheet date.

There have been no changes to these assumptions in 2016.

7. Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity (continued)

The amounts carried by the Partnership arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Partnership's profit/loss by £- (2015: £-);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Partnership's profit/loss by £- (2015: £-);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Partnership's profit/loss by £- (2015: £-).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

The historical gross and net claims development is as follows:

Claims development - Gross	**After 12 months**	**After 24 months**	**After 36 months**	**Profit/(loss) on RITC received**
Underwriting pure year	**£**	**£**	**£**	**£**
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-		
2016	-	-		

Claims development - Net	**After 12 months**	**After 24 months**	**After 36 months**	**Profit/(loss) on RITC received**
Underwriting pure year	**£**	**£**	**£**	**£**
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-		
2016	-	-		

8. Net operating expenses

	2016	**2015**
	£	**£**
Acquisition costs	-	-
Change in deferred acquisition costs	-	-
Administrative expenses	-	(92,750)
Loss/(profit) on exchange	-	-
	-	(92,750)

9. Investment return

	2016	2015
	£	£
Investment income	-	-
Dividend income	-	-
Interest on cash at bank	136	115
Other interest and similar income	-	-
Realised gains on investments	-	-
Investment income	136	115
Investment management expenses	-	-
Realised losses on investments	-	-
Investment expenses and charges	-	-
Unrealised gains and losses, net	-	-
Total investment return	136	115

Analysed as follows:

	Investments at fair value through profit or loss £	Investments available for sale £	2016 Total £	Investments at fair value through profit or loss £	Investments available for sale £	2015 Total £
Realised gains and losses	-	-	-	-	-	-
Unrealised gains and losses	-	-	-	-	-	-
Other relevant income	-	-	-	-	-	-
	-	-	-	-	-	-
Interest and similar income, net of expenses			136			115
Total investment return			136			115

10. Profit/(loss) for the financial year before Members' remuneration and profit shares

	2016	2015
	£	£
The profit/(loss) for the financial year before Members' remuneration and profit shares is stated after charging/(crediting):		
Amortisation of syndicate capacity	-	-
Interest on bank loans and overdrafts	-	-
Interest on other interest	-	-

The Partnership has no employees.

The auditors, PKF Littlejohn LLP, charge a fixed fee to Nomina Plc for the provision of the audit of the LLP. This fee is included within the service fee charged to the Partnership by Nomina Plc and equates to approximately £72 (2015: £74).

11. Members' remuneration

The average number of Members during the year was 30.

	2016 £	2015 £
Profit/(loss) (including remuneration) attributable to the Member with the largest entitlement	29	7,154

12. Intangible assets

Purchased syndicate capacity	2016 £	2015 £
Cost		
At 1 January	-	-
Additions	-	-
Disposals	-	-
At 31 December	-	-
Amortisation		
At 1 January	-	-
Provided during the year	-	-
Disposals	-	-
At 31 December	-	-
Net book value		
At 31 December 2016 / 2015	-	-
At 31 December 2015 / 2014	-	-

13. Financial investments

The Partnership early adopted as of 1 January 2016 the amendments of FRS 102 made in March 2016 and effective for accounting periods beginning on or after 1 January 2017.

The Partnership categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical assets that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Financial investments Syndicate	Financial investments held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2016	**£**	**£**	**£**	**£**	**£**	**£**
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Participation in investment pools	-	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	-	-	-	-	-	-

	Total £
Cost	-

Financial investments Syndicate	Financial investments held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2015	**£**	**£**	**£**	**£**	**£**	**£**
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Participation in investment pools	-	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	-	-	-	-	-	-

	Total £
Cost	-

Financial investments - Partnership

In accordance with the Partnership deed, the Partnership does not hold any financial investments.

14. Other debtors

	2016			2015		
	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-

15. Profit and loss account

The result for each underwriting year of account is generated over a three year period. These Financial Statements, which cover the period from 1 January 2016 to 31 December 2016, show movements in the first twelve months of the 2016 year of account, the second twelve months of the 2015 year of account and the final twelve months of the 2014 year of account.

Future cash flows will arise when profits/(losses) are distributed/(collected) by Lloyd's after each year of account has closed. Subject to certain conditions, Lloyd's can allow the partial early release of some profits or in the event of an expect loss require advance funding prior to the year of account closing.

The cumulative profit and loss account on all open underwriting years of account is shown in the Balance Sheet under 'Syndicate participation' as detailed in the table below:

	2016	2015
Underwriting year of account (cumulative):	£	£
2013 after 36 months	-	-
2014 after 36 months / 24 months	-	-
2015 after 24 months / 12 months	-	-
2016 after 12 months	-	-
	-	-

16. Other creditors including taxation and social security

	2016			2015		
	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Third party funds	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
Amount due to group undertakings	-	-	-	-	-	-
	-	-	-	-	-	-

17. Financial liabilities

The Partnership early adopted as of 1 January 2016 the amendments of FRS 102 made in March 2016 and effective for accounting periods beginning on or after 1 January 2017.

The Partnership categorises its fair value measurement using the following three fair value hierarchy levels based on the reliability of inputs used in determining fair values as follows:

Level 1: The unadjusted quoted price in an active market for identical liabilities that an entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the liability.

Financial liabilities Syndicate	Financial liabilities held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
2016	£	£	£	£	£	£
Borrowings	-	-	-	-	-	-
Derivatives liabilities	-	-	-	-	-	-
Financial liabilities classified as held for sale	-	-	-	-	-	-
Fair value	-	-	-	-	-	-

Financial liabilities Syndicate	Financial liabilities held at fair value through profit or loss				Held at amortised cost	Total
	Level 1	Level 2	Level 3	Total		
	£	£	£	£	£	£
2015						
Borrowings	-	-	-	-	-	-
Derivatives liabilities	-	-	-	-	-	-
Financial liabilities classified as held for sale	-	-	-	-	-	-
Fair value	-	-	-	-	-	-

All other financial liabilities of the syndicate participation, including creditors arising out of direct insurance operations, creditors arising out of reinsurance operations and other creditors, are measured at amortised cost.

Financial liabilities - Partnership

All Partnership financial liabilities are measured at amortised cost.

18. Related party transactions

All members of the LLP are directors, employees or ex-employees of Ark Syndicate Management Limited ('ASML'). ASML acts as managing agent for Syndicate 4020 which is the sole syndicate participation of the LLP.

19. Ultimate controlling party

No individual person has overall control of the Partnership.