

Nomina No 550 LLP

**Annual Report and Financial Statements
31 December 2018**



Registered Number: OC349002

Nomina No 550 LLP

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Nomina No 550 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

OC349002

Registered Office

5th Floor, 40 Gracechurch Street
London
EC3V 0BT

Nomina No 550 LLP

Members' Report

The Members present their Report together with the audited Financial Statements of the Partnership for the year ended 31 December 2018.

Principal activities

The principal activity of the Partnership is that of a limited liability underwriting member of Lloyd's.

Results

The Financial Statements incorporate the annual accounting results of the syndicates on which the Partnership participates for the 2016, 2017 and 2018 year of account, as well as any 2015 and prior run-off years. The 2016 year closed at 31 December 2018 with a result of £-129,612 (2015: £10,755). The 2017 and 2018 open underwriting accounts will normally close at 31 December 2019 and 2020.

The results for the year are set out on pages 7 and 8 of the Financial Statements.

Future developments

The Limited Liability Partnership continues to write insurance business in the Lloyd's insurance market as a limited liability underwriting member of Lloyd's.

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

Nomina No 550 LLP

Members' Report (continued)

Members' Responsibilities Statement

The Members are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law (as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the Members to prepare Financial Statements for each financial year. Under that law, the Members have prepared the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law (as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the Members must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

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 United Kingdom 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 and enable them to ensure that the Financial Statements comply with 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. They are also responsible for: such internal control as they determine necessary to enable the preparation of Financial Statements, that are free from material misstatements, whether due to fraud or error; and safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Designated Members on behalf of the Members.

Auditor

- (i) PKF Littlejohn LLP has signified its willingness to continue in office as auditor.
- (ii) Disclosure of information to the Auditor:

Each of the persons who is a Member at the date of approval of this report confirms that:

- so far as the Member is aware, there is no relevant audit information of which the auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Member in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Members on 24 July 2019 and signed on their behalf by:



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

Nomina No 550 LLP

Independent Auditor's Report

Independent Auditor's Report to the Members of Nomina No 550 LLP

Opinion

We have audited the Financial Statements of Nomina No 550 LLP (the "Limited Liability Partnership") for the year ended 31 December 2018 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 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 Limited Liability Partnership's affairs as at 31 December 2018 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.

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 Limited Liability Partnership 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 Members' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Members have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Limited Liability Partnership'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 other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Members are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 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.

Nomina No 550 LLP

Independent Auditor's Report (continued)

Responsibilities of Members

As explained more fully in the Members' Responsibilities Statement, the Members 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 Members 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 Members are responsible for assessing the Limited Liability Partnership'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 Members either intend to liquidate the Limited Liability Partnership 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 on the Financial Reporting Council's website at: 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 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.



Carmine Papa (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
24 July 2019

1 Westferry Circus
Canary Wharf
London
E14 4HD

Nomina No 550 LLP

Profit and Loss Account Technical Account – General Business for the year ended 31 December 2018

	Note	2018 £	2017 £
Premiums written			
Gross premium written	6,7	1,178,271	1,109,464
Outward reinsurance premiums		(370,617)	(350,900)
Net premiums written		<u>807,654</u>	<u>758,564</u>
Change in the provision for unearned premiums	8		
Gross provision		(44,155)	(18,089)
Reinsurers' share		27,698	18,727
Net change in the provision for unearned premiums		<u>(16,457)</u>	<u>638</u>
Earned premiums, net of reinsurance		791,197	759,202
Allocated investment return transferred from the non-technical account		6,780	9,547
Other technical income, net of reinsurance		-	-
Total technical income		<u>797,977</u>	<u>768,749</u>
Claims paid			
Gross amount		(760,395)	(614,334)
Reinsurers' share		205,862	190,246
Net claims paid		<u>(554,533)</u>	<u>(424,088)</u>
Change in the provision for claims			
Gross amount		36,777	(424,457)
Reinsurers' share		(18,300)	155,011
Change in the net provisions for claims	8	<u>18,477</u>	<u>(269,446)</u>
Claims incurred, net of reinsurance		(536,056)	(693,534)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	9	(321,699)	(320,417)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>(59,778)</u>	<u>(245,202)</u>

The Notes are an integral part of these Financial Statements.

Nomina No 550 LLP

Profit and Loss Account Non-Technical Account for the year ended 31 December 2018

	Note	2018 £	2017 £
Balance on the technical account for general business		(59,778)	(245,202)
Investment income	10	41,315	46,618
Unrealised gains on investments	10	478	831
Investment expenses and charges	10	(31,304)	(32,519)
Unrealised losses on investments	10	(3,685)	(5,354)
Allocated investment return transferred to the general business technical account		(6,780)	(9,547)
Other income		-	-
Other charges		(29,887)	(4,439)
Profit/(loss) for the financial year before Members' remuneration and profit shares	11	(89,641)	(249,612)
Members' (remuneration)/contribution charged as an expense	12	89,641	249,612
Result for the financial year available for discretionary division among Members		-	-

Statement of Comprehensive Income

		2018 £	2017 £
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	12	-	-
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.

Nomina No 550 LLP

Balance Sheet as at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Assets							
Intangible assets	13	-	-	-	-	-	-
Investments							
Financial investments	14	665,166	-	665,166	684,467	-	684,467
Deposits with ceding undertakings		-	-	-	-	-	-
		665,166	-	665,166	684,467	-	684,467
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	162,412	-	162,412	131,645	-	131,645
Claims outstanding	8	472,472	-	472,472	480,901	-	480,901
Other technical provisions		-	-	-	-	-	-
		634,884	-	634,884	612,546	-	612,546
Debtors							
Arising out of direct insurance operations:							
- Policyholders		-	-	-	-	-	-
- Intermediaries		443,469	-	443,469	403,507	-	403,507
Arising out of reinsurance operations		412,150	-	412,150	280,320	-	280,320
Other debtors	15	30,371	-	30,371	43,552	5	43,552
		885,990	-	885,990	727,379	5	727,384
Other assets							
Cash at bank and in hand		59,417	1	59,418	37,247	1	37,248
Other		182,849	-	182,849	184,314	-	184,314
		242,266	1	242,267	221,561	1	221,562
Prepayments and accrued income							
Accrued interest		-	-	-	-	-	-
Deferred acquisition costs	8	99,551	-	99,551	103,023	-	103,023
Other prepayments and accrued income		626	-	626	-	-	-
		100,177	-	100,177	103,023	-	103,023
Total assets		2,528,483	1	2,528,484	2,348,976	6	2,348,982

The Notes are an integral part of these Financial Statements.

Nomina No 550 LLP

Balance Sheet as at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Liabilities and Members' interests							
Loans and other debts due to Members within one year							
Other		(375,711)	(3,084)	(378,795)	(293,502)	(3,078)	(296,580)
Technical provisions							
Provision for unearned premiums	8	540,486	-	540,486	485,577	-	485,577
Claims outstanding – gross amount	8	1,535,068	-	1,535,068	1,544,049	-	1,544,049
Other technical provisions		-	-	-	-	-	-
		2,075,554	-	2,075,554	2,029,626	-	2,029,626
Provisions for other risks and charges							
		-	-	-	-	-	-
Deposit received from reinsurers							
		-	-	-	-	-	-
Creditors							
Arising out of direct insurance operations		39,413	-	39,413	5,493	-	5,493
Arising out of reinsurance operations		715,387	-	715,387	536,529	-	536,529
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security	17	73,650	3,085	76,735	67,695	3,084	70,779
		828,450	3,085	831,535	609,717	3,084	612,801
Accruals and deferred income							
		190	-	190	3,135	-	3,135
Total liabilities							
		2,904,194	3,085	2,907,279	2,642,478	3,084	2,645,562
Total liabilities and Members' interests							
		2,528,483	1	2,528,484	2,348,976	6	2,348,982

The Financial Statements were approved and authorised for issue by the Members of the Limited Liability Partnership on 24 July 2019 and signed on its behalf by:



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

Partnership registration number: OC349002

The Notes are an integral part of these Financial Statements.

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Statement of Changes in Members' Interests for the year ended 31 December 2018

	Debt Loans and other debts due to Members less any amounts due from Members		
	Syndicate capacity £	Other £	Total £
At 1 January 2017	4,186	(18,424)	(14,238)
Allocated remuneration from profit/(loss)	-	(249,612)	(249,612)
Allocated remuneration from other comprehensive income	-	-	-
Funds introduced by / (repaid to) Members and former Members	-	(32,730)	(32,730)
Other movements	-	-	-
At 31 December 2017	4,186	(300,766)	(296,580)
At 1 January 2018	4,186	(300,766)	(296,580)
Allocated remuneration from profit/(loss)	-	(89,641)	(89,641)
Allocated remuneration from other comprehensive income	-	-	-
Funds introduced by / (repaid to) Members and former Members	-	7,426	7,426
Other movements	-	-	-
At 31 December 2018	4,186	(382,981)	(378,795)

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.

Nomina No 550 LLP

Statement of Cash Flows for the year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) before Members' remuneration and profit shares	(89,641)	(249,612)
Deduction of (profit)/loss attributed to syndicate transactions	71,454	225,645
Distribution/(collection) of closed year result from syndicates	10,755	56,687
Profit/(loss) excluding syndicate transactions	(7,432)	32,720
Adjustments for:		
(Increase)/decrease in debtors	5	11
Increase/(decrease) in creditors	1	-
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	-	-
Investment income	(24)	(30)
Realised/unrealised (gains)/losses on investments	-	-
Income tax paid	-	-
Net cash inflow/(outflow) from operating activities	(7,450)	32,701
Cash flows from investing activities		
Investment income	24	30
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	24	30
Cash flows from financing activities with Members and former Members		
Contributions introduced by / (repaid to) Members and former Members	7,426	(32,730)
Net cash inflow/(outflow) from financing activities with Members and former Members	7,426	(32,730)
Net increase/(decrease) in cash and cash equivalents	-	1
Cash and cash equivalents at beginning of year	1	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	1	1
Cash and cash equivalents comprise:		
Cash at bank and in hand	1	1
Other financial investments	-	-
Cash and cash equivalents	1	1

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.

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Notes to the Financial Statements for the year ended 31 December 2018

1. General information

The Partnership is a limited liability partnership that was incorporated in England and Wales 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. Statement of compliance

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.

3. Summary of significant accounting policies

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

Basis of preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost basis of accounting, as modified by the revaluation of certain financial instruments measured at fair value through profit or loss.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas 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.

Going concern

The Partnership participates as an underwriting member of Lloyd's. 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 the preparation of the Financial Statements.

Basis of accounting

The Financial Statements have been 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.

Notes to the Financial Statements (continued) for the year ended 31 December 2018

3. Summary of significant 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.

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.

Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

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.

Notes to the Financial Statements (continued) for the year ended 31 December 2018

3. Summary of significant 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.

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

3. Summary of significant 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 3 (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.

Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

3. Summary of significant 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.

Related party transactions

The Partnership discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. 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 5.

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.

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

4. 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.

5. 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 8 provides further analysis of sensitivities to reserving and underwriting risks.

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

5. 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:

2018	No stated maturity £	0-1 year £	1-3 years £	3-5 years £	> 5 years £	Total £
Claims outstanding	-	636,402	379,312	426,047	93,307	1,535,068
2017	No stated maturity £	0-1 year £	1-3 years £	3-5 years £	> 5 years £	Total £
Claims outstanding	-	628,070	383,694	444,976	87,309	1,544,049

ii. Credit risk

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

2018	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Financial investments	223,249	175,892	196,365	26,895	42,765	665,166
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	8,396	53,954	410,122	-	-	472,472
Reinsurance debtors	145	742	374,540	-	587	376,014
Cash at bank and in hand	-	-	59,417	-	-	59,417
	231,790	230,588	1,040,444	26,895	43,352	1,573,069
2017	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Financial investments	239,554	194,752	192,253	25,668	32,240	684,467
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	8,993	40,867	419,284	-	11,757	480,901
Reinsurance debtors	255	1,294	255,575	-	144	257,268
Cash at bank and in hand	-	-	37,247	-	-	37,247
	248,802	236,913	904,359	25,668	44,141	1,459,883

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

5. 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:

2018	Neither past due nor impaired £	Past due but not impaired			Impaired £	Total £
		Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £		
Financial investments	665,166	-	-	-	-	665,166
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	472,472	-	-	-	-	472,472
Reinsurance debtors	376,014	31,009	608	1,249	-	408,880
Cash at bank and in hand	59,417	-	-	-	-	59,417
Insurance and other debtors	748,689	26,896	224	8,031	-	783,840
	2,321,758	57,905	832	9,280	-	2,389,775

2017	Neither past due nor impaired £	Past due but not impaired			Impaired £	Total £
		Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £		
Financial investments	684,467	-	-	-	-	684,467
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	480,901	-	-	-	-	480,901
Reinsurance debtors	257,268	22,298	754	-	-	280,320
Cash at bank and in hand	37,247	-	-	-	-	37,247
Insurance and other debtors	709,691	8,327	674	7,488	-	726,180
	2,169,574	30,625	1,428	7,488	-	2,209,115

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:

2018	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	335,944	1,460,871	93,560	510,068	128,040	2,528,483
Total liabilities	(524,760)	(1,724,958)	(194,390)	(298,669)	(161,417)	(2,904,194)
Surplus/(deficiency) of assets	(188,816)	(264,087)	(100,830)	211,399	(33,377)	(375,711)

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

5. Risk management (continued)

Syndicate risks (continued)

iv. Currency risk (continued)

2017	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
Total assets	324,565	1,361,083	67,992	471,761	123,575	2,348,976
Total liabilities	(479,287)	(1,618,789)	(138,580)	(278,011)	(127,811)	(2,642,478)
Surplus/(deficiency) of assets	(154,722)	(257,706)	(70,588)	193,750	(4,236)	(293,502)

The impact of a 5% change in exchange rates between GBP and other currencies would be £9,345 on loans and other debts due to Members within one year (2017: £6,939).

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.

Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

6. Class of business

2018	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Net operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	86,681	84,040	(41,850)	(26,664)	(10,933)	4,593
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	106,488	118,544	(77,066)	(31,195)	(41,594)	(31,311)
Fire and other damage to property	230,140	244,152	(211,562)	(57,353)	(61,587)	(86,350)
Third party liability	372,827	309,421	(187,170)	(91,800)	970	31,421
Credit and suretyship	46,773	39,253	(15,455)	(8,417)	(8,105)	7,276
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total direct	842,909	795,410	(533,103)	(215,429)	(121,249)	(74,371)
Reinsurance inward	335,362	338,706	(190,515)	(106,270)	(34,108)	7,813
Total	1,178,271	1,134,116	(723,618)	(321,699)	(155,357)	(66,558)

2017	Gross premiums written £	Gross premiums earned £	Gross claims incurred £	Net operating expenses £	Reinsurance balance £	Total £
Direct insurance						
Accident and health	79,602	77,713	(42,059)	(28,587)	(8,674)	(1,607)
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	116,388	115,715	(165,514)	(38,740)	40,045	(48,494)
Fire and other damage to property	266,401	283,589	(391,635)	(83,604)	23,388	(168,262)
Third party liability	310,121	281,820	(179,329)	(90,377)	(18,144)	(6,030)
Credit and suretyship	43,066	32,383	(21,297)	(8,886)	(4,639)	(2,439)
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total direct	815,578	791,220	(799,834)	(250,194)	31,976	(226,832)
Reinsurance inward	293,886	300,155	(238,957)	(70,223)	(18,892)	(27,917)
Total	1,109,464	1,091,375	(1,038,791)	(320,417)	13,084	(254,749)

7. Geographical analysis

	2018 £	2017 £
Direct gross premium written in:		
United Kingdom	842,909	815,578
Other EU Member States	-	-
Rest of the World	-	-
	842,909	815,578

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

8. Technical provisions

Movement in claims outstanding	Gross £	Reinsurance £	2018 Net £	Gross £	Reinsurance £	2017 Net £
At 1 January	1,544,049	480,901	1,063,148	1,169,524	341,802	827,722
Movement in technical account	(36,777)	(18,300)	(18,477)	424,457	155,011	269,446
Other movements	27,796	9,871	17,925	(49,932)	(15,912)	(34,020)
At 31 December	1,535,068	472,472	1,062,596	1,544,049	480,901	1,063,148

Movement in unearned premiums	Gross £	Reinsurance £	2018 Net £	Gross £	Reinsurance £	2017 Net £
At 1 January	485,577	131,645	353,932	487,787	118,164	369,623
Movement in technical account	44,155	27,698	16,457	18,089	18,727	(638)
Other movements	10,754	3,069	7,685	(20,299)	(5,246)	(15,053)
At 31 December	540,486	162,412	378,074	485,577	131,645	353,932

Movement in deferred acquisition costs	2018 Net £	2017 Net £
At 1 January	103,023	104,561
Movement in deferred acquisition costs	(6,800)	13,677
Other movements	3,328	(15,215)
At 31 December	99,551	103,023

Included within other movements are foreign exchange movements and the effect of the 2015 and prior years' technical provisions being reinsured to close into the 2016 year of account (2017: 2014 and prior years' technical provisions being reinsured to close into the 2015 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 5 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 2018.

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

8. 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 £39,560 (2017: £227,691);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Partnership's profit/loss by £76,753 (2017: £311,535);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Partnership's profit/loss by £53,130 (2017: £-).

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

The tables below show the historical gross and net claims development based on the Partnership's syndicate participations on all syndicate years during the year ended 31 December 2018. The table does not include the claims development on any syndicates which the Partnership no longer participates upon and is based on the latest participation shares during the year ended 31 December 2018.

Claims development - Gross

Underwriting pure year	After one year £000	After two years £000	After three years £000	After four years £000	After five years £000	After six years £000	After seven years £000	After eight years £000	Profit/(loss) on RITC received £000
2011	239	428	452	431	418	411	415	424	408
2012	240	450	498	494	482	468	473		35
2013	212	437	471	454	438	450			37
2014	200	454	529	538	556				(16)
2015	206	480	539	555					(10)
2016	307	720	844						
2017	491	849							
2018	283								

Claims development - Net

Underwriting pure year	After one year £000	After two years £000	After three years £000	After four years £000	After five years £000	After six years £000	After seven years £000	After eight years £000	Profit/(loss) on RITC received £000
2011	209	371	383	358	347	342	339	347	41
2012	171	318	344	340	329	317	324		26
2013	143	299	320	307	296	305			39
2014	151	333	384	385	398				(2)
2015	160	368	411	424					(7)
2016	234	527	616						
2017	312	568							
2018	216								

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

9. Net operating expenses	2018 £	2017 £
Acquisition costs	260,023	279,856
Change in deferred acquisition costs	6,800	(13,677)
Administrative expenses	54,876	54,238
Loss/(profit) on exchange	-	-
	<u>321,699</u>	<u>320,417</u>

10. Investment return	2018 £	2017 £
Investment income	8,133	12,666
Dividend income	-	-
Interest on cash at bank	5,638	3,849
Other interest and similar income	-	-
Realised gains on investments	27,544	30,103
Investment income	<u>41,315</u>	<u>46,618</u>

Investment management expenses	(447)	(553)
Realised losses on investments	(30,857)	(31,966)
Investment expenses and charges	<u>(31,304)</u>	<u>(32,519)</u>

Unrealised gains and losses, net	(3,207)	(4,523)
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Total investment return	<u>6,804</u>	<u>9,576</u>
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Analysed as follows:

	Investments at fair value through profit or loss £	Investments available for sale £	2018 Total £	Investments at fair value through profit or loss £	Investments available for sale £	2017 Total £
Realised gains and losses	(3,313)	-	(3,313)	(1,863)	-	(1,863)
Unrealised gains and losses	(3,207)	-	(3,207)	(4,523)	-	(4,523)
Other relevant income	-	-	-	-	-	-
	<u>(6,520)</u>	<u>-</u>	<u>(6,520)</u>	<u>(6,386)</u>	<u>-</u>	<u>(6,386)</u>

Interest and similar income, net of expenses			13,324			15,962
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Total investment return			<u>6,804</u>			<u>9,576</u>
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Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

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

	2018	2017
	£	£
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 £95 (2017: £67).

12. Members' remuneration

The average number of Members during the year was 3.

	2018	2017
	£	£
Profit/(loss) (including remuneration) attributable to the Member with the largest entitlement	(89,641)	(249,612)

13. Intangible assets

	2018	2017
	£	£
Purchased syndicate capacity		
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 2018 / 2017	-	-
At 31 December 2017 / 2016	-	-

Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

14. Financial investments

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 £		
2018						
Shares and other variable yield securities and units in unit trusts	45,918	-	-	45,918	-	45,918
Debt securities and other fixed income securities	7,722	611,517	-	619,239	-	619,239
Participation in investment pools	-	9	-	9	-	9
Loans and deposits with credit institutions	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	53,640	611,526	-	665,166	-	665,166
						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 £	£	£
2017						
Shares and other variable yield securities and units in unit trusts	51,473	-	-	51,473	-	51,473
Debt securities and other fixed income securities	18,970	614,016	-	632,986	-	632,986
Participation in investment pools	-	8	-	8	-	8
Loans and deposits with credit institutions	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
Fair value	70,443	614,024	-	684,467	-	684,467
						Total £
Cost				685,369	-	685,369

Financial investments - Partnership

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

Nomina No 550 LLP

Notes to the Financial Statements (continued) for the year ended 31 December 2018

15. Other debtors

	2018			2017		
	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	30,371	-	30,371	43,552	5	43,557
	<u>30,371</u>	<u>-</u>	<u>30,371</u>	<u>43,552</u>	<u>5</u>	<u>43,557</u>

16. 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 2018 to 31 December 2018, show movements in the first twelve months of the 2018 year of account, the second twelve months of the 2017 year of account and the final twelve months of the 2016 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:

	2018 £	2017 £
Underwriting year of account (cumulative):		
2015 after 36 months	-	10,755
2016 after 36 months / 24 months	(129,612)	(126,115)
2017 after 24 months / 12 months	(157,994)	(178,142)
2018 after 12 months	(88,105)	-
	<u>(375,711)</u>	<u>(293,502)</u>

17. Other creditors including taxation and social security

	2018			2017		
	Syndicate participation £	Partnership £	Total £	Syndicate participation £	Partnership £	Total £
Third party funds	-	3,084	3,084	-	3,084	3,084
Other creditors	73,650	1	73,651	67,695	-	67,695
Amount due to group undertakings	-	-	-	-	-	-
	<u>73,650</u>	<u>3,085</u>	<u>76,735</u>	<u>67,695</u>	<u>3,084</u>	<u>70,779</u>

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Notes to the Financial Statements (continued) for the year ended 31 December 2018

18. Financial liabilities

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		
	£	£	£	£	£	£
2018						
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		
	£	£	£	£	£	£
2017						
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.

19. Related party transactions

There are no related party transactions to be disclosed.

20. Ultimate controlling party

The ultimate controlling party of the Partnership is Argo Underwriting Agency Limited.