Company registration number (England and Wales): 01151522

KIRLY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

KIRLY LIMITED

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KIRLY LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

Directors	M W Johnson M A Johnson

COMPANY ADDRESSES

Registered office	11 Luard Road Cambridge CB2 8PJ
Auditors	Humphrey & Co Audit Services Ltd 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA

KIRLY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2018.

Directors
The directors who held office at any time during the year are listed below:

M W Johnson
M A Johnson

Dividends
No ordinary dividends were paid during the year ended 31 December 2018. The directors do not propose to pay a final dividend.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations and in accordance with UK Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
The auditors, Humphrey & Co Audit Services Ltd, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information (information needed by the group's and company's auditors in connection with preparing their report) of which the auditors of the group and company are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the group and company are aware of that information.

Approved by the Board on 25 September 2019 and signed on its behalf by:

M W Johnson
Director

The directors have pleasure in presenting their strategic report for the year ended 31 December 2018.

Results and dividends

The profit for the year after taxation was £61,436 (2017: profit £1,838,572). The directors do not recommend the payment of a final dividend.

Principal activities and review of the business

The annual accounting basis for reporting insurance transactions means that we cannot yet report a return to profitability of our insurance operations. However, both the 2017 and 2018 underwriting years are anticipated to show an improvement between 31 December 2018 and the closure of these underwriting years on 31 December 2019 and 31 December 2020 respectively. The insurance technical operations show a loss of £314,987 compared to a loss of £455,779 last year. We have also seen many changes in the occupancy and use of our properties. In Paddock St Holdings we have seen a lot of activity further reported on in Kate's report below. Towards the end of the year negotiations began on the disposal of the investment operations of N W Brown and you will see in Alex's report they were brought to a successful conclusion for the company but involve major changes in our trade. It is our firm intention to redeploy the assets realised into a new trade or trades but as you will realise we would not want to rush into anything without due consideration and at the date of this report the money is not yet in the bank. The company remains profitable and solvent and we are in a good position to increase our insurance and our property development business when the time is right. Alex reports on two recent small acquisitions below and there may be more to come. We remain able and willing to finance development of our properties and expansion of our investment companies when opportunities arise. We continue to watch Brexit developments with total horror, and have continued to build up our euro and our dollar assets. The main risks to our continued profitability are significant catastrophe claims or a downturn in the commercial property market. Following the sale of N W Brown & Co we are much less exposed to a fall in the level of the stock market although some of the reserves we have to hold for our Lloyd's operations are invested in equities.

Kate Dyer writes about Paddock St Holdings: all Kirly properties were in one company but as a result of our purchase of N W Brown Group we have inherited two major properties to manage, one we own in Norwich and one we lease in Cambridge. As part of the sale agreement these continue to be used by the businesses we sold for a period. In Northampton we have a small vacant space in the offices but once this is let we will consider the sale. We have improved the Gym and the reception area and are now working outside to increase car parking capacity and to make the visitor experience a lot better. In St Neots our sister company Freedom now occupies only one floor but we are in advanced negotiations with a new tenant on the second floor. Elsie Mae's Electric Coffee Shop is a great success on the ground floor and they now also rent the annexe and have opened "the secret garden" in our courtyard. In Norwich we have Mercedes in our largest site and are considering redevelopment of our most modern building as a church. We are also actively considering demolition of 53 Barker Street. In Cambridge we achieved planning for 9 residential units at Bolton's Warehouse but slightly to our surprise we had only just started physical work (as opposed to the design and planning which takes months) when a buyer for the whole site appeared . Our investment in Pigeon (Sawston) which is a Limited Partnership run by our good friends at Pigeon, we had expected to be realised over the year but the proposed sale fell through. The project continues to be nearly fully let and give us a good return on our investment whilst we await sale. Our biggest venture of the current year is the purchase of a commercial centre in Tartu, Estonia where we have 2 local Estonian partners, each of whom have a 10% stake. At this moment all indications are that the predicted healthy returns are in fact being achieved and we remain open to similar ventures. We are the largest shareholder in a Norwich development project Pigeon (Thorpe Road) Limited and are providing directorial services to this company.

Alex Axiom: Subject to Chariot's annual accounting result for 2018 referred to at the beginning of the report I am pleased to say our insurance and financial operations were all profitable during the year. The recovery in the second year of the 2017 Year of Account of our underwriting arm, Chariot, demonstrated the accuracy of our reserving last year for Harvey, Irma, and Maria which cost us dearly in 2017. We had losses of around £500,000 as a result of these hurricanes alone. We have further losses in 2018 from Florence but I am glad to say that a rather better claims experience overall meant these losses were offset by profits elsewhere. Maturin-Baird showed an overall profit of £215,938 in the year whilst Chariot contributed profits of £41,311 before tax for non-technical operations. As explained above, the underwriting for the 2018 year of account was a loss and of course at this stage it is too early to say much about 2019, but there are signs of improvement in rates pretty well across the board. From 2019 we have combined the Maturin-Baird underwriting into the Chariot portfolio and at the date of this report we have agreed terms for the purchase of 599 LLP which will increase our underwriting by about £500,000. Freedom has made an acquisition of a similar size and although the results of Freedom itself are likely to be very disappointing this year the ISETI purchase appears to be going very well as does our internet offering OK To Travel. We continue to look for suitable acquisitions in travel insurance and will provide finance for such expansion.

Principal activities and review of the business (continued)
As shareholders are aware the most significant asset in our portfolio has for several years in many ways been our holding in N W Brown. As we sign this report two big developments are about to complete. Firstly N W Brown has announced the sale of its regulated company to Brown Shipley. Secondly we have offered to buy out all the external shareholders in N W Brown and had our offer accepted. This will open a new chapter for Kirly as we will both have significant cash resources available and a lot more management time to exploit opportunities which are put to us. There are two possible ventures in planning as I write and I hope that by the time we next report to you at least one will have come to pass. We will retain ownership of 20% of Cambridge Network and 100% of Cambridge Index, the property in Unthank Road Norwich and all IP in the investment management systems. I recommend shareholders should read the accounts of Freedom and N W Brown, both contributed to our profits in the year.

Victoria Montgomery: last year I wrote about a new investment in The Apertus Group Ltd, a tenant in our Northampton offices who acts as a broker in the electricity and gas markets. This investment is in the form of preferred shares which if converted would give us a 20% participation. Bayfield Training has continued to make profits and has repaid most of its financing. Mykindacrowd has recently raised money at a valuation well above the value in our books but Hampden Underwriting has had a pretty thin time due to Lloyd's losses. We are exploring other possible ventures all the time, particularly in the light of the additional cash resources mentioned above. Whilst awaiting investment opportunities we continue to make short term loans where we can do so at rates and taking risks which are acceptable to your Board.

Financial risk management objectives and policies
The group is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the Managing Agent of that Syndicate and it looks to the Managing Agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the group.

Key Performance Indicators
The directors monitor the performance of the group by reference to the following key performance indicators:

	2018	**2017**
Capacity (youngest underwriting year) (£)	3,469,825	3,452,176
Gross premium written as a % of capacity	100.3 %	101.6 %
Underwriting profit of latest closed year as a % of capacity	4.5 %	7.1 %
Combined ratio	112.1 %	117.9 %

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

Approved by the Board on 25 September 2019 and signed on its behalf by:

M W Johnson

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF KIRLY LIMITED

Opinion

We have audited the financial statements of Kirly Limited for the year ended 31 December 2018 on pages 6 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:
- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A Robinson

Andrew Robinson (Senior Statutory Auditor)
for and on behalf of Humphrey & Co Audit Services Ltd
Chartered Accountants
Statutory Auditor
Date: 26 September 2019

Humphrey & Co Audit Services Ltd
7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

KIRLY LIMITED

CONSOLIDATED INCOME STATEMENT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	as restated 2017 £
Gross premiums written	5	**3,478,731**	3,505,746
Outward reinsurance premiums		**(720,772)**	(683,643)
Net premiums written		**2,757,959**	2,822,103
Change in the provision for unearned premiums			
Gross provision	7	**44,122**	92,429
Reinsurers' share	7	**56,935**	8,691
Net change in the provision for unearned premiums		**101,057**	101,120
Earned premiums net of reinsurance		**2,859,016**	2,923,223
Allocated investment return transferred from the non-technical account		**31,408**	67,753
Claims paid			
Gross amount		**(2,148,892)**	(1,860,377)
Reinsurers' share		**459,732**	222,126
Net claims paid		**(1,689,160)**	(1,638,251)
Change in provision for claims			
Gross amount	7	**(254,178)**	(1,244,771)
Reinsurers' share	7	**(57,356)**	648,244
Net change in provision for claims		**(311,534)**	(596,527)
Claims incurred net of reinsurance		**(2,000,694)**	(2,234,778)
Net operating expenses	9	**(1,204,717)**	(1,211,977)
Balance on technical account for general business		**(314,987)**	(455,779)

All amounts above relate to continuing operations.

KIRLY LIMITED

CONSOLIDATED INCOME STATEMENT - NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	as restated 2017
		Total	Total
		£	£
Balance on the general business technical account		**(314,987)**	(455,779)
Investment income		**502,807**	597,631
Realised (loss)/gain on investments		**(371,536)**	1,460,730
Unrealised (loss)/gain on investments		**29,888**	1,255
Investment expenses and charges	8	**(3,622)**	(6,296)
Allocated investment return transferred to the technical account		**(31,408)**	(67,753)
Other income	10	**2,106,346**	909,225
Other charges		**(1,741,634)**	(661,433)
Profit on ordinary activities before taxation	11	**175,854**	1,777,580
Tax on profit on ordinary activities	21	**(114,418)**	60,992
Profit for the financial year		**61,436**	1,838,572
Profit for the financial year attributable to:			
Non-controlling interests		**37,830**	15,016
Owners of the parent company		**23,606**	1,823,556
Profit for the financial year		**61,436**	1,838,572

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018	2017
		£	£
Profit for the financial year from continuing operations		**61,436**	1,838,572
Other comprehensive income		**(5,566)**	-
Profit for the financial year		**55,870**	1,838,572
Total comphrensive income for the year attributable to:			
Non-controlling interests		**37,830**	15,016
Owners of the parent company		**18,040**	1,823,556
Profit for the financial year		**55,870**	1,838,572

All amounts above relate to continuing operations.

KIRLY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

ASSETS	Note	Syndicate Assets £	Corporate £	2018 Total £	as restated 2017 Total £
Intangible fixed assets	13	-	249,082	**249,082**	307,491
Tangible fixed assets	14	-	779,521	**779,521**	688,287
Fixed asset investments	16	-	4,138,027	**4,138,027**	4,552,641
Total fixed assets		-	5,166,630	**5,166,630**	5,548,419
Investments					
Financial investments	15	2,656,502	2,910,305	**5,566,807**	6,062,162
Deposits with ceding undertakings		535	-	**535**	381
Total investments		2,657,037	2,910,305	**5,567,342**	6,062,543
Reinsurers' share of technical provisions					
Provision for unearned premiums	7	284,329	-	**284,329**	214,067
Claims outstanding	7	943,111	-	**943,111**	939,435
Other technical provisions		499,329	-	**499,329**	622,092
Total reinsurers' share of technical provisions		1,726,769	-	**1,726,769**	1,775,594
Debtors					
Arising out of direct insurance operations					
Policyholders	17	6	-	**6**	59
Intermediaries	17	849,363	-	**849,363**	793,024
Arising out of reinsurance operations	17	383,701	-	**383,701**	401,574
Other debtors	18	1,103,076	2,016,530	**3,119,606**	3,450,981
Total debtors		2,336,146	2,016,530	**4,352,676**	4,645,638
Other assets					
Stocks	34	-	4,590,000	**4,590,000**	4,590,000
Cash at bank	19	387,829	3,067,439	**3,455,268**	1,998,491
Other		39,448	-	**39,448**	42,972
Total other assets		427,277	7,657,439	**8,084,716**	6,631,463
Prepayments and accrued income					
Accrued interest		5,561	-	**5,561**	4,886
Deferred acquisition costs	7	424,017	-	**424,017**	464,358
Other prepayments and accrued income		16,903	37,270	**54,173**	74,280
Total prepayments and accrued income		446,481	37,270	**483,751**	543,524
Total assets		7,593,710	17,788,174	**25,381,884**	25,207,181

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KIRLY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2018

	Note	Syndicate Liabilities £	Corporate £	2018 Total £	as restated 2017 Total £
Capital and reserves					
Called-up share capital	20	-	1,315	**1,315**	1,315
Share premium account		-	1,047,515	**1,047,515**	1,047,515
Revaluation reserve		-	2,787,144	**2,787,144**	3,499,635
Capital redemption reserve		-	170,119	**170,119**	170,119
Profit and loss account		(979,178)	11,184,160	**10,204,982**	9,491,776
Shareholder's funds attributable to equity interests		(979,178)	15,190,253	**14,211,075**	14,210,360
Non-controlling interest	33	-	(191,838)	**(191,838)**	(195,436)
Total equity		(979,178)	14,998,415	**14,019,237**	14,014,924
Technical provisions					
Provision for unearned premiums	7	1,584,794	-	**1,584,794**	1,569,549
Claims outstanding - gross amount	7	5,792,544	-	**5,792,544**	5,623,900
Total technical provisions		7,377,338	-	**7,377,338**	7,193,449
Provisions for other risks and charges					
Other provisions		987	-	**987**	-
Provision for taxation	21	-	173,080	**173,080**	184,836
Total provisions for other risks and charges		987	173,080	**174,067**	184,836
Deposits received from reinsurers		65,437	-	**65,437**	20,179
Creditors due within one year					
Arising out of direct insurance operations		178,482	-	**178,482**	182,815
Arising out of reinsurance operations		640,978	-	**640,978**	585,596
Amounts due to credit institutions	25	2,181	-	**2,181**	17,361
Other creditors	22	247,089	1,293,461	**1,540,550**	1,272,935
Total creditors		1,068,730	1,293,461	**2,362,191**	2,058,707
Creditors due after more than one year	23	-	1,179,880	**1,179,880**	1,531,880
Accruals and deferred income					
Other accruals and deferred income		60,396	143,338	**203,734**	203,206
Total liabilities		7,593,710	17,788,174	**25,381,884**	25,207,181

Approved by the Board on 25 September 2019 and signed on its behalf by:

M W Johnson

Company Registration No. 01151522

KIRLY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 Total £	as restated 2017 Total £
Fixed assets			
Tangible assets	14	**1,788**	-
Fixed asset investments	16	**8,885,276**	9,274,700
		8,887,064	9,274,700
Current assets			
Debtors	18	**2,144,034**	1,881,167
Cash at bank and in hand		**2,097,663**	628,842
Financial investments	15	**2,629,397**	3,136,108
		6,871,094	5,646,117
Creditors: amounts falling due within one year			
Trade creditors	22	**-**	(1,610)
Amounts due to associated undertakings	22	**(1,798,330)**	(1,551,411)
Taxes and social security costs	22	**(53,133)**	(24,977)
Directors' current account	22	**(296,716)**	(232,893)
Other creditors	22	**(562,807)**	(211,097)
Accruals and deferred income		**(17,280)**	(15,000)
		(2,728,266)	(2,036,988)
Net current assets/(liabilities)		**4,142,828**	3,609,129
Total assets less current liabilities		**13,029,892**	12,883,829
Creditors: amounts falling due after more than one year	23	**(494,880)**	(646,880)
Provision for liabilities	21	**-**	(18,988)
Net assets		**12,535,012**	12,217,961
Capital and Reserves			
Called up share capital	20	**1,315**	1,315
Share premium account		**1,047,515**	1,047,515
Revaluation reserve		**2,055,692**	2,768,183
Capital redemption reserve		**170,119**	170,119
Profit and loss account		**9,260,371**	8,230,829
Total shareholders funds		**12,535,012**	12,217,961

No profit and loss account is presented for Kirly Limited, as permitted by section 408 of the Companies Act 2006. The parent company's profit after tax for the financial year was £317,051 (2017: £1,517,083 as restated).

Approved by the Board on 25 September 2019 and signed on its behalf by:

M W Johnson

Company Registration No. 01151522

KIRLY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 31 DECEMBER 2018

	Note	Called up share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Retained earnings	Non-Controlling Interest	Total
		£	£	£	£	£	£	£
At 1 January 2017		1,315	1,047,515	3,895,154	170,119	7,272,701	936,588	13,323,392
Profit for the financial year		-	-	-	-	1,721,639	-	1,721,639
Transfers		-	-	(395,519)	-	395,519	-	-
Non-controlling interest	33	-	-	-	-	-	(1,132,024)	(1,132,024)
At 31 December 2017 (as previously reported)		1,315	1,047,515	3,499,635	170,119	9,389,859	(195,436)	13,913,007
Prior period adjustment	37	-	-	-	-	101,917	-	101,917
At 31 December 2017 (as restated)		1,315	1,047,515	3,499,635	170,119	9,491,776	(195,436)	14,014,924
At 1 January 2018		1,315	1,047,515	3,499,635	170,119	9,491,776	(195,436)	**14,014,924**
Profit for the financial year		-	-	-	-	23,606	-	**23,606**
Other comprehensive income for the year		-	-	-	-	(5,566)	-	**(5,566)**
Transfers		-	-	(712,491)	-	712,491	-	**-**
Non-controlling interest	33	-	-	-	-	(17,325)	3,598	**(13,727)**
At 31 December 2018		**1,315**	**1,047,515**	**2,787,144**	**170,119**	**10,204,982**	**(191,838)**	**14,019,237**

KIRLY LIMITED

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 31 DECEMBER 2018

	Called up share capital £	Share premium account £	Revaluation reserve	Capital redemption reserve	Retained earnings £	Total £
At 1 January 2017	1,315	1,047,515	2,229,918	170,119	7,252,011	10,700,878
Profit for the financial year	-	-	-	-	1,415,166	1,415,166
Transfers	-	-	538,265	-	(538,265)	-
At 31 December 2017 (as previously reported)	1,315	1,047,515	2,768,183	170,119	8,128,912	12,116,044
Prior period adjustment (note 37)	-	-	-	-	101,917	101,917
At 31 December 2017 (as restated)	1,315	1,047,515	2,768,183	170,119	8,230,829	12,217,961
At 1 January 2018	1,315	1,047,515	2,768,183	170,119	8,230,829	**12,217,961**
Profit for the financial year	-	-	-	-	317,051	**317,051**
Transfers	-	-	(712,491)	-	712,491	-
At 31 December 2018	**1,315**	**1,047,515**	**2,055,692**	**170,119**	**9,260,371**	**12,535,012**

KIRLY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Cash inflow/(outflow) from operating activities	26	830,158	(134,514)
Interest received		68,285	73,191
Interest paid		(81,521)	(43,572)
UK corporation tax paid		(219,601)	(288,901)
Foreign tax paid		(2,561)	(1,261)
Net cash inflow/(outflow) from operating activities		594,760	(395,057)
Cash inflow from investing activities			
Purchase of syndicate participation rights		(780)	-
Proceeds from sale of syndicate participation rights		282,642	20,045
Purchase of tangible fixed assets		(153,060)	-
Purchase of investments		(30,221)	(16,029)
Proceeds from sale of investments		673,185	3,005
Purchase of current asset investments		(246,207)	(361,064)
Proceeds from sale of current asset investments		173,522	-
Cash acquired on investment		-	961,835
Dividends received		409,241	452,606
Dividends paid to non-controlling interest		(26,362)	-
Net cash inflow from investing activities		1,081,960	1,060,398
Cash (outflow)/inflow from financing			
Funds (withdrawn from)/lent to the company by the company's shareholders		(63,823)	229,873
Repayment of borrowings		(200,000)	-
Net cash (outflow)/inflow from financing		(263,823)	229,873
Increase in cash		1,412,897	895,214
Net funds at 1 January		1,654,542	759,328
Increase in cash in the year		1,412,897	895,214
Net funds at 31 December		3,067,439	1,654,542

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

1 General Information

The Company is a private company limited by shares that was incorporated in England and Wales and whose registered office and number is given on page one of these financial statements. The principal activitiy of the Company is that of consultancy and holding investments in group and other undertakings.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to insurance.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The directors do not consider the Company to be a financial institution under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statement are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.2 Basis of consolidation

The amounts shown in the column to the balance sheet headed 'corporate' consolidate the accounts of Kirly Limited and its subsidiary undertakings. The amounts shown in the column to the balance sheet headed 'total' consolidate the accounts of Kirly Limited and its subsidiary undertakings and a pro rata share of the assets and liabilities of the syndicates on which they participate.

No profit and loss account is presented for Kirly Limited, as permitted by section 408 of the Companies Act 2006.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investment in associates

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect fair value through the profit and loss account. Fair value of investments is calculated by reference first to recent trades and then via NAV or PER values.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for fair value through profit and loss in the individual financial statements.

2.3 Basis of accounting

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

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Group's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Group's underwriting and not reflected in the Group's Statement of Financial Position and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i **Premiums**

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

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 statement of financial position 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**

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

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi 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 underwriting year 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 Directors 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 company 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.

vii 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 corporate 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.

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the financial reporting date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the financial reporting date.

ix Financial assets and financial liabilities

The syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

ix Financial assets and financial liabilities (continued)

Debtors/creditors arising from insurance/reinsurance operations shown in the Statement of Financial Position include the totals of all the syndicate's 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.

Recognition

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

Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction cost), except for those financial assets classified as at fair value through the income statement, 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 of 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 the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights of 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 in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicates estimate the fair value by using a valuation technique.

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.

ix 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 the income statement immediately.

x Basis of currency translation

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the financial reporting date. Transactions during the period in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

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

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction. FRS 103 states that insurance assets and liabilities (unearned premiums and deferred acquisition costs) are required to be treated as monetary items. These assets and liabilities have been translated at the period end to the functional currency at the closing rate.

xi Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Statement of Financial Position include the totals of all the Syndicates outstanding debit and credit transactions. 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 insurers, reinsurers or intermediaries as appropriate.

xii 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 members. Lloyd's continues to require membership of Syndicates to be on an underwriting 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.

2.4 Reinsurance at corporate level

Where considered applicable by the Directors, the company 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 2.1 (iv) and (v).

2.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The group is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue over the calendar year in which they are declared. The syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these financial statements the syndicate taxable results of years of account closed at this and previous year ends may not be fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Group and Parent Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

2.6 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the financial reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

2.7 Intangible assets

Costs incurred by the Group 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 3 year period beginning with the respective year of Syndicate participation. The intangible assets are reviewed for impairment where there are indicators for impairment and any impairment is charged to the income statement for the period.

2.8 Current asset investments

Current asset investments held directly by the Group and Company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at fair value.

2.9 Cash and cash equivalents

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.

2.10 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Rental income is recognised in respect of the period to which it relates.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

2.11 Tangible fixed assets

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10% / 25% / 33.33% straight line

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, FRS 102 section 16 "Investment Properties", it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

2.12 Going Concern

At the time of approving the financial statements the directors have a reasonable expectation that the company and group has adequate resources to continue in operational existance for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.13 Stocks

Property held for development is stated at the lower of direct cost and net realisable value. Direct costs include acquisition fees and taxes, contractors' costs, associated professional charges and other attributable overheads. Net realisable value is assessed by estimating selling prices and further costs to completion, including sales and marketing expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

3 Key accounting judgements and estimation uncertainties

In applying the Group's accounting policies, the Directors 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 Group 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 Group only, and do not include estimates and judgements made in respect of the Syndicates.

i Purchased syndicate capacity

Estimating value in use:

Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires 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 3 years. This is on the basis that this is the life over which the original value of the capacity is used up.

ii Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the Directors 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.

iii Recoverability of debtors

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

4 Risk management

This section summarises the financial and insurance risks the Company and group 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 the reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investments, 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 group 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 group 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 from the next underwriting year. The group 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 group also mitigates its risks by participating across several syndicates.

The Directors do not consider any members of the group to be a financial institution under FRS 102, on the basis that the group itself does not undertake the business of effecting or carrying out insurance contracts. Therefore there is no requirement to discuss financial risks arising from syndicate investment activities. The analysis below provides details of the financial risks the group is exposed to from syndicate insurance activities as required by FRS 103.

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 obligations 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").

ii **Credit risk**

Credit ratings to syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, which are neither past due nor impaired are as follows:

2018	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
Deposits with ceding undertakings	-	-	-	-	536	**536**
Reinsurers share of claims outstanding	18,071	276,593	1,013,495	442	125,938	**1,434,539**
Reinsurance debtors	354	3,735	22,930	-	9,323	**36,342**
Insurance debtors	-	-	-	-	1,294,441	**1,294,441**
Total	18,425	280,328	1,036,425	442	1,430,238	**2,765,858**

2017	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	380	380
Reinsurers share of claims outstanding	14,038	286,048	1,133,151	10,628	106,164	1,550,029
Reinsurance debtors	-	3,167	15,129	126	11,548	29,970
Insurance debtors	-	-	-	-	1,197,562	1,197,562
Total	14,038	289,215	1,148,280	10,754	1,315,654	2,777,941

Syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, past their due date or impaired are as follows:

2018	Less than 3 months £	Between 3 and 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(306)	**(306)**
Reinsurance debtors	38,937	15,190	3,360	5,254	(21)	**62,720**
Insurance debtors	35,720	16,144	13,314	11,701	(571)	**76,308**
Total	74,657	31,334	16,674	16,955	(898)	**138,722**

2017	£	£	£	£	£	£
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	-	-	(613)	(613)
Reinsurance debtors	65,794	4,732	1,861	1,838	(35)	74,190
Insurance debtors	48,278	18,518	14,196	23,081	(713)	103,360
Total	114,072	23,250	16,057	24,919	(1,361)	176,937

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 tables below provides details of syndicate assets and liabilities by currency:

	GBP £ converted	USD £ converted	EUR £ converted	CAD £ converted	Other £ converted	Total £ converted
2018						
Total assets	1,267,758	5,209,480	420,564	473,624	222,284	**7,593,710**
Total liabilities	(1,846,651)	(5,551,618)	(456,171)	(338,346)	(380,102)	**(8,572,888)**
Surplus/(deficiency) of assets	(578,893)	(342,138)	(35,607)	135,278	(157,818)	**(979,178)**
2017						
Total assets	1,474,203	5,214,811	425,488	552,195	288,575	7,955,272
Total liabilities	(2,164,575)	(5,185,060)	(414,236)	(357,649)	(223,056)	(8,344,576)
Surplus/(deficiency) of assets	(690,372)	29,751	11,252	194,546	65,519	(389,304)

Company and group risks

i Investment, credit, liquidity and currency risks
The significant risks faced by the group are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the group to meet the claim. In order to minimise investment, credit and liquidity risk the group's funds are invested in readily realisable short term deposits. The syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The group is exposed to movements in the US Dollar between the Statement of Financial Position date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of the year of account. The group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

ii Regulatory risks
The subsidiaries are 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 group is able to support.

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

5 Class of business

2018	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
Direct					
Accident and health	**97,021**	**98,513**	**(49,092)**	**(43,087)**	**(2,703)**
Motor - third party liability	**23,849**	**26,356**	**(16,545)**	**(9,572)**	**(2,015)**
Motor - other classes	**302,428**	**314,867**	**(129,556)**	**(108,124)**	**(69,049)**
Marine, aviation and transport	**390,495**	**419,928**	**(308,981)**	**(158,992)**	**(45,748)**
Fire and other damage to property	**861,336**	**879,001**	**(634,436)**	**(315,448)**	**(74,340)**
Third party liability	**601,837**	**554,389**	**(382,833)**	**(220,899)**	**17,908**
Credit and suretyship	**87,163**	**95,315**	**(45,222)**	**(32,550)**	**(13,699)**
Other	**15,073**	**14,618**	**(5,104)**	**(7,119)**	**(560)**
Total direct	**2,379,202**	**2,402,987**	**(1,571,769)**	**(895,791)**	**(190,206)**
Reinsurance business					
Reinsurance balance	**1,099,529**	**1,119,866**	**(831,301)**	**(308,926)**	**(71,255)**
Total	**3,478,731**	**3,522,853**	**(2,403,070)**	**(1,204,717)**	**(261,461)**

2017	£	£	£	£	£
Direct					
Accident and health	100,946	105,914	(60,020)	(47,592)	(920)
Motor - third party liability	19,936	22,687	(17,555)	(5,266)	(94)
Motor - other classes	349,129	360,958	(283,980)	(106,081)	7,226
Marine, aviation and transport	405,679	418,362	(321,818)	(159,426)	1,421
Fire and other damage to property	834,876	845,300	(876,868)	(301,703)	147,027
Third party liability	514,428	495,535	(339,368)	(188,548)	4,055
Credit and suretyship	109,277	86,370	(53,018)	(38,089)	(2,884)
Other	14,107	13,946	(609)	(5,509)	(2,002)
Total direct	2,348,378	2,349,072	(1,953,236)	(852,214)	153,829
Reinsurance business					
Reinsurance balance	1,157,368	1,249,103	(1,151,912)	(359,763)	41,589
Total	3,505,746	3,598,175	(3,105,148)	(1,211,977)	195,418

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written.

6 Geographical analysis

	2018	2017
	£	£
Direct gross premiums written in:		
United Kingdom	**2,379,202**	2,347,185
Other EU member states	**-**	132
The rest of the world	**-**	1,061
Total	**2,379,202**	2,348,378

7 Technical provisions

Movement in claims outstanding

	Gross	Reinsurance	2018 Net	Gross	Reinsurance	2017 Net
	£	£	£	£	£	£
At 1 January	**(5,623,900)**	**939,435**	**(4,684,465)**	(4,661,292)	551,103	(4,110,189)
Movement in technical account	**(254,178)**	**(57,356)**	**(311,534)**	(1,244,771)	648,244	(596,527)
Other movements	**85,534**	**61,032**	**146,566**	282,163	(259,912)	22,251
At 31 December	**(5,792,544)**	**943,111**	**(4,849,433)**	(5,623,900)	939,435	(4,684,465)

Movement in unearned premiums

	Gross	Reinsurance	2018 Net	Gross	Reinsurance	2017 Net
	£	£	£	£	£	£
At 1 January	**(1,569,549)**	**214,067**	**(1,355,482)**	(1,777,853)	227,400	(1,550,453)
Movement in technical account	**44,122**	**56,935**	**101,057**	92,429	8,691	101,120
Other movements	**(59,367)**	**13,327**	**(46,040)**	115,875	(22,024)	93,851
At 31 December	**(1,584,794)**	**284,329**	**(1,300,465)**	(1,569,549)	214,067	(1,355,482)

Movement in deferred acquisition costs

	2018 Net	2017 Net
	£	£
At 1 January	**464,358**	511,194
Movement in deferred acquisition costs	**(36,905)**	(23,539)
Other movements	**(3,436)**	(23,297)
At 31 December	**424,017**	464,358

Included within other movements are foreign exchange movements in restating the opening balances and the effect of prior years' technical provisions being reinsured to close, to the extent where the group's syndicate participation portfolio has changed between those two years of account.

7 Technical provisions (continued)

Assumptions, changes in assumptions and sensitivity

The majority of the risks to the group'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 group's role in managing these risks, in conjunction with the group'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 group 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 group arising from insurance contracts are:

i 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 financial reporting date.

ii 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 financial reporting date, including appropriate allowance for anticipated losses in excess of the unearned premium.

iii 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 financial reporting date.

iv The potential ultimate result of run-off year results has been accurately estimated by the managing agents.

v The values of investments and other assets and liabilities are correctly stated at their realisable values at the financial reporting date.

There have been no changes to these assumptions in 2018.

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

i A 5% increase/decrease in net earned premium (with claims incurred assumed to change pro-rata with premium) will increase/decrease the group's pre-tax profit/loss by £42,916 (2017: £34,422).

ii A 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the group's pre-tax profit/loss by £289,627 (2017: £281,195).

iii A 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the group's pre-tax profit/loss by £242,472 (2017: £234,223).

Claims development - gross		**At end of underwriting year**	**After 12 months**	**After 24 months**	**After 36 months**	**Profit/loss on RITC received**
		£	**£**	**£**	**£**	**£**
Underwriting pure year						
	2018	**1,404,578**	**-**	**-**	**-**	**-**
	2017	**1,907,785**	**2,944,903**	**-**	**-**	**-**
	2016	**1,070,331**	**2,342,439**	**2,507,454**	**-**	**-**

7 Technical provisions (continued)

Claims development - net	At end of underwriting year £	After 12 months £	After 24 months £	After 36 months £	Profit/loss on RITC received £
Underwriting pure year					
2018	1,065,727	-	-	-	-
2017	1,305,084	2,212,227	-	-	-
2016	909,838	1,898,103	2,054,915	-	-

8 Investment return

The following return on investments relate to investments held at fair value.

	2018 £	2017 £
Investment income	43,311	71,834
Realised (loss)/gain on investments	(2,935)	2,215
Unrealised (loss)/gain on investments	(5,346)	-
Allocated investment income - technical account	35,030	74,049
Income from other investments (including interest receivable)	459,496	525,797
Realised (loss)/gain on investments	(368,601)	1,458,515
Unrealised gain on investments	35,234	1,255
Investment income - non-technical account	126,129	1,985,567
Investment expenses and charges - technical account	(3,622)	(6,296)
Total investment return	157,537	2,053,320

9 Net operating expenses

	2018 £	2017 £
Acquisition costs	881,875	934,023
Administrative expenses	289,078	283,732
Loss/(Profit) on exchange	33,764	(5,778)
Total	1,204,717	1,211,977

10 Other income

	2018	as restated 2017
	£	£
Profit on sale of syndicate participation rights	61,929	11,782
Rental income	208,885	386,058
Consultancy services	78,199	18,214
Other	1,757,333	493,171
Total	2,106,346	909,225

11 Profit on ordinary activities before taxation

	2018	2017
	£	£
This is stated after charging:		
Auditor's remuneration - audit (see note 12)	20,810	14,227
Auditor's remuneration - other (see note 12)	6,450	6,400
Exchange (gains)/losses	(13,888)	12,528
Amortisation of intangible assets	59,189	61,644
Depreciation of tangible fixed assets	24,935	6,499
Impairment of tangible fixed assets	-	149,559

12 Auditor's remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2018	2017
For audit services	£	£
Audit of the financial statements	8,750	8,500
Audit of subsidiaries	12,060	5,727
Total audit	20,810	14,227
For non-audit services		
Taxation compliance services	1,150	1,120
Other non-audit services	5,300	5,280
Total non-audit services	6,450	6,400

13 Group intangible assets

	Syndicate participation rights	Negative goodwill from business combinations	Goodwill from business combinations	Total
	£		£	£
Cost				
At 1 January 2018	410,817	(47,089)	344,450	708,178
Additions	780	-	-	780
Disposals	(72,515)	-	-	(72,515)
At 31 December 2018	**339,082**	**(47,089)**	**344,450**	**636,443**
Amortisation				
At 1 January 2018	371,367	(47,089)	76,409	400,687
Charge for the year	-	-	59,189	59,189
Impairment losses	-	-	-	-
Disposals	(72,515)	-	-	(72,515)
At 31 December 2018	**298,852**	**(47,089)**	**135,598**	**387,361**
Net book value				
At 31 December 2018	**40,230**	**-**	**208,852**	**249,082**
At 31 December 2017	39,450	-	268,041	307,491

14 Group tangible fixed assets

	Freehold property	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2018	769,559	99,297	868,856
Additions	81,588	71,472	153,060
Disposals	-	(41,481)	(41,481)
At 31 December 2018	**851,147**	**129,288**	**980,435**
Depreciation and impairment			
At 1 January 2018	149,559	31,010	31,010
Charge for the year	-	24,935	24,935
Disposals	-	(4,590)	(4,590)
At 31 December 2018	**149,559**	**51,355**	**200,914**
Net book value			
At 31 December 2018	**701,588**	**77,933**	**779,521**
At 31 December 2017	**620,000**	**68,287**	**837,846**

14 Company tangible fixed assets (continued)

	Fixtures, fittings & equipment	Total
	£	£
Cost		
At 1 January 2018	24,511	24,511
Additions	2,384	2,384
Disposals	-	-
At 31 December 2018	**26,895**	**26,895**
Depreciation and impairment		
At 1 January 2018	24,511	24,511
Charge for the year	596	596
Disposals	-	-
At 31 December 2018	**25,107**	**25,107**
Net book value		
At 31 December 2018	**1,788**	**1,788**
At 31 December 2017	-	-

15 Investments

Financial investments

The group

At market value			Syndicate	Corporate	Total
		£	£	£	£
2018					
Shares and other variable yield securities	- level 1	168,555			
	- level 2	455,958			
	- level 3	145	624,658	2,910,305	**3,534,963**
Debt securities and other fixed income securities	- level 1	850,286			
	- level 2	1,020,746			
	- level 3	-	1,871,032	-	**1,871,032**
Participation in investment pools	- level 1	26,321			
	- level 2	52,638			
	- level 3	13,377	92,336	-	**92,336**
Loans guaranteed by mortgage	- level 1	3,430			
	- level 2	242			
	- level 3	-	3,672	-	**3,672**
Other loans	- level 1	59,852			
	- level 2	4,326			
	- level 3	626	64,804	-	**64,804**
Total			**2,656,502**	**2,910,305**	**5,566,807**
2017					
Shares and other variable yield securities	- level 1	179,905			
	- level 2	584,147			
	- level 3	3,405	767,457	2,207,079	2,974,536
Debt securities and other fixed income securities	- level 1	744,998			
	- level 2	956,914			
	- level 3	-	1,701,912	1,217,449	2,919,361
Participation in investment pools	- level 1	33,537			
	- level 2	63,083			
	- level 3	21,381	118,001	-	118,001
Loans guaranteed by mortgage	- level 1	31,179			
	- level 2	3,912			
	- level 3	(31,182)	3,909	-	3,909
Other loans	- level 1	4,287			
	- level 2	947			
	- level 3	41,121	46,355	-	46,355
Total			2,637,634	3,424,528	6,062,162

The corporate investments held include £1,705,471 (2017: £1,750,893) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 31.

15 Investments (continued)

The group (continued)

The group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets
Level 2: prices based on recent transactions in identical assets
Level 3: prices determined using a valuation technique

None of the above investments are valued at amortised cost.

At cost	Syndicate £	Corporate £	2018 Total £	2017 Total £
Shares and other variable yield securities	606,937	1,936,166	**2,543,103**	2,555,455
Debt securities and other fixed income securities	1,871,746	932,868	**2,804,614**	2,640,347
Participation in investment pools	86,015	-	**86,015**	110,940
Loans guaranteed by mortgage	3,860	-	**3,860**	4,106
Other	76,040	-	**76,040**	54,012
Total	2,644,598	2,869,034	**5,513,632**	5,364,860

The Company

At cost	2018 Total £	2017 Total £
At 1 January	**2,505,114**	2,144,050
Additions	**246,207**	361,064
Disposals	**(119,403)**	-
Reclassification to associate	-	-
Total	**2,631,918**	2,505,114

At market value	2018 Total £	2017 Total £
At 1 January	**3,136,108**	2,381,732
Additions	**246,206**	361,064
Disposals	**(138,288)**	-
Reclassification to associate	-	-
Fair value adjustment	**(614,629)**	393,312
At 31 December	**2,629,397**	3,136,108

The company held listed current asset investments included above with market values totalling £2,528,703 (2017: £2,599,805).

16 Fixed Asset Investments

Company fixed asset investments	2018 £	2017 £
Investment in subsidiaries	**4,747,249**	4,722,059
Investment in associates	**4,138,027**	4,552,641
	8,885,276	9,274,700

The company fixed asset investments at cost

	Investments in subsidiaries £
Cost	
At 1 January 2018	4,722,059
Additions	25,190
Disposals	-
At 31 December 2018	4,747,249
Net book value	
At 31 December 2018	4,747,249
At 31 December 2017	4,722,059

The company and the group fixed asset investment at fair value dealt with through profit and loss:

	Investments in associates £
Valuation	
At 1 January 2018	4,552,641
Additions	5,025
Disposals	(676,512)
Fair value movement in year	256,873
At 31 December 2018	4,138,027
Net book value	
At 31 December 2018	4,138,027
At 31 December 2017	4,552,641

The historic cost of investments in associates at 31 December 2018 is £2,052,195 (2017: £2,415,457).

Investments in associates

At 31 December 2018 the group and the company had interests in the following associates:

Associate	Type of shares held	Proportion held (%)	Registered Office	Nature of business
Life's Kitchen Limited	Ordinary	22.0%	2a Chequers Court, Huntingdon, Cambridgeshire, PE29 3LJ	Catering
N W Brown Group Limited	Ordinary	22.4%	Richmond House, 16-20 Regent Street, Cambridge, Cambridgeshire, CB2 1DB	Investment Management
The Apertus Group Limited	Ordinary	20.0%	3 Deanery Court, Preston Deanery, Northampton, England, NN7 2DT	Utilities

16 Fixed Asset Investments (continued)

Investments in subsidiaries

At 31 December 2018 the group and the company had interests in the following subsidiaries:

Subsidiary	Type of shares held	Proportion held (%) Direct	Proportion held (%) Indirect	Registered office	Nature of business
Chariot (II) Underwriting Limited	Ordinary	100%		7 - 9 The Avenue, Eastbourne, East Sussex, BN21 3YA	Corporate member of Lloyd's
Maturin-Baird (Underwriting) LLP		100%		5th Floor 40 Gracechurch Street, London, England, EC3V 0BT	Corporate member of Lloyd's
Paddock St Holdings Limited	Ordinary	100%		11 Luard Road, Cambridge, CB2 8PJ	Property development
Kirly Realisations Limited	Ordinary	100%		11 Luard Road, Cambridge, CB2 8PJ	Investment company
Bolton's Warehouse Company Limited	Ordinary	100%		11 Luard Road, Cambridge, CB2 8PJ	Dormant
Freedom Insurance Services Limited	Ordinary	37.87%	15.56%	58 Market Square, St. Neots, England PE19 2AA	Holiday Insurance Sales
OK to Travel Limited	Ordinary		53.43%	58 Market Square, St. Neots, England PE19 2AA	Holiday Insurance Sales
Freetime Travel Limited	Ordinary		53.43%	58 Market Square, St. Neots, England PE19 2AA	Dormant
OK to Travel Cruise Insurance Solutions Limited	Ordinary		53.43%	58 Market Square, St. Neots, England PE19 2AA	Dormant
Travel Positive Limited	Ordinary		53.43%	58 Market Square, St. Neots, England PE19 2AA	Dormant

All of the above subsidiaries have been included within the consolidated accounts.

During the year KIRLY Limited acquired an additional 2.75% shareholding in Freedom Insurance Services Limited.

17 Group debtors arising out of direct insurance and reinsurance operations

	Syndicate	Corporate	2018 Total	2017 Total
	£	£	£	£
The following amounts are due after one year:				
Direct insurance operations	6,913	-	**6,913**	3,693
Reinsurance operations	9,003	-	**9,003**	4,184
Total	15,916	-	**15,916**	7,877

18 Other debtors

Amounts falling due within one year

	The company		The group			
	2018 Total	as restated 2017 Total	Syndicate	Corporate	2018 Total	as restated 2017 Total
	£	£	£	£	£	£
Other	**1,867,518**	1,405,199	587,664	1,726,346	**2,314,010**	2,374,130
Total	**1,867,518**	1,405,199	587,664	1,726,346	**2,314,010**	2,374,130

Amounts falling due after one year

	The company		The group			
	2018 Total	2017 Total	Syndicate	Corporate	2018 Total	2017 Total
	£	£	£	£	£	£
Other	**276,516**	475,968	515,412	290,184	**805,596**	1,076,851
Total	**276,516**	475,968	515,412	290,184	**805,596**	1,076,851

Total

	The company		The group			
	2018 Total	as restated 2017 Total	Syndicate	Corporate	2018 Total	as restated 2017 Total
	£	£	£	£	£	£
Other	**2,144,034**	1,881,167	1,103,076	2,016,530	**3,119,606**	3,450,981
	2,144,034	1,881,167	1,103,076	2,016,530	**3,119,606**	3,450,981

19 Cash at bank

	Syndicate £	Corporate £	2018 Total £	2017 Total £
Lloyd's deposit	187,096	71,858	**258,954**	413,369
Cash at bank and in hand	200,733	2,995,581	**3,196,314**	1,585,122
Total	387,829	3,067,439	**3,455,268**	1,998,491

Any Lloyd's deposit is held in accordance with the constraints detailed in note 31.

20 Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
131,475 Ordinary shares of £0.01 each	**1,315**	1,315

Ordinary shares rank pari passu with equal rights to the distribution of dividends.

21 Taxation

	2018 £	as restated 2017 £
Analysis of charge in year		
Current tax		
UK Corporation Tax on profits of the year	**117,738**	116,174
Adjustments in respect of prior years	**5,875**	12,017
Foreign tax	**2,561**	1,261
Total current tax	**126,174**	129,452
Analysis of charge in year		
Deferred tax		
Origination and reversal of timing differences	**(11,756)**	(198,850)
Changes in tax rates		-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	**-**	-
Other items	**-**	8,406
Total deferred tax	**(11,756)**	(190,444)
Tax on profit on ordinary activities	**114,418**	**(60,992)**

21 Taxation (continued)

Factors affecting tax charge for the year
The tax assessed for the year is higher (2017 - lower) than the standard rate of Corporation Tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	as restated 2017 £
Profit on ordinary activities before taxation	**175,854**	1,777,580
Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 19.00% (2017 - 19.25%).	**33,412**	342,184
Effects of:		
Income/expenses not taxable/allowable	**(30,459)**	(269,144)
Timing differences arising from the taxation of the underwriting results	**97,929**	51,791
Timing differences arising from the taxation of syndicate participation movements	**(148)**	-
(Utilisation of tax losses)/Tax losses carried forward	**(23,436)**	-
Adjustments to tax charge in respect of prior periods	**5,875**	12,017
Timing differences due to fair value adjustments	**-**	59,703
Other adjustments	**31,245**	(257,543)
Total tax charge for the year	**114,418**	(60,992)

Factors that may affect future tax charges
The group has trading losses of £45,912 (2017 - £169,258) available for carry forward against future trading profits.

	2018 £	2017 £
Provision for deferred tax		
At 1 January	**184,836**	375,280
Credit to the profit and loss account	**(11,756)**	(190,444)
At 31 December	**173,080**	184,836

During the year the company provided for a deferred tax gain of £18,988 (2017: £34,478). The deferred tax provision on the balance sheet at 31 December 2018 was £Nil (2017: £18,988)

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £3,866 (2017 - £Nil).

22 Other creditors

	The company		The group			
		as restated				as restated
	2018	2017	Syndicate	Corporate	2018	2017
	£	£	£	£	£	£
Other creditors	**2,361,137**	1,764,118	247,089	837,993	**1,085,082**	781,679
Other taxation and social security	**1,039**	681	-	16,718	**16,718**	20,341
Corporation tax	**52,094**	24,296	-	142,034	**142,034**	238,022
Shareholders' loan account	**296,716**	232,893	-	296,716	**296,716**	232,893
Total	**2,710,986**	2,021,988	247,089	1,293,461	**1,540,550**	1,272,935

The above shareholders' loan has been included in the related party transactions note 32.

23 Creditors: falling due after more than one year

	The company		The group			
	2018	2017	Syndicate	Corporate	2018	2017
	£	£	£	£	£	£
Other creditors	**148,457**	300,757	-	833,457	**833,457**	1,185,757
Convertible Loan Stock	**346,423**	346,123	-	346,423	**346,423**	346,123
Total	**494,880**	646,880	-	1,179,880	**1,179,880**	1,531,880

Other creditors represent the deferred consideration for the purchase of the shares of Paddock St Holdings Limited (formerly Wentworth Country Homes Limited).

Convertible Loan Stock

The loan stock is convertible to ordinary share capital at any time with 30 days written notice from the shareholder to the company. During the year ended 31 December 2018 £Nil of loan stock was converted into ordinary share capital (2017: £Nil).

The Stock not previously repaid by the Company will be repaid at par together with accrued interest (less any United Kingdom or other taxation which the Company is required to deduct from it) on the Final Redemption Date of 31 December 2049. The Stock may be redeemed by the Company in whole or in part at any time upon the Company giving 12 months' written notice to the Stockholder. Any Stockholder shall be entitled by 12 months' written notice to the Company to require immediate repayment of the Stock held by him at its nominal value together with all unpaid interest which has then accrued due thereon.

Interest on the Stock is payable at the rate of 9.5% per annum by yearly instalments on 31 December each year. Interest shall accrue daily.

24 Obligations under leases and hire purchase contract

Operating lease agreements where the Group is lessor

The group holds properties as disclosed under note 34. The operating lease agreements represent leases of such properties to third parties, including one property leased to The Apertus Group Limited, an associated undertaking of the group. The leases are negotiated over terms of up to 25 years, with fixed rentals and break clauses in line with the individual terms of the leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than one year	**94,680**	49,100
Later than one year but not later than five years	**128,780**	12,275
	223,460	61,375

25 Group financial liabilities

All financial liabilities are measured at amortised cost except for:

	2018 £	2017 £
Amounts due to credit institutions	**2,181**	17,361

This liability has been disclosed at fair value using a valuation technique. The group uses the following hierarchy for determining and disclosing the fair value of financial liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical liabilities
Level 2: prices based on recent transactions in identical liabilities
Level 3: prices determined using a valuation technique

26 Reconciliation of profit before tax to cash inflow/(outflow) from operating activities

	2018 £	as restated 2017 £
Profit before tax	**175,854**	1,777,580
Finance costs	**81,521**	-
Finance income	**(470,014)**	(494,103)
Current year result not distributable in year	**312,037**	(392,348)
Prior year result distributable in year	**272,126**	37,403
Profit on sale of syndicate participation rights	**(53,143)**	(11,782)
Increase/(Decrease) in creditors	**558,211**	(1,415,979)
(Increase)/Decrease in debtors	**(493,304)**	1,755,087
Amortisation and impairment of syndicate participation rights	**-**	61,644
Loss on disposal of tangible fixed assets	**36,891**	-
Depreciation of tangible fixed assets	**24,935**	6,499
Amortisation and impairment of other intangible fixed assets	**59,189**	-
Fair value adjustments	**361,089**	(1,458,515)
Loss on disposal of current asset investments	**(35,234)**	-
Cash inflow/(outflow) from operating activities	**830,158**	(134,514)

27 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	**24,000**	11,167

28 Employees

Number of employees
The average monthly number of employees (including directors) employed by the group and company during the year was:

	The company		The group	
	2018	2017	2018	2017
	Number	Number	Number	Number
Directors of the parent	**2**	2	**2**	2
Directors of subsidiaries	**-**	-	**4**	5
Administration	**4**	3	**29**	25
Total	**6**	5	**35**	32

Employment costs	The company		The group	
Their aggregate remuneration comprised:	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	**42,000**	27,085	**739,023**	493,995
Social security costs	**309**	-	**60,492**	41,971
Pension costs	**10,000**	-	**89,926**	42,049
	52,309	27,085	**889,441**	578,015

The number of directors of the company for who retirement benefits are accruing under defined contribution schemes amounted to 0 (2017 - 0).

29 Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Revaluation reserve

This reserve is used to record the non-distributable increases and decreases in the fair values of financial investments.

Capital redemption reserve

This reserve records the nominal value of the shares repurchased by the company.

30 Controlling party

The directors control the company by virtue of their controlling interest in the issued ordinary share capital.

31 Funds at Lloyd's

Cash balances of £71,858 (2017: £201,318) detailed in note 19 and investments of £1,705,471 (2017: £1,750,893) detailed in note 15 are held within the company's Lloyd's deposit. These balances exclude any amounts held via syndicates.

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the company's underwriting activities as described in the accounting policies. The company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

In addition to these amounts, the directors and shareholders of the company have also made available to Lloyd's assets amounting to approximately £Nil (2017: £Nil) which are also used by the company to support its Lloyd's underwriting.

32 Related party transactions

Company
At the end of the year the group and company owed M W Johnson & M A Johnson £296,716 (2017 - £232,893). M W Johnson & M A Johnson are directors of the company and their loan is interest free and no specific terms for repayment exist.

At the year-end Kirly Limited was owed £480,889 (2017 - £Nil) by Forinvesta UBA. Forinvesta UBA is a wholly owned subsidiary of Varoteks OU, a company owned by the daughters of the directors. Interest receivable by Kirly Limited during the year was £5,588 (2017 - £Nil). Interest is chargeable at the Base Rate +1%, which is considered a market rate of interest by the directors. The loan was acquired from the Kirly Pension Scheme, of which M W Johnson is a trustee.

During the year to 31 December 2018 Kirly Limited provided consultancy services totalling £14,583 (2017 - £18,104) to Freedom Insurance Services Limited, a subsidiary of the company. The outstanding balance owed to Kirly Limited by Freedom Insurance Services Limited at the year-end was £15,400 (2017 - £Nil).

During the year to 31 December 2018 Kirly Limited provided consultancy services totalling £67,069 (2017 - £15,000) to N W Brown Group Limited, a company in which Kirly Limited has a participating interest. The outstanding balance owed to Kirly Limited by N W Brown Group Limited at the year-end was £18,885 (2017 - £Nil).

During the year to 31 December 2018 Kirly Limited provided a loan of £20,000 to The Apertus Group Limited, a company in which Kirly Limited has a participating interest. The outstanding balance owed to Kirly Limited at the year-end was £20,000 (2017 - £Nil). The loan is interest-free and payable in full by 31 March 2021. The group charged rent to The Apertus Group Limited of £2,200 (2017 - £Nil) on an arm's length basis.

During the year to 31 December 2018 Kirly Limited provided a loan of £75,000 to Life's Kitchen Limited, a company in which Kirly Limited has a participating interest. The outstanding balance owed to Kirly Limited at the year-end was £275,000 (2017 - £200,000). The loan is interest-free and no specific terms for repayment exist.

At the year-end Kirly Limited was owed £221,812 (2017 - £240,802) by the sister of M W Johnson. Interest receivable by Kirly Limited during the year was £5,010 (2017 - £802). Interest is chargeable at the Base Rate +1.5%, which is considered a market rate of interest by the directors. The loan is repayable in full by 31 January 2030.

At the year-end Kirly Limited owed £385,240 (2017 - £22,330) to the Kirly Pension Scheme, of which M W Johnson is a trustee. The loan is interest-free and no specific terms for repayment exist.

Group
Kirly Limited has taken advantage of the exemption conferred by FRS 102.33.1A not to disclose transactions with its wholly-owned subsidiaries.

33 Non-controlling Interests

	2018 £	2017 £
At 1 January	**(195,436)**	936,588
Non-controlling interest eliminated on increase of shareholdings	**(7,870)**	(936,588)
Fair value of non-controlling interest on business combinations during the year	**-**	(150,807)
Share of subsidiary's profit for the year	**37,830**	15,016
Dividends paid to subsidiary	**(26,362)**	(59,645)
At 31 December	**(191,838)**	**(195,436)**

34 Stocks

	2018 £	2017 £
Property held for development	**4,590,000**	4,590,000

35 Analysis of changes in net debt - group

	2018 £
Opening net funds/(debt)	
Cash at bank and in hand	1,654,542
Borrowings excluding overdrafts	(885,000)
Convertible loan notes	(346,423)
At 1 January	423,119
Changes in net debt arising from:	
Cash flows of the entity	1,412,897
Borrowings excluding overdrafts	200,000
Closing net funds/(debt) as analysed below	**2,036,016**
Closing net funds/(debt)	
Cash at bank and in hand	3,067,439
Borrowings excluding overdrafts	(685,000)
Convertible loan notes	(346,423)
At 31 December	2,036,016

36 Restated comparatives

The comparatives have been restated to reflect a change in presentation of investment income and charges between the technical and non-technical account in accordance with Schedule 3 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. There have been no changes to the reported profit/loss figures.

37 Prior period adjustment

The accounts have been restated to incorporate the impact of accrued rental income which had been accidentally omitted from the parent company and group accounts in error. The effect on the financial statements is as follows:

Changes to the balance sheet - group

Period ended 31 December 2017	**As previously reported**	**Adjustment**	**As restated**
	£	**£**	**£**
Debtors			
Other debtors	3,324,768	126,213	3,450,981
Creditors due within one year			
Other creditors - Corporation Tax	(213,726)	(24,296)	(238,022)
Capital and reserves			
Profit and loss account	9,389,859	101,917	9,491,776

Changes to the profit and loss account - group

Period ended 31 December 2017	**As previously reported**	**Adjustment**	**As restated**
	£	**£**	**£**
Profit for the financial period	1,736,655	101,917	1,838,572

Changes to the balance sheet - company

Period ended 31 December 2017	**As previously reported**	**Adjustment**	**As restated**
	£	**£**	**£**
Debtors			
Other debtors	1,754,954	126,213	1,881,167
Creditors due within one year			
Taxes and social security costs	-	(24,296)	(24,296)
Capital and reserves			
Profit and loss account	8,128,912	101,917	8,230,829

Changes to the profit and loss account - company

Period ended 31 December 2017	**As previously reported**	**Adjustment**	**As restated**
	£	**£**	**£**
Profit for the financial period	1,415,166	101,917	1,517,083