Providing access to Lloyd’s

Helios Underwriting plc Annual report and financial statements 2015

HELIOS UNDERWRITING

Overview of Helios Underwriting plc

- Helios operates at Lloyd's
- Helios buys Limited Liability Vehicles (LLV) – companies that underwrite at Lloyd's
- LLV's own capacity and have estimated undistributed or "pipeline" profits
- The capacity participates on and shares in the results of leading Lloyd's syndicates

Acquisition Strategy

Acquired 16 LLV's since 2013

Helios Capacity Fund

£32.7m of capacity for 2016

253% increase in capacity owned since Jan 2013

Portfolio of participations on 20 syndicates at Lloyd's

Reinsurance Strategy

To provide access to Lloyd's exposures

To assist in the financing of the acquisitions

To mitigate the risk to capital from large losses

Visit our investor website at **www.huwplc.com** for the latest Company news and announcements.

	Underwriting Year			
Capacity acquired	2013	2014	2015	**2016**
Capacity at beginning of underwriting year – £m	12.9	18.1	20.5	**28.1**
Acquired in Year 1 – £m	3.9	4.7	**6.3**	**4.6**
Acquired in Year 2 – £m	4.4	**6.3**	4.5	**—**
Acquired in Year 3 – £m	**5.8**	5.2	—	**—**
Final / current capacity – £m	27.0	34.4	31.3	**32.7**
Capacity reinsured – £m	6.4	14.9	16.1	**22.9**
Proportion reinsured	24%	43%	52%	**70%**
Helios retained capacity	20.6	19.5	15.2	**9.8**
Helios proportion retained	76%	57%	48%	**30%**

Each LLV acquired increases capacity for three open underwriting years.
Position as at May 2016.

Highlights

- Premium written during the period totalled £21.5m (2014: £17.1m)
- Increased use of quota share reinsurance to reduce exposure
- Profits reduce as levels of reinsurance have increased
- Operating profit before tax, goodwill and impairment of £609,000 (2014: £1,351,000)
- Profit for the year £789,000 (2014: £2,056,000)
- Earnings per share of 8.38p (2014: 24.11p)
- 2013 underwriting year of account profit return on capacity of 14.20% (2012 underwriting year: 13.01%)
- Recommended total dividend for this year of 5.0p per share (2014: 5.1p per share)
- Adjusted net asset value per share (Humphrey & Co valuation) – £1.97 per share (2014: £1.72 per share)
- 30p per share growth (increase in adjusted net assets plus dividends) in shareholder value represents 17% increase in value to shareholders

Adjusted net asset value (Humphrey's Valuation) per share (pence)

197

+15%

2015	**197**
2014	172
2013	164

Growth in capacity (£m)

28.1

+37%

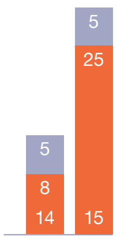
2016	**28.1**
2015	20.5
2014	18.1

Growth in shareholder value (pence per share)

30

+131%

Total 2015	**30**
Total 2014	13
Adjusted net asset	
Dividend	



Profit for the year (£'000)

789

-62%

2015	**789**
2014	2,056

Positive results

Acquisition strategy continues to build the fund of capacity.

Sir Michael Oliver
Non-executive Chairman

Summary

- Adjusted net asset value increases 15% to £1.97p per share (£1.72p)
- Six acquisitions in 2015 adding £6.3m of capacity to 2015 underwriting year – 31% increase
- Two acquisitions agreed in 2016 adding £4.6m of capacity to 2016 underwriting year – 16% increase
- 5.0p per share total dividend payable (2014: 5.1p)

Your Board is pleased to report a set of encouraging results for 2015 which reflects the reduced risk profile of the Group and a focus on increasing the capital available to the Group to fund a number of advantageous acquisitions of corporate members. Accordingly the profits before tax, goodwill and impairment for the year were £609,000 (2014: £1,351,000), whilst the adjusted net asset value of the Group (Humphrey's Valuation) has increased to £1.97 per share (2014: £1.72) – an increase of 15%.

Helios has been reducing its exposure to the underwriting risk on the portfolio for the last two years and this reduction is reflected in the reduction in profitability this year. Underwriting profits of £1.4m (2014: £0.7m) have been ceded to reinsurers. In addition the premiums paid for Stop Loss cover increased by £300,000.

The net aggregate contribution made from acquiring companies at above and below fair value reduced from £785,000 to £108,000 reflecting the more competitive environment for the buying of corporate members. The Board is committed to being selective on the acquisitions made in the future.

Strategy

We have continued to implement our strategy of building the portfolio of syndicate capacity. During the year the key developments were:

» The profit for the year reflects the additional reinsurance cover bought to reduce the group exposure to large losses.

» We have changed the accounting policy relating to the amortisation of capacity value to hold the capacity at fair value in the balance sheet in the future.

» The management team has been strengthened by the appointment of an experienced Finance Director, Arthur Manners.

Capacity acquired

During the year a further six corporate members were acquired that increased the capacity for 2013 to 2015 years of account, and a further two corporate members have been bought since 31 December 2015, adding a further £4.6m of capacity to the open years. These companies have increased the capacity underwritten on 2013 to 2016 underwriting years as shown below.

	Year of account – £m			
	2013	2014	2015	**2016**
Capacity at 1 January 2015	21.2	22.8	20.5	**—**
Acquired during 2015	5.8	6.3	6.3	**—**
Capacity at 31 December 2015	27.0	29.1	26.8	**28.1**
Acquired to date in 2016	—	5.2	4.5	**4.6**
Current total capacity	27.0	34.4	31.3	**32.7**

> Special dividend of 3.5p per share (2014: 3.6p per share) together with a final dividend of 1.5p per share (2014: 1.5p per share).

These acquisitions in 2015 and 2016 to date were purchased for a total consideration of £11m, of which £3m was satisfied by the issue of new shares to certain vendors. We continue to grow and manage the quality of the portfolio of participations on the leading Lloyd's syndicates.

Underwriting result

The calendar year profits for 2015 have been generated from profits recognised in the portfolio from the 2013 and 2014 underwriting years. During 2015, the 2013 underwriting year mid-point estimates increased from 8.1% return on capacity to a final result of 14.1%. The mid-point estimate for the 2014 underwriting year is currently 8.7% and this year has made a healthy contribution to the 2015 result. As expected, the 2015 underwriting result has not made a significant contribution during the first 12 months but given the benign claims environment for the 2015 underwriting year to date, it should provide additional recognised profits for the next two financial years.

Capacity value

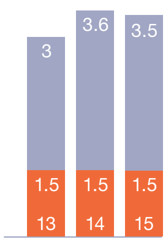
The Board has taken the view that it is appropriate to carry the value of the capacity acquired on the balance sheet at fair value at the date of acquisition. The building of a portfolio of participations on leading Lloyd's syndicates remains the strategic objective. Therefore the Board decided that it was not appropriate to amortise the cost of the capacity acquired and instead to change the accounting policy to include an impairment test will be carried out at each reporting date to assess whether the current value exceeds the value carried in the balance sheet. The 2014 results have been restated for this accounting policy.

Dividends (p)

5.0

-2%

2015	**5.0**
2014	5.1
2013	4.5
Final dividend	
Special dividend	



Reinsurance

The proportion of the portfolio supported by the reinsurance market has increased and now the participants in the panel include private capital. By broadening the access to the Helios portfolio to private capital, we have expanded the potential pool of capital available to support the growth of the portfolio in the future. We expect to continue to use this source of financing in the future.

The reinsurers assist in the financing of their share of the underwriting capital required for the corporate members by providing letters of credit as Funds at Lloyd's amounting to £11m at 31 December 2015.

Dividend

Following another successful year, the Board is pleased to recommend that the final dividend remains the same as last year at 1.5p per share which, together with a special dividend of 3.5p per share (2014: 3.6p), totals 5p per share (2014: 5.1p). The special dividend equates to approximately 20% of the 1.8m cash released from the 2013 year of account. These dividends will be payable to shareholders on the register on 10 June 2016. As last year, the Board will put in place a Scrip Dividend Scheme to give shareholders the opportunity to elect receive dividends in the form of new ordinary shares instead of cash. If approved the dividend will be paid in a single payment or share issue on 6 July 2016.

Sir Michael Oliver
Non-executive Chairman
27 May 2016

Continuing to grow

Maintaining the quality of the portfolio.

Nigel Hanbury
Chief Executive

Highlights

- 70% of the portfolio managed by leading managing agents at Lloyd's
- Helios portfolio underwriting results outperform Lloyd's average return on capacity by 3%
- Helios cedes 70% of portfolio at the start of the underwriting year
- Helios expects to retain approximately 50% of overall underwriting result

Growth in capacity through acquisitions

The strategy of building a portfolio of underwriting capacity at Lloyd's has continued through the purchase of further corporate members. There remains a steady flow of vehicles for sale as existing owners wish to cease underwriting due to a change of circumstances. This acquisition strategy has increased the portfolio from £13m at the start of the 2013 underwriting year to £33m currently. Since 1 January 2015 over £10m of capacity has been acquired. We remain selective on the purchases and have encountered increasing competition from other potential purchasers. There remains a risk to the implementation of our strategy if suitable vehicles are not available at attractive prices.

Quality of portfolio

We continue to focus ruthlessly on the quality syndicates. So participations on weaker syndicates in acquired portfolios are sold to maintain the overall quality. The seven largest syndicate participations account for over 70% of the portfolio. These syndicates are managed by the leading managing agents at Lloyd's and represent shares in the better managed businesses at Lloyd's.

The underwriting results of the Helios portfolio have consistently outperformed the Lloyd's market average. Helios' average return on capacity over the last four years is 11% and is on average 3% higher than the average of the Lloyd's market.

The combined ratio of the portfolio (before Helios corporate costs) has been 4% higher on average over the last four calendar years. These incremental returns demonstrate the diversity and the breadth of underwriting expertise within the businesses comprising the portfolio of syndicate capacity.

Helios portfolio
Top seven syndicates for 2016

Syndicate	Managing agent	2016 Helios portfolio capacity £'000	2016 Helios portfolio % of total	Largest class
510	Tokio Marine Kiln Syndicates Ltd	4,494	16.0	US$ Property
2791	Managing Agency Partners Limited	3,412	12.1	Reinsurance
623	Beazley Furlonge Limited	3,318	11.8	US$ Non-Marine Liability
609	Atrium Underwriters Limited	2,586	9.2	US$ Property
33	Hiscox Syndicates Limited	2,277	8.1	US$ Property
6117/1910	Asta Managing Agency Limited	2,713	9.7	Reinsurance
6111	Catlin Underwriting Agencies Limited	1,548	5.5	Reinsurance
Subtotal		**20,348**	**72.4**	
Other		**7,747**	**27.6**	
Total 2016 Helios portfolio		**28,095**	**100.0**	

Source: 2016 syndicate capacities sourced from Lloyd's.

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Helios return on capacity is on average 3% higher than the Lloyd’s market over the last four years.

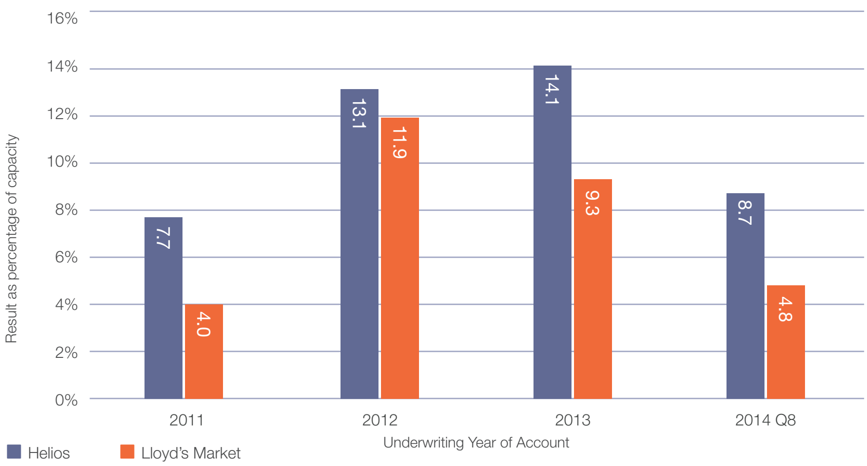
Reinsurance quota share

The use of quota share reinsurance to provide access to the Lloyd’s underwriting exposures for reinsurers and private capital has been expanded. For the 2016 underwriting year the panel of reinsurers was expanded to include private capital, a potential significant source of underwriting capital in the future. The core of the panel of reinsurers remains XL Group plc and Everest Reinsurance Bermuda Limited.

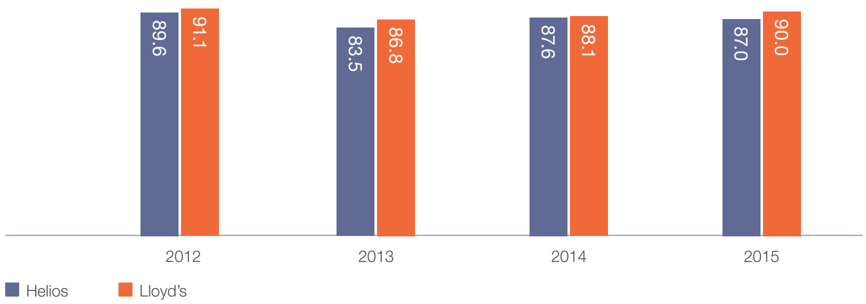
This reinsurance reduces the exposure of the portfolio and assists in the financing of the underwriting capital. Helios will seek to reinsure a significant proportion of the capacity at the start of the underwriting year to mitigate the open year underwriting exposures. For corporate members acquired during the year, a proportion of the “on-risk” capacity will be ceded to reinsurers whilst the capacity on older years will be retained 100% by Helios. Therefore the proportion of the overall capacity that Helios retains is expected to rise as further corporate members are acquired in the future. The profits earned after the company has been acquired will be recognised by Helios.

The table shows that the Helios retained capacity increases significantly in Years 2 and 3 as further corporate members are acquired and the older years are not reinsured. Capacity on underwriting years after 18 months of development is substantially “off risk” as the underlying insurance contracts have mostly expired. Therefore the profits from the capacity on the older years are retained 100% by Helios. The proportion of overall capacity retained by Helios for the 2015 and 2016 underwriting years is expected to increase to approximately 50% as further corporate members are acquired.

Return on capacity (%)



Combined ratio compared with Lloyd’s and peer group: 2012–2015 (%)



	Year of account – £m			
	2013	2014	2015	**2016**
Helios capacity at outset	6.4	5.4	6.1	**8.4**
Retained capacity in Yr 1	3.9	2.6	4.5	**1.4**
Retained capacity in Yr 2 and Yr 3	10.3	11.5	4.5	**—**
Helios retained capacity	20.6	19.5	15.1	**9.8**
% of “off-risk” capacity	50%	60%	30%	**0%**
Ceded capacity at outset	6.4	12.7	14.3	**19.7**
Further capacity ceded to QS	—	2.2	1.8	**3.2**
Total capacity ceded	6.4	14.9	16.2	**22.9**
Current total capacity	27.0	34.4	31.3	**32.7**
Helios share of total capacity	76%	57%	48%	**30%**

Development of profit estimates

As Helios has no active involvement in the underwriting or management of the syndicates on which it participates, it relies on information on forecast profitability of the portfolio that is released on a quarterly basis by the managing agents of the syndicates. The managing agents have traditionally been conservative in the estimation of the profitability of a year of account, waiting until the development of the underlying reserves for the claims can be assessed with greater certainty.

The capacity acquired on the "off-risk years" that is retained 100% by Helios contributes a significant part of the profits of the Group. The chart below indicates that a significant proportion of the improvement in the estimates of profitability of syndicates are declared by the managing agents in the last 12 months to the close of an underwriting year. Helios benefits from the conservative nature of the managing agents.

Risk management

Helios continues to ensure that the portfolio is well diversified across classes of businesses and managing agents at Lloyd's.

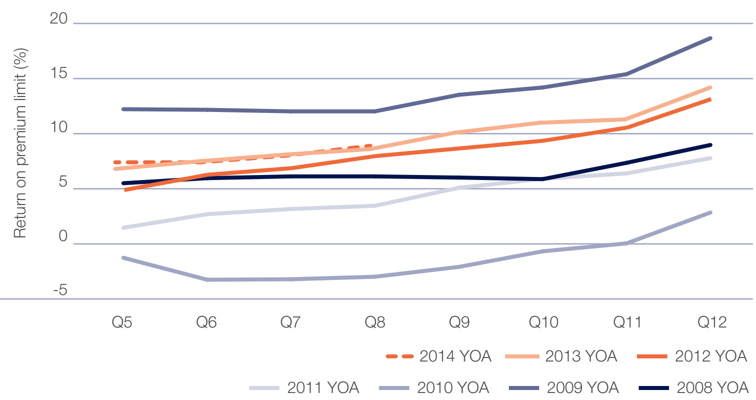
The purchase of quota share reinsurance cedes 70% of the risk on the younger or "on-risk" years which has remained consistent for the last three years. The market conditions continue to soften as the incidence of insured natural disasters and large loss events has been below normal expectations. This has allowed the insurance industry to generate adequate returns on capital and thereby attract new capital to the industry.

There is today a strong consensus in the insurance industry that it would take a catastrophe, or series of catastrophes, on a very large scale to materially turn the market for short tail lines of business. The high aggregation of coastal exposures in the US and other developed markets is one reason why such massive dislocations cannot be ruled out.

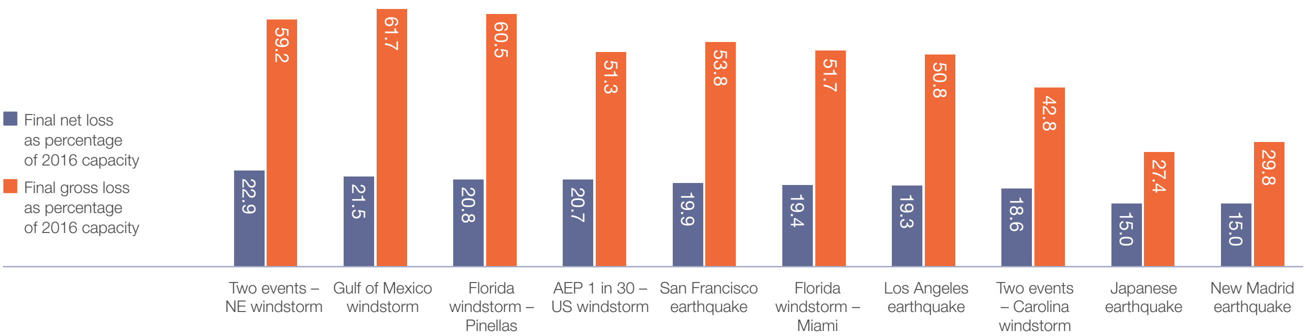
The biggest single risk faced by insurers arises from the possibility of mispricing insurance on a large scale. This is mitigated by the diversification of the syndicate portfolio and by the depth of management experience within the syndicates that Helios supports. These management teams have weathered multiple market cycles and the risk management skills employed should reduce the possibility of substantial under-reserving of previous year underwriting.

We assess the downside risk in the event of a major loss through the monitoring of the aggregate net losses estimated by managing agents to realistic disaster scenarios ("RDSs") prescribed by Lloyd's. The RDS events comprise 16 compulsory events to assess the potential impact across the portfolio from the type of event proscribed. The nature and the size of the prescribed events have remained similar and the individual syndicate net exposures will depend on the business underwritten during the year and the reinsurance protections purchased at syndicate level.

HUW's aggregate current and historic quarterly progression of mid-point estimates (%)



Realistic disaster scenarios – gross and net reinsurance (%)



Note: The chart only shows the top ten net losses, not all RDSs. The AEP (aggregate exceedance probability) 1 in 30 figure is the weighted average of each syndicate's 1 in 30 projections which serves as a guide to the portfolio aggregate though the correct approach would involve combining the underlying distribution curves which are not provided in the SBFs.

Source: 2016 Syndicate Business Plans.

The estimated aggregate net largest exposure for the Helios portfolio, before quota share and stop loss reinsurance, remains two separate hurricanes to affect the US Northeast Coast. The aggregate net loss has reduced to 23% (2015: 28%) of stamp capacity as the syndicates have reduced both their gross and net exposures. All the largest natural catastrophes would be substantial insured losses in excess of US$100bn, events that would generate a great deal of publicity.

Helios continues to buy stop loss reinsurance that will reduce the impact of a significant loss to the portfolio.

Capacity value

The value of the portfolio of the syndicate capacity remains an important factor in delivering overall returns to shareholders. The Enterprise value, being the value of the net tangible assets of the Group, together with the current value of the portfolio capacity, is a key management metric in determining growth in value to shareholders.

The Board recognises that the average prices derived from the annual capacity auctions managed by the Corporation at Lloyd's could be subject to material change if the level of demand for syndicate capacity reduces. Notwithstanding the average prices derived from the auction process, each of the syndicates will have a track record of trading profitability and generating cash.

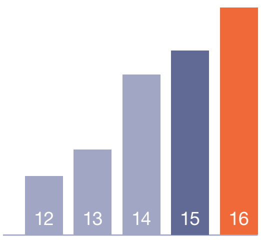
The impairment charge for this year of £63,000 indicates a small reduction in the fair value of the syndicate capacity as a result of the fluctuations in the auction values of the syndicates in the portfolio.

Capacity value per share (p)

112

+23%

2016	**112**
2015	91
2014	79
2013	42
2012	29



Note: Capacity value is derived from the weighted average of the prices at the Capacity Auction managed by Lloyd's.

Capital position

The underwriting capital for the Helios portfolio is supplied as follows:

	Underwriting capital as at 31 December 2015 £m
Reinsurance panel	10.8
Helios	3.9
Total	14.7

Helios has generated free cash of £1.8m in 2016 from the distribution of its share of the final underwriting profits for the 2013 underwriting year and early releases from the 2014 and 2015 years. These profits have assisted in funding the recent acquisitions and will provide working capital for the next 12 months. A bank facility is in place to fund cash shortfalls.

Corporate costs

Given the reduction in risk assumed and the associated reduction in underwriting profits, it remains essential to manage the central costs of Helios effectively. The fees and profit commissions receivable from the reinsurance panel offset a proportion of the costs incurred.

Corporate, social and environmental responsibility

Helios aims to meet its expectations of its shareholders and other stakeholders in recognising, measuring and managing the impacts of its business activities. As Helios manages a portfolio of Lloyd's syndicate capacity, it has no direct responsibility for the management of those businesses. Each managing agent has responsibility for the management of those businesses, their staff and employment policies and the environmental impact.

Therefore, the Board does not consider it appropriate to monitor or report any performance indicators in relation to corporate, social or environmental matters.

Nigel Hanbury
Chief Executive
27 May 2016

Outperformance expected by quality syndicates

Market conditions are the most competitive in Lloyd's since the late 1990s.

"The Helios portfolio continues to provide a good spread of business."

With the closure of the 2013 Account at 31 December 2015 Lloyd's has now reported twelve consecutive years of underwriting profits for private capital. The 2013 three year account result for the Helios portfolio was 14.2% of capacity, which compares with the average for the portfolio of syndicates supported by private capital of 12.5% of capacity.

Underwriting profitability is set to continue for both the 2014 and 2015 Accounts with the mid-point estimate for the Helios portfolio at Q8 on 2014 being 8.9% of capacity, a 0.4% improvement on 2013 at the same stage. The 2013 result and estimates for 2014 and 2015 have benefited from below average major loss activity. Global insured major losses, according to Swiss Re Sigma, were $37bn in 2015, $44bn in 2014 and $45bn in 2013; these were significantly below the ten year average of $62bn a year. For 2016 Hampden has a target profit, excluding prior years, of 0% to 5% of capacity assuming a long term average for catastrophe losses.

The Insurance Market in 2016

So far in 2016 the trend of rate reductions have continued in most classes of business other than motor. Overall, market conditions are the most competitive in Lloyd's since the late 1990s when Lloyd's reported four consecutive years of underwriting losses on a three year account basis.

Property catastrophe reinsurance rates at 1 January 2016 have now declined for four years in succession. Guy Carpenter estimates rates reduced by 5% to 8% compared with reductions of over 11% a year earlier.

Property and casualty insurance rates in the United States began to decline during the first quarter of 2015. This has continued for a fifth successive quarter with the Council of Insurance Agents and Brokers reporting rate reductions of 3.7% in Q1 2016, the largest fall since reductions started in Q1 2015. The impact of rate reductions has reduced net written premium growth for the full year 2015 to only 2.7%, which is lagging nominal GDP growth of 3.5%.

We are now at the 'soft market' stage in the insurance cycle when we expect the outperformance of quality syndicates relative to the Lloyd's average to increase compared with the 'hard market' years. Key success characteristics of quality syndicates include a focus on conservative reserving, often above the best estimate recommended by external actuaries, and a willingness to walk away from under-priced business rather than chase growth in premium income.

The Investment Environment

Our view is that disciplined underwriters can make a profit in today's market. Importantly, underwriting discipline is reinforced by two key factors which were not present in the late 1990s. First, the investment environment. Low and declining bond yields now offer little protection to sub-par underwriting. We think it is no coincidence that the US industry made underwriting profits in eight years out of ten in the 1950s when the US Treasury 10-year yield averaged 3.2% and so far this decade the average yield is 2.5% with underwriting profits being made three years out of six.

Second, the process of setting regulatory capital for insurers has become much more robust with the introduction by the Prudential Regulatory Authority of the Solvency II regime which was fully implemented by Lloyd's for the 2016 year. Syndicates are required to calculate their own capital requirements to Solvency II standards. Capital requirements are therefore a risk sensitive measure with the two most important risks of insurers being underwriting risk and reserving risk. The Lloyd's capital requirements have been on an upward trend as a percentage of net earned premiums as the margin for achieving underwriting profitability has reduced as rates have declined.

Supply of Capital Close to All Time Highs

Good underwriting results continue to attract capital to the insurance industry searching for yield. Much of this is 'alternative capital' and focused on reinsurance business through short-term structures such as catastrophe bonds and collateralised reinsurance. During 2015 alternative capital continued to grow and now accounts for 19% of total dedicated reinsurance capital according to broker, Guy Carpenter. The market share of alternative capital has increased by 138% since 2008 and has exacerbated the level of rate reductions in particular for property catastrophe reinsurance business. Since 2008 Aon Benfield estimates that total reinsurance capital has increased by 55% although it fell back marginally by 2% to $565bn at 31 December 2015.

Balance of Power Shifting to Net Buyers of Reinsurance

With net written premium growth slowing down and underwriting margins being squeezed by a combination of reducing rates and increased expenses, one way to mitigate downside risk is to buy more reinsurance. The balance of power has continued to shift to net buyers of reinsurance from the sellers of reinsurance. One benefit of current market conditions is that syndicates have been able to secure a fuller reinsurance programme at more reasonable cost than in previous years in 2016.

Reserve Strength is Becoming Increasingly Important

Bottom line results in the current rating environment are becoming increasingly dependent on conservative reserving, given the modest forecast for pure year underwriting return. We consider the Helios portfolio of syndicates to be conservatively reserved overall with the last three year account closed result for 2013 including a prior year release of 4.7% of capacity from the 2012 and prior years.

> “Investment returns no longer provide a cushion to sub par underwriting.

We have analysed the reserve strength of the 2016 Helios portfolio of freehold syndicates (excluding Special Purpose Syndicates which have a limited tenure) at the closure of the 2013 Account into the 2014 Account of those syndicates. The ratio of Incurred but Not Reported reserves to Net Outstanding Claims reserves was 115% at the closure of the 2013 Account of these syndicates into the 2014 Account. There will be two further calendar years of development before the 2016 Account receives its share of 2015 and prior year reserves so this measure is a proxy for future reserve strength. The 115% ratio compares favourably with an equivalent figure for private capital syndicates of 72% in 2007 and only 45% in 2004. However, over this period, we would expect part of the increase in IBNR to be due to the "tail" of claims settlement getting longer; Lloyd's reports that coverholder business which has a longer "tail" has increased from 25% to 32% of Lloyd's income between 2002 and 2015.

Conservative reserving we believe has an additional benefit in that it reinforces pricing discipline in today's more challenging underwriting conditions. This is particularly important in liability business where under-reserving can lead to under-pricing business which in turn becomes under-reserved. A relatively modest pure year underwriting loss can then be magnified by prior year deteriorations which on liability business can be for three or more years.

Our Approach in This Market – A Focus on Quality

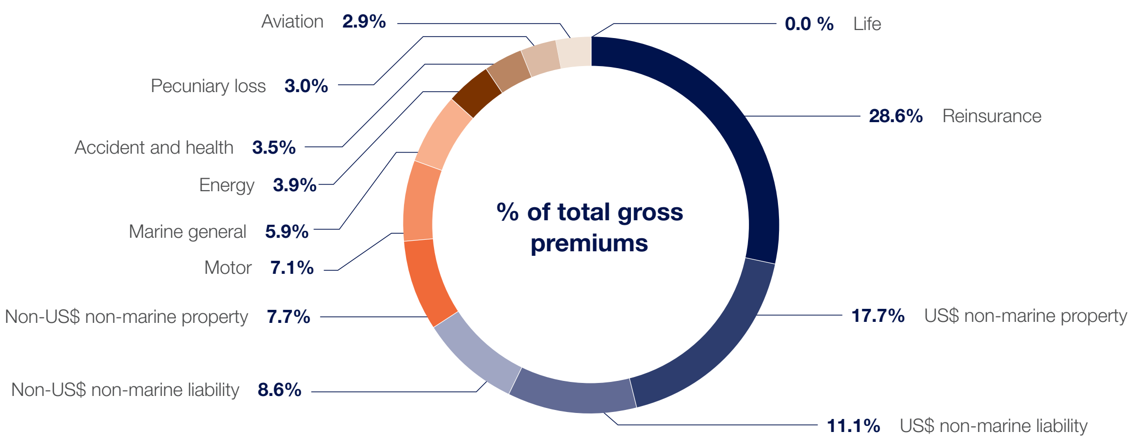
Our approach in this market is to focus syndicate portfolios on quality syndicates. The Helios portfolio for 2016 continues to provide a good spread of business across managing agents and classes of business. The two largest classes of business remain reinsurance at 28.6% and US dollar property insurance at 17.7% shown in the 'doughnut' chart below. Liability and motor exposures provide balance against the more volatile property catastrophe exposures as well as contributing through diversification to lower capital requirements.

The measure of quality assessed by Hampden is the grading we assign each year to syndicates. Syndicates graded 'D' are not recommended for support while the four positive gradings range from 'AA' (Excellent), 'A' (Very Good), 'B' (Good) and 'C' (Market Average).

Helios continues to focus its portfolio on the quality syndicates which have traditionally outperformed in difficult times. The Helios portfolio contains 55% by underwriting capacity in syndicates graded 'AA' and 'A' by Hampden.

Hampden Agencies
27 May 2016

Classes of business for 2016 (%)



Summary financial information

The information set out below is a summary of the key items that the Board assesses in estimating the financial position of the Group. Given the Board has no active role in the management of the syndicates within the portfolio, the following approach is taken.

A) It relies on the quarterly syndicate forecasts to assess its share of the underlying profitability of the syndicates within the portfolio.

B) It calculates the amounts due to / from the quota share reinsurers in respect of their share of the profits/losses as well as fees and commissions due.

C) An adjustment is made to exclude pre-acquisition profits on companies bought in the year.

D) Costs relating to stop loss reinsurance and operating costs are deducted.

Year to 31 December 2015

Underwriting Year	Helios retained capacity at 31 December 2015 £m	Portfolio mid point forecasts	Total profit currently estimated	% earned in the 2015 calendar year	Helios profits
2013	20.6	14.2%	2,925	41%	1,198
2014	14.3	8.9%	1,273	67%	854
2015	10.6	N/A			12
					2,064
Pre-acquisition					(190)
Fees from reinsurers					385
Stop loss costs					(407)
Operating costs					(1,334)
Other income					91
Operating profit					609

Year to 31 December 2014

Underwriting Year	Helios retained capacity at 31 December 2014 £m	Portfolio mid point forecasts	Total profit currently estimated	% earned in the 2014 calendar year	Helios profits
2012	21.1	13.1%	2,764	52%	1,449
2013	14.8	8.5%	1,258	76%	952
2014	7.8	N/A			112
					2,513
Pre-acquisition					(225)
Fees from reinsurers					244
Stop loss costs					(151)
Operating costs					(1,375)
Other income					345
Operating profit					1,351

Summary Balance Sheet

The summary Group balance sheet excludes items relating to syndicate participations. See Note 25 for further information.

	2015	2014
Intangible assets	8,511	6,368
Funds at Lloyd's	3,894	925
Other cash	2,973	3,114
Other assets	1,231	2,207
Total assets	16,609	12,614
Deferred tax	3,172	2,352
Other liabilities	3,163	1,798
Total liabilities	6,335	4,150
Total equity	10,274	8,464

Cash flow

Helios has generated £2.9m of cash in 2016 from the distribution of the profits from the 2013 underwriting year, of which £1.1m was retained within funds at Lloyd's.

Experienced leadership

Sir James Michael Yorrick Oliver, 75

(Non-executive Chairman)

Sir Michael Oliver has been chairman and director of a number of investment funds. He was previously a director of investment funds at Hill Samuel Asset Management and of Scottish Widows Investment Partnership Limited. Prior to that he was a partner in stockbrokers Kitcat & Aitken for 20 years and subsequently managing director of Carr, Kitcat & Aitken.

N

Nigel John Hanbury, 59

(Chief Executive)

Nigel Hanbury joined Lloyd's in 1979 as an external member and became a Lloyd's broker in 1982. He later moved to the members' agency side, latterly becoming chief executive and then chairman of Hampden Agencies Limited. He serves on the board of the Association of Lloyd's Members and was elected to the Council of Lloyd's for the "Working Names" constituency twice, serving on that body between 1999 and 2001 and then 2005 to 2008, as well as participating on the Market Board and other Lloyd's committees. In December 2009 he ceased being chairman of Hampden Agencies Limited but in 2011 acquired a majority stake in HIPCC, a Guernsey insurance and protected cell company, formerly wholly owned by Hampden Capital plc.

Jeremy Richard Holt Evans, 58

(Non-executive Director)

Jeremy Evans joined Minories Underwriting Agencies in 1993, which was subsequently transferred to Aberdeen Underwriting Advisers Limited, with specific responsibility for its corporate capital plans, including the development of a conversion scheme for existing members. He is the CEO of Nomina plc as well as being a director of Hampden Capital plc and Hampden Holdings Limited.

Harold Michael Clunie Cunningham, 68

(Non-executive Director)

Michael Cunningham has worked in the investment management business for over 25 years. Within Rathbones he was an investment director with responsibility for the AIM-focused Venture Capital Trusts. He is non-executive chairman of Hazel Renewable Energy VCT PLC.

A N

Andrew Hildred Christie, 60

(Non-executive Director)

Andrew Christie is a founding partner of corporate finance advisory firm Smith Square Partners LLP and has nearly 30 years' experience in corporate finance. Prior to Smith Square Partners, he was a managing director in the investment banking division of Credit Suisse Europe and prior to that he was head of investment banking in Asia Pacific for Credit Suisse First Boston and Barclays de Zoete Wedd. Andrew is a non-executive director of FTSE 250 company Elementis plc.

A N

Arthur Roger Manners, 56

(Finance Director)

Arthur Manners has over 20 years' experience in the insurance industry and has, since June 2015, been acting as a consultant to the Company. The role at Helios Underwriting plc will be part time and he is also finance director and compliance officer for insurance consultancy Total Risk Solutions (London) Limited, non-executive director of Gemini Insurance Brokers (Hong Kong) Limited and chairman of the trustees of Beazley Furlonge Pension Scheme. Prior to holding these positions, he was on the senior management team (including acting as finance director and group company secretary) at London Stock Exchange-listed insurer Beazley Group plc. Arthur Manners is a Chartered Accountant.

Committee membership

A Audit Committee N Nomination and Remuneration Committee ◯ Chairman of Committee

Report of the Directors
Year ended 31 December 2015

The Directors present their report and the audited Group and Parent Company Financial Statements for the year ended 31 December 2015.

Principal activity, review of the business and future developments

The Company's principal activity is to provide a limited liability investment for its shareholders in the Lloyd's insurance market.

The Group participates in the Lloyd's insurance market through its participation in a portfolio of Lloyd's syndicates.

A more detailed review of the business for the year and outlook for the future is included in the Chairman's Statement, the Chief Executive's Review and the Lloyd's Advisers' Report.

Results and dividends

The Group result for the year ended 31 December 2015 is shown in the Consolidated Statement of Comprehensive Income. The Group profit for the year after taxation was £789,000 (2014: £2,056,000).

A dividend of 5.1p per share was paid during calendar year 2015 totalling £457,000 (2014: £384,000).

Charitable and political donations

During the year, the Group made no political or charitable donations.

Directors and their interests

Under the Articles of Association one Director is required to retire from the Board by rotation at the forthcoming Annual General Meeting and offers himself for re-election as a Director. Michael Cunningham therefore retires by rotation and offers himself for re-election as a Director. Arthur Manners, a new Director appointed on 8 April 2016, is required to retire from the Board and offer himself for re-election as a Director.

Policy and practice on the payment of creditors

It is the Group's policy to:

» agree the terms of payment at the commencement of business with suppliers;

» ensure that suppliers are aware of the terms of payment; and

» pay in accordance with contractual and other legal obligations.

The number of days' purchases outstanding at 31 December 2015 is nil (2014: nil).

Substantial shareholdings

The substantial shareholders shown below were as at 10 May 2016:

	Number of shares	% holdings
Will Roseff	2,623,505	25.00%
Nigel John Hanbury (either personally or has an interest in)	1,370,872	13.06%
Hampden Capital plc	1,014,560	9.67%
Smith & Williamson Nominees Limited	785,724	7.49%
Roy Nominees Limited	717,500	6.84%
Lynchwood Nominees Limited	595,000	5.67%
Ferlim Nominees Limited	589,875	5.62%
Nicholas Wentworth Stanley	429,839	4.10%

Disclosure of information to auditors

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors and the Annual Report

PKF Littlejohn LLP have signified their willingness to continue in office as auditors.

A resolution to reappoint PKF Littlejohn LLP as auditors will be put to the members at the next Annual General Meeting to be convened at which the Annual Report will be laid before the members for consideration.

Approved by the Board of Directors and signed on behalf of the Board on 27 May 2016.

Nigel Hanbury
Chief Executive
27 May 2016

Corporate governance statement
Year ended 31 December 2015

The Company's shares are traded on AIM of the London Stock Exchange. The Company is not required to report on compliance with the UK Corporate Governance Code ("the Code"); however, the Board of Directors acknowledges the importance of the principles of the Code and also the recommendations of the Quoted Companies Alliance in its publication "Corporate Governance Guidelines for Small and Mid-size Quoted Companies" and seeks to apply them as appropriate to the Company given its nature and size.

Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company holds Board meetings at least four times each financial year and at other times as and when required.

Committees

The Audit Committee of the Company, comprising Michael Cunningham and Andrew Christie (both Non-executive Directors), is chaired by Andrew Christie. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to the accounting and internal control systems. The Audit Committee meets twice per year and with the auditors without management present.

The Nomination and Remuneration Committee of the Company, comprising Sir Michael Oliver, Michael Cunningham and Andrew Christie (all Non-executive Directors), is chaired by Michael Cunningham. Other than its Chief Executive, the Company has no employees.

The Company has adopted a model code for Directors' dealings which is appropriate for an AIM-quoted company and the Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings.

Board and Committee meeting attendance

	Board		Audit Committee		Nomination and Remuneration Committee	
Director	Possible number of meetings	Number of meetings attended	Possible number of meetings	Number of meetings attended	Possible number of meetings	Number of meetings attended
Sir Michael Oliver	5	5	—	—	2	2
Nigel Hanbury	5	5	—	—	—	—
Jeremy Evans	5	4	—	—	—	—
Michael Cunningham	5	5	2	2	2	2
Andrew Christie	5	5	2	2	2	2
Average attendance		96%		100%		100%

Subsidiary Board and Committees

Jeremy Evans, Nigel Hanbury and Nomina plc are directors of the following subsidiary companies:

	Jeremy Evans (appointed)	Nigel Hanbury (appointed)	Nomina plc (appointed)
Hampden Corporate Member Limited	31 May 2006	18 February 2013	31 May 2006
Nameco (No. 365) Limited	1 November 2001	18 February 2013	22 September 1999
Nameco (No. 605) Limited	1 November 2001	18 February 2013	25 September 2001
Nameco (No. 321) Limited	1 November 2001	18 February 2013	22 September 1999
Nameco (No. 917) Limited	9 January 2013	18 February 2013	17 September 2004
Nameco (No. 229) Limited	1 November 2001	21 November 2012	24 September 1998
Nameco (No. 518) Limited	1 November 2001	27 November 2012	20 September 2000
Nameco (No. 804) Limited	10 October 2003	16 October 2013	10 October 2003
Helios UTG Partner Limited	27 August 2013	Not a director	27 August 2013
Halperin Underwriting Limited	20 February 2014	20 December 2013	9 July 2004
Bernul Limited	4 June 2014	27 March 2014	4 June 2014
Dumasco Limited	16 September 2014	24 September 2014	16 September 2014
Nameco (No. 311) Limited	1 November 2001	8 January 2015	22 September 1999
Nameco (No. 402) Limited	1 November 2001	20 February 2015	24 September 1999
Updown Underwriting Limited	24 March 2015	13 March 2015	31 December 2002
Nameco (No. 507) Limited	1 November 2001	12 June 2015	20 September 2000
Nameco (No. 76) Limited	1 November 2001	27 August 2015	2 October 2000
Kempton Underwriting Limited	15 October 2013	27 August 2015	15 October 2013
Devon Underwriting Limited	21 January 2016	21 January 2016	21 January 2016

Conflict management

Jeremy Evans was a director of Hampden Agencies Limited until December 2007 and remains a director of Nomina plc as well as of the Company. Sir Michael Oliver was a director and Jeremy Evans is a director of Hampden Capital plc, which owns 100% of Hampden Agencies Limited and 99% of Nomina plc. The Articles of Association of the Company provide that neither Director will vote in respect of arrangements relating to Hampden Agencies Limited's appointment as the Group's members' agent or to Nomina plc's appointment as provider of administrative and support services or any other arrangements or contracts where Hampden Agencies Limited or Nomina plc has an interest.

Statement of Directors' responsibilities
Year ended 31 December 2015

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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 Company 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; and

» state whether IFRS adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report
To the members of Helios Underwriting plc

We have audited the Financial Statements of Helios Underwriting plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion:

» the Financial Statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;

» the Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

» the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

» the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

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

» the Parent Company Financial Statements are not in agreement with the accounting records and returns; or

» certain disclosures of Directors' remuneration specified by law are not made; or

» we have not received all the information and explanations we require for our audit.

John Perry (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
27 May 2016

1 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income
Year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Restated Year ended 31 December 2014 £'000
Gross premium written	6	**21,511**	17,062
Reinsurance premium ceded		**(5,582)**	(3,418)
Net premium written	6	**15,929**	13,644
Change in unearned gross premium provision	7	**(162)**	(243)
Change in unearned reinsurance premium provision	7	**93**	(28)
		(69)	(271)
Net earned premium	5,6	**15,860**	13,373
Net investment income	8	**255**	516
Other income		**392**	150
Revenue		**16,507**	14,039
Gross claims paid		**(9,349)**	(7,435)
Reinsurers' share of gross claims paid		**1,650**	1,375
Claims paid, net of reinsurance		**(7,699)**	(6,060)
Change in provision for gross claims		**615**	464
Reinsurers' share of change in provision for gross claims		**(431)**	(319)
Net change in provision for claims	7	**184**	145
Net insurance claims and loss adjustment expenses	6	**(7,515)**	(5,915)
Expenses incurred in insurance activities		**(7,571)**	(5,800)
Other operating expenses		**(812)**	(973)
Operating expenses	9	**(8,383)**	(6,773)
Operating profit before goodwill and impairment	6	**609**	1,351
Goodwill on bargain purchase	20	**244**	785
Impairment of goodwill	20	**(136)**	—
Impairment of syndicate capacity	13	**(63)**	25
Profit before tax		**654**	2,161
Income tax charge	10	**135**	(105)
Profit for the year		**789**	2,056
Other comprehensive income for the year, net of tax		**121**	—
Total comprehensive income for the year		**910**	2,056
Profit for the year attributable to owners of the Parent		**789**	2,056
Total comprehensive income for the year attributable to owners of the Parent		**910**	2,056
Earnings per share attributable to owners of the Parent			
Basic and diluted	11	**8.38p**	24.11p

The profit attributable to owners of the Parent and earnings per share set out above are in respect of continuing operations.

The notes are an integral part of these Financial Statements.

Consolidated statement of financial position
At 31 December 2015

	Note	31 December 2015 £'000	Restated 31 December 2014 £'000
Assets			
Intangible assets	13	**8,511**	6,368
Reinsurance assets:			
– reinsurers' share of claims outstanding	7	**5,657**	4,682
– reinsurers' share of unearned premium	7	**1,501**	1,014
Other receivables, including insurance and reinsurance receivables	15	**20,427**	16,379
Prepayments and accrued income		**3,070**	2,067
Financial assets at fair value through profit or loss	16	**31,797**	22,977
Cash and cash equivalents		**3,634**	3,605
Total assets		**74,597**	57,092
Liabilities			
Insurance liabilities:			
– claims outstanding	7	**32,985**	26,179
– unearned premium	7	**11,169**	8,005
Deferred income tax liabilities	14	**3,172**	2,352
Other payables, including insurance and reinsurance payables	18	**9,360**	6,213
Accruals and deferred income		**1,488**	1,475
Total liabilities		**58,174**	44,224
Equity			
Equity attributable to owners of the Parent:			
Share capital	19	**1,050**	853
Share premium	19	**9,901**	6,996
Other reserves		**121**	—
Retained earnings		**5,351**	5,019
Total equity		**16,423**	12,868
Total liabilities and equity		**74,597**	57,092

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 May 2016, and were signed on its behalf by:

Nigel Hanbury
Chief Executive

The notes are an integral part of these Financial Statements.

Parent Company statement of financial position At 31 December 2015

Company number: 05892671

	Note	31 December 2015 £'000	31 December 2014 £'000
Assets			
Investments in subsidiaries	17	**14,706**	4,854
Financial assets at fair value through profit or loss	16	**60**	60
Other receivables	15	**5,220**	4,967
Cash and cash equivalents		**2,090**	1,785
Total assets		**22,076**	11,666
Liabilities			
Other payables	18	**110**	164
Total liabilities		**110**	164
Equity			
Equity attributable to owners of the Parent:			
Share capital	19	**1,050**	853
Share premium	19	**9,901**	6,996
Retained earnings		**11,015**	3,653
Total equity		**21,966**	11,502
Total liabilities and equity		**22,076**	11,666

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 May 2016, and were signed on its behalf by:

Nigel Hanbury
Chief Executive

The notes are an integral part of these Financial Statements.

Consolidated statement of changes in equity
Year ended 31 December 2015

Consolidated	Note	Attributable to owners of the Parent restated Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2014 as originally reported	21	853	6,996	—	1,977	9,826
Effect of change in accounting policy	21	—	—	—	1,370	1,370
At 1 January 2014 as restated	21	853	6,996	—	3,347	11,196
Profit for the year as restated	21	—	—	—	2,056	2,056
Dividends paid	12	—	—	—	(384)	(384)
At 31 December 2014 as restated		853	6,996	—	5,019	12,868
At 1 January 2015 as originally reported	21	853	6,996	—	2,636	10,485
Effect of change in accounting policy	21	—	—	—	2,383	2,383
At 1 January 2015 as restated	21	853	6,996	—	5,019	12,868
Profit for the year		—	—	—	789	789
Other comprehensive income, net of tax		—	—	121	—	121
Dividends paid	12	—	—	—	(457)	(457)
Share issue	19	197	2,905	—	—	3,102
At 31 December 2015		**1,050**	**9,901**	**121**	**5,351**	**16,423**

The consolidated profit for the year 2014 and retained earnings as at 1 January 2014 and 31 December 2014 have been restated to reflect the effects of the change in the Group's accounting policy in accounting for intangible assets, syndicate capacity (refer to Note 21).

Other comprehensive income comprises of foreign currency translation differences of £149,000, net of tax relating to these items of £28,000.

Parent Company statement of changes in equity
Year ended 31 December 2015

Company	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2014		853	6,996	3,313	11,162
Profit for the year		—	—	724	724
Dividends paid	12	—	—	(384)	(384)
At 31 December 2014		853	6,996	3,653	11,502
At 1 January 2015		853	6,996	3,653	11,502
Profit for the year		—	—	7,819	7,819
Dividends paid	12	—	—	(457)	(457)
Share issue	19	197	2,905	—	3,102
At 31 December 2015		**1,050**	**9,901**	**11,015**	**21,966**

The notes are an integral part of these Financial Statements.

Consolidated statement of cash flows
Year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Restated Year ended 31 December 2014 £'000
Cash flows from operating activities			
Profit before tax		**654**	2,161
Adjustments for:			
Other comprehensive income, gross of tax		**149**	—
– interest received		**(60)**	(2)
– investment income	8	**(926)**	(435)
– goodwill on bargain purchase	20	**(244)**	(785)
– impairment of goodwill	20	**136**	—
– profit on sale of intangible assets		**(120)**	(157)
– impairment of intangible assets	13	**63**	(25)
Changes in working capital:			
– change in fair value of financial assets held at fair value through profit or loss	8	**360**	156
– decrease in financial assets at fair value through profit or loss		**1,020**	6,829
– decrease/(increase) in other receivables		**709**	(2,413)
– increase in other payables		**11**	1,164
– net decrease in technical provisions		**(50)**	(109)
Cash generated from operations		**1,702**	6,384
Income tax paid		**161**	(33)
Net cash inflow from operating activities		**1,863**	6,351
Cash flows from investing activities			
Interest received		**60**	2
Investment income		**926**	435
Purchase of intangible assets	13	**(2)**	(439)
Proceeds from disposal of intangible assets		**24**	504
Acquisition of subsidiaries, net of cash acquired		**(2,521)**	(3,930)
Net cash inflow from investing activities		**(1,513)**	(3,428)
Cash flows from financing activities			
Dividends paid to owners of the Parent	12	**(321)**	(384)
Net cash outflow from financing activities		**(321)**	(384)
Net increase in cash and cash equivalents		**29**	2,539
Cash and cash equivalents at beginning of year		**3,605**	1,066
Cash and cash equivalents at end of year		**3,634**	3,605

Cash held within the syndicates' accounts is £1,411,000 (2014: £1,059,000) of the total cash and cash equivalents held at the year end of £3,634,000 (2014: £3,605,000). The cash held within the syndicates' accounts is not available to the Group to meet its day-to-day working capital requirements.

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Parent Company statement of cash flows
Year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Cash flows from operating activities			
Profit before tax		**7,818**	724
Adjustments for:			
– investment income		**(7)**	(7)
– dividends received		**(3,841)**	(4,140)
– impairment of investment in subsidiaries		**(4,987)**	2,546
Changes in working capital:			
– change in fair value of financial assets held at fair value through profit or loss		**—**	9
– (increase)/decrease in financial assets at fair value through profit or loss		**—**	—
– decrease/(increase) in other receivables		**1,277**	(992)
– decrease in other payables		**(54)**	(19)
Net cash inflow/(outflow) from operating activities		**206**	(1,879)
Cash flows from investing activities			
Investment income		**7**	7
Dividends received		**3,841**	4,140
Acquisition of subsidiaries	17,20	**(3,263)**	(1,437)
Amounts owed by subsidiaries	22	**(165)**	1,316
Net cash inflow from investing activities		**420**	4,026
Cash flows from financing activities			
Dividends paid to owners of the Parent	12	**(321)**	(384)
Net cash outflow from financing activities		**(321)**	(384)
Net increase in cash and cash equivalents		**305**	1,763
Cash and cash equivalents at beginning of year		**1,785**	22
Cash and cash equivalents at end of year		**2,090**	1,785

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

Notes to the financial statements
Year ended 31 December 2015

1. General information

The Company is a public limited company listed on AIM. The Company was incorporated in England, is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

2. Accounting policies

The principal accounting policies adopted in the preparation of the Group and Parent Company Financial Statements (the "Financial Statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Change in accounting policy

As of 1 January 2015 the Group changed its accounting policy for the accounting for intangible assets, syndicate capacity. The new accounting policy has been applied retrospectively. For details of this change, refer to this accounting policy as disclosed further below and Note 21.

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU"), IFRS Interpretations Committee ("IFRIC") interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

No statement of comprehensive income is presented for Helios Underwriting plc, as a parent company, as permitted by Section 408 of the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss. A summary of the principal Group accounting policies is set out below.

The preparation of Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may ultimately differ from these estimates.

The Group participates in insurance business through its Lloyd's member subsidiaries. Accounting information in respect of syndicate participations is provided by the syndicate managing agents and is reported upon by the syndicate auditors.

Going concern

The Group and the Company have net assets at the end of the reporting period of £16,423,000 and £21,966,000 respectively.

The Company's subsidiaries participate as underwriting members at Lloyd's on the 2013, 2014 and 2015 years of account and they have continued this participation since the year end on the 2016 year of account. This underwriting is supported by funds at Lloyd's totalling £5,341,000 (2014: £1,535,000), letters of credit provided through the Group's quota share reinsurance agreements totalling £9,378,000 (2014: £8,728,000) and solvency credits issued by Lloyd's totalling £3,645,000 (2014: £3,181,000).

The Directors have a reasonable expectation that the Group and the Company have adequate resources to meet their underwriting and other operational obligations for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

International Financial Reporting Standards

Adoption of new and revised standards

During the current year the Group and the Company adopted all the new and revised IFRS, amendments and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. These are set out below and did not have a material impact on the accounting policies of the Group and the Company:

» Annual improvements to IFRSs 2011–2013 Cycle (effective 1 January 2015).

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these Financial Statements, the following standards, amendments and interpretations were in issue but not yet effective:

(i) Adopted by the EU

» Amendments to IAS 27: Equity Method in Separate Financial Statements, issued on 12 August 2014 (effective 1 January 2016).

» Amendments to IAS 1: Disclosure Initiative, issued on 18 December 2014 (effective 1 January 2016).

» Annual improvements to IFRSs 2012–2014 Cycle, issued on 25 September 2014 (effective 1 January 2016).

» Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, issued on 12 May 2014 (effective 1 January 2016).

» Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations, issued on 6 May 2014 (effective 1 January 2016).

» Amendments to IAS 16 and IAS 41: Bearer Plants, issued on 30 June 2014 (effective 1 January 2016).

2. Accounting policies *continued*

International Financial Reporting Standards *continued*

New standards, amendments and interpretations not yet adopted *continued*

(i) Adopted by the EU continued

- Amendments to IAS 19: Defined Benefit Plans Employee Contributions, issued on 21 November 2013 (effective 1 February 2015).
- Annual Improvements to IFRSs 2010–2012 Cycle, issued on 12 December 2013 (effective 1 February 2015).

(ii) Not adopted by the EU

Standards:

- IFRS 9 "Financial Instruments", issued on 24 July 2014 (effective 1 January 2018).
- IFRS 14 "Regulatory Deferral Accounts", issued on 30 January 2014 (effective 1 January 2016).
- IFRS 15 "Revenue from Contracts with Customers", issued on 27 May 2014, including amendments to IFRS 15, issued on 11 September 2015 (effective 1 January 2018).
- IFRS 16 "Leases", issued on 13 January 2016 (effective 1 January 2019).

Amendments:

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception, issued on 18 December 2014 (effective 1 January 2016).
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, issued on 11 September 2014 (effective date postponed indefinitely).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses, issued on 19 January 2016 (effective 1 January 2017).
- Amendments to IAS 7: Disclosure Initiative, issued on 29 January 2016 (effective 1 January 2017).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers", issued on 12 April 2014 (effective 1 January 2018).

Consolidation, goodwill and investments in subsidiaries

The Group Financial Statements incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries being Hampden Corporate Member Limited, Nameco (No. 365) Limited, Nameco (No. 605) Limited, Nameco (No. 321) Limited, Nameco (No. 917) Limited, Nameco (No. 229) Limited, Nameco (No. 518) Limited, Nameco (No. 804) Limited, Halperin Underwriting Limited, Bernul Limited, Dumasco Limited, Nameco (No. 311) Limited, Nameco (No. 402) Limited, Updown Underwriting Limited, Nameco (No. 507) Limited, Nameco (No. 76) Limited, Kempton Underwriting Limited, Helios UTG Partner Limited, Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP and Nomina No 372 LLP (Note 17).

The Financial Statements of Hampden Corporate Member Limited, Nameco (No. 365) Limited, Nameco (No. 605) Limited, Nameco (No. 321) Limited, Nameco (No. 917) Limited, Nameco (No. 229) Limited, Nameco (No. 518) Limited, Nameco (No. 804) Limited, Halperin Underwriting Limited, Bernul Limited, Dumasco Limited, Nameco (No. 311) Limited, Nameco (No. 402) Limited, Updown Underwriting Limited, Nameco (No. 507) Limited, Nameco (No. 76) Limited, Kempton Underwriting Limited, Helios UTG Partner Limited, Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP and Nomina No 372 LLP are prepared for the year ended 31 December 2015 under UK GAAP. Consolidation adjustments are made to convert the subsidiary Financial Statements prepared under UK GAAP to IFRS so as to align accounting policies and treatments.

No income statement is presented for Helios Underwriting plc as permitted by Section 408 of the Companies Act 2006. The profit after tax for the year of the Parent Company was £7,819,000 (2014: £724,000).

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding or partnership participation of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Parent Company's Financial Statements, investments in subsidiaries are stated at cost and are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value to be impaired.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and recorded as goodwill. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or if events or changes in circumstances indicate that the carrying value may be impaired and recognised directly in the Consolidated Income Statement. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement. Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated.

2. Accounting policies *continued*

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Nigel Hanbury.

Foreign currency translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in thousands of Pounds Sterling, which is the Group's functional and presentational currency.

Foreign currency transactions and non-monetary assets and liabilities, including deferred acquisition costs and unearned premiums, are translated into the functional currency using monthly average rates of exchange prevailing at the time of the transaction as a proxy for the transactional rates. The translation difference arising on non-monetary asset items is recognised in the Consolidated Income Statement.

Monetary items are translated at period-end rates; any exchange differences arising from the change in rates of exchange are recognised in the Consolidated Income Statement of the year.

Underwriting

Premiums

Gross premium written comprises the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and includes estimates of premiums due but not yet receivable or notified to the syndicates on which the Group participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

Unearned premiums

Gross premium written is earned according to the risk profile of the policy. Unearned premiums represent the proportion of gross premium written in the year that relates to unexpired terms of policies in force at the end of the reporting period 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.

Deferred acquisition costs

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

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.

Reinsurance premium costs in respect of reinsurance purchased directly by the Group are charged or credited based on the annual accounting result for each year of account protected by the reinsurance.

Claims incurred and reinsurers' share

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

The provision for claims outstanding comprises amounts set aside for claims notified and IBNR. The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed, in certain cases, by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims' handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from the rating and other models of the business accepted, and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

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

Notes to the financial statements *continued*
Year ended 31 December 2015

2. Accounting policies *continued*

Underwriting *continued*

Claims incurred and reinsurers' share *continued*

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

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

Quota share reinsurance

Under the Group's quota share reinsurance agreements, 50% of the 2013 underwriting year of account and 70% of the 2014 and 2015 underwriting year of account insurance exposure is ceded to the reinsurers. Amounts payable to the reinsurers are included within "reinsurance premium ceded" in the Consolidated Income Statement of the year and amounts receivable from the reinsurers are included within "reinsurers share of gross claims paid" in the Consolidated Income Statement of the year.

Unexpired risks provision

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

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 ("IBNR") 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 were unable to meet any obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle any 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 Group will include 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.

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.

Net operating expenses (including acquisition costs)

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

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

2. Accounting policies *continued*

Intangible assets: syndicate capacity

Syndicate capacity is an intangible asset which represents costs incurred in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' years of account.

At the individual subsidiary company level, the syndicate capacity is stated at cost, less any provision for impairment at initial recognition, and amortised on a straight line basis over the useful economic life, which is estimated to be five years (up to 2014: estimated to be seven years). No amortisation is charged until the following year when underwriting commences in respect of the purchased syndicate participation.

At the consolidation level, the Group's accounting policy for the year 2014 was consistent with the accounting policy of the subsidiaries as described above. As of 1 January 2015, the Group changed its accounting policy for accounting for the intangible asset, syndicate capacity, as set out below:

The syndicate capacity represents the cost of purchasing the Group's participation in the combined syndicates. The capacity is capitalised at cost in the statement of financial position. It has an indefinite useful life and is carried at cost less accumulated impairment. It is annually tested for impairment by reference to the weighted average value at Lloyd's auctions and expected future profit streams to be earned by those syndicates in which the Group participates and provision is made for any impairment in the Consolidated Income Statement.

This change in accounting policy has been applied retrospectively as if the new policy had always been in place. The effects of this change are disclosed in Note 21.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash and short-term deposits at bank.

Investment income

Interest receivable from cash and short-term deposits and interest payable are accrued to the end of the period.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Syndicate investments and cash are held on a pooled basis, the return from which is allocated by the relevant managing agent to years of account proportionate to the funds contributed by the year of account.

Dividend distribution policy

Dividend distribution to the Company's shareholders is recognised in the Group's and the Parent Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Other operating expenses

All expenses are accounted for on an accruals basis.

Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group does not make use of the held-to-maturity and available-for-sale classifications.

(i) Financial assets at fair value through profit or loss

All financial assets at fair value through profit or loss are categorised as designated at fair value through profit or loss upon initial recognition because they are managed and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management.

The Group's investment strategy is to invest and evaluate their performance with reference to their fair values. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost less any impairment losses. They are classified as current assets, except for maturities greater than 12 months after the reporting period. The latter ones are classified as non-current assets.

The Group's loans and receivables comprise "other receivables, including insurance and reinsurance receivables" and "cash and cash equivalents".

The Parent Company's loans and receivables comprise "other receivables, including insurance and reinsurance receivables" and "cash and cash equivalents".

(b) Recognition

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to the purchase or sale of the asset. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs incurred expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments has expired or are transferred and the Group has transferred substantially all its risks and rewards of ownership.

Loans and receivables are recognised as described in (ii) above.

2. Accounting policies *continued*

Financial assets *continued*

(b) Recognition *continued*

(i) Fair value estimation

The fair value of financial assets at fair value through profit or loss which are traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets at fair value through profit or loss held by the Group is the current bid price.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss, are presented in the income statement within "net investment income".

The fair values of short-term deposits are assumed to approximate to their book values. The fair values of the Group's debt securities have been based on quoted market prices for these instruments.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions when appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Share capital and share premium

Ordinary shares are classified as equity.

The difference between the fair value of the consideration received and the nominal value of the share capital issued is taken to the share premium account. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from proceeds.

3. Key accounting judgements and estimation uncertainties

In applying the Company'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.

3. Key accounting judgements and estimation uncertainties *continued*

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 Company 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 Company only, and do not include estimates and judgements made in respect of the syndicates.

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.

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.

Recoverability of receivables

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

4. Risk management

The majority of the risks to the Group's future cash flows arise from each subsidiary's participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the managing agents of the syndicates. The Group's role in managing these risks, in conjunction with its subsidiaries and members' agent, is limited to selection of syndicate participations, monitoring the performance of the syndicates and the purchase of appropriate member level reinsurance.

Syndicate risks

The syndicates' activities expose them 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. For the purposes of setting capital requirements for the 2015 and subsequent years of account, each managing agent will have prepared a Lloyd's Capital Return ("LCR") for the syndicate 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 risk arises from the risk that a reinsurer fails to meet its share of a claim. The management of the syndicate's funds is exposed to investment risk, liquidity risk, credit risk, currency risk and interest rate risk, 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 and the Prudential Regulation Authority provides additional controls over the syndicate's management of risks.

The Group manages the risks faced by the syndicates on which its subsidiaries participate 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 support from the next year of account. The Group also manages its exposure to insurance risk by purchasing appropriate member level reinsurance.

Reinsurance risk

Reinsurance risk to the Group arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk, which is detailed separately below.

The Group currently has reinsurance programmes on the 2013, 2014 and 2015 years of account.

The 2013 year of account has a strategic collateralised quota share arrangement in respect of 50% of its business with Bermudan reinsurer XL Re Limited (part of global NYSE-quoted insurer XL Group plc) through Hampden Insurance Guernsey PCC Limited – Cell 6, a special purpose vehicle.

The 2014 and 2015 years of account have strategic collateralised quota share arrangement in respect of 50% of their business with XL Re Limited, 12.45% with Bermudan reinsurer Everest Reinsurance Bermuda Limited (part of global NYSE-quoted insurer Everest Re Group Limited) and 7.55% with Guernsey reinsurer Polygon Insurance Co Limited, through Hampden Insurance Guernsey PCC Limited – Cell 6.

4. Risk management *continued*

Investment, credit, liquidity and currency risks

The other significant risks faced by the Group are with regard to the investment of funds within its own custody. The elements of these risks are investment risk, liquidity risk, credit risk, currency risk and interest rate risk. To mitigate this, the surplus Group funds are deposited with highly rated banks and fund managers. 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 risk, credit risk and liquidity risk, the Group's funds are invested in readily realisable short-term deposits. The Group's maximum exposure to credit risk at 31 December 2015 is £8.1m (2014: £6.2m), being the aggregate of the Group's insurance receivables, prepayments and accrued income, financial assets at fair value, and cash and cash equivalents, excluding any amounts held in the syndicates. The syndicates can distribute their results in sterling, US dollars or a combination of the two. The Group is exposed to movements in the US dollar between the balance sheet date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of a year of account. The Group does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

As a result of the specific nature and structure of the Group's collateralised quota share reinsurance arrangements through Cell 6, the Group's funds at Lloyd's calculation benefits from an aggregate £9.4m (2014: £8.7m) letter of credit ("LOC") acceptable to Lloyd's, on behalf of XL Re Limited, Everest Reinsurance Bermuda Limited and Polygon Insurance Co Limited (the reinsurers). The LOC is pledged in aggregate to the relevant syndicates through Lloyd's and thus Helios Underwriting plc is not specifically exposed to counterparty credit risk in this matter. Should the bank's LOC become unacceptable to Lloyd's for any reason, the reinsurer is responsible under the terms of the contract for making alternative arrangements. The contract is annually renewable and the Group has a contingency plan in place in the event of non-renewal under both normal and adverse market conditions.

Market risk

The Group is exposed to market and liquidity risk in respect of its holdings of syndicate participations. Lloyd's syndicate participations are traded in the Lloyd's auctions held in September and October each year. The Group is exposed to changes in market prices and a lack of liquidity in the trading of a particular syndicate's capacity could result in the Group making a loss compared to the carrying value when the Group disposes of particular syndicate participations.

Regulatory risks

The Company's 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 a subsidiary of the Company is able to support.

The Company is subject to the AIM Rules. Compliance with the AIM Rules is monitored by the Board.

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 provide control over any remaining operational risks.

Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

» to maintain the required level of stability of the Group, thereby providing a degree of security to shareholders;

» to allocate capital efficiently and support the development of the business by ensuring that returns on capital employed meet the requirements of the shareholders; and

» to maintain the financial strength to support increases in the Group's underwriting through acquisition of capacity in the Lloyd's auctions or through the acquisition of new subsidiaries.

The Group's capital management policy is to hold a sufficient level of capital to allow the Group to take advantage of market conditions, particularly when insurance rates are improving, and to meet the funds at Lloyd's ("FAL") requirements that support the corporate member subsidiaries' current and future levels of underwriting.

Approach to capital management

The capital structure of the Group consists entirely of equity attributable to equity holders of the Company, comprising issued share capital, share premium and retained earnings as disclosed in the Statements of Changes in Equity on page 20.

At 31 December 2015 the corporate member subsidiaries had an agreed FAL requirement of £16,844,000 (2014: £13,136,000) to support their underwriting on the 2016 year of account (2015 year of account). The funds to support this requirement are held in short-term investment funds and deposits or provided by the quota share reinsurance capital providers by way of a LOC. The FAL requirements are formally assessed and funded twice yearly and must be met by the corporate member subsidiaries to continue underwriting. At 31 December 2015 the agreed FAL requirements for the Group were 51% (2014: 64%) of the capacity for the following year of account.

5. Segmental information

Nigel Hanbury is the Group's chief operating decision-maker. He has determined its operating segments based on the way the Group is managed, for the purpose of allocating resources and assessing performance.

The Group has three segments that represent the primary way in which the Group is managed, as follows:

» syndicate participation;

» investment management; and

» other corporate activities.

Year ended 31 December 2015	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	16,914	—	(1,054)	15,860
Net investment income	250	5	—	255
Other income	—	—	392	392
Net insurance claims and loss adjustment expenses	(7,515)	—	—	(7,515)
Expenses incurred in insurance activities	(7,178)	—	(393)	(7,571)
Other operating expenses	35	—	(847)	(812)
Goodwill on bargain purchase	—	—	244	244
Impairment of goodwill	—	—	(136)	(136)
Impairment of syndicate capacity (see Note 13)	—	—	(63)	(63)
Profit before tax	**2,506**	**5**	**(1,857)**	**654**

Restated year ended 31 December 2014	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	13,837	—	(464)	13,373
Net investment income	473	43	—	516
Other income	—	—	150	150
Net insurance claims and loss adjustment expenses	(5,915)	—	—	(5,915)
Expenses incurred in insurance activities	(5,471)	—	(329)	(5,800)
Other operating expenses		—	(973)	(973)
Goodwill on bargain purchase	—	—	785	785
Impairment of goodwill	—	—	—	—
Impairment of syndicate capacity (see Note 13)	—	—	25	25
Profit before tax	2,924	43	(806)	2,161

The Group does not have any geographical segments as it considers all of its activities to arise from trading within the UK.

No major customers exceed 10% of revenue.

Net earned premium within 2015 other corporate activities totalling £1,054,000 (2014: £465,000 – 2013 and 2014 years of account) presents the 2013, 2014 and 2015 years of account net Group quota share reinsurance premium payable to Hampden Insurance Guernsey PCC Limited – Cell 6. This net quota share reinsurance premium payable is included within "reinsurance premium ceded" in the Consolidated Income Statement of the year.

All of the Group's Limited Liability Vehicles transferred their capacity to Nameco (No 917) Limited for the 2016 underwriting year of account. Therefore, Nameco (No 917) Limited is the only Limited Liability Vehicle to enter into a reinsurance contract with Hampden Insurance Guernsey PCC Limited – Cell 6 for the 2016 underwriting year of account.

6. Operating profit before goodwill and impairment

	Underwriting year of account*							
Year ended 31 December 2015	2013 and prior £'000	2014 £'000	2015 £'000	Sub-total £'000	Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
Gross premium written	(25)	2,362	21,331	23,668	(2,157)	—	—	21,511
Net premium written	(148)	2,009	17,607	19,468	(1,735)	(1,397)	(407)	15,929
Net earned premium	712	9,092	9,475	19,279	(1,615)	(1,397)	(407)	15,860
Other income	170	62	22	254	(80)	382	91	647
Net insurance claims and loss adjustment expenses	1,414	(4,190)	(5,468)	(8,244)	726	3	—	(7,515)
Operating expenses	(706)	(3,160)	(3,962)	(7,828)	779	—	(1,334)	(8,383)
Operating profit before goodwill and impairment	**1,590**	**1,804**	**67**	**3,461**	**(190)**	**(1,012)**	**(1,650)**	**609**
Quota share adjustment	(392)	(950)	(55)	(1,397)	—	1,397	—	—
Operating profit before goodwill and impairment after quota share adjustment	**1,198**	**854**	**12**	**2,064**	**(190)**	**385**	**(1,650)**	**609**

	Underwriting year of account*							
Restated year ended 31 December 2014	2012 and prior £'000	2013 £'000	2014 £'000	Sub-total £'000	Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
Gross premium written	107	1,574	16,655	18,336	(1,274)	—	—	17,062
Net premium written	89	1,373	13,858	15,320	(1,049)	(627)	—	13,644
Net earned premium	744	6,603	7,706	15,053	(1,053)	(627)	—	13,373
Other income	257	110	47	414	(93)	—	345	666
Net insurance claims and loss adjustment expenses	980	(3,088)	(4,282)	(6,390)	476	(1)	—	(5,915)
Operating expenses	(532)	(2,205)	(3,106)	(5,843)	445	—	(1,375)	(6,773)
Operating profit before goodwill and impairment	1,449	1,420	365	3,234	(225)	(628)	(1,030)	1,351
Quota share adjustment	—	(468)	(253)	(721)	—	721	—	—
Operating profit before goodwill and impairment after quota share adjustment	1,449	952	112	2,513	(225)	93	(1,030)	1,351

* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agents charges.

Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

7. Insurance liabilities and reinsurance balances

Movement in claims outstanding

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2014	21,596	4,154	17,442
Increase in reserves arising from acquisition of subsidiary undertakings	5,106	947	4,159
Movement of reserves	(464)	(319)	(145)
Other movements	(59)	(100)	41
At 31 December 2014	26,179	4,682	21,497
At 1 January 2015	26,179	4,682	21,497
Increase in reserves arising from acquisition of subsidiary undertakings	7,360	1,272	6,088
Movement of reserves	(615)	(431)	(184)
Other movements	61	134	(73)
At 31 December 2015	**32,985**	**5,657**	**27,328**

Included within other movements are the 2012 and prior years' claims reserves reinsured into the 2013 year of account on which the Group does not participate and currency exchange differences.

Movement in unearned premium

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2014	5,968	800	5,168
Increase in reserves arising from acquisition of subsidiary undertakings	1,691	216	1,475
Movement of reserves	243	(28)	271
Other movements	103	26	77
At 31 December 2014	8,005	1,014	6,991
At 1 January 2015	8,005	1,014	6,991
Increase in reserves arising from acquisition of subsidiary undertakings	2,857	375	2,482
Movement of reserves	162	93	69
Other movements	145	19	126
At 31 December 2015	**11,169**	**1,501**	**9,668**

Assumptions, changes in assumptions and sensitivity

As described in Note 3, the majority of the risks to the Group's future cash flows arise from its subsidiaries' 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, 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:

» the claims reserves calculated by the managing agents are accurate; and

» the potential deterioration of run-off year results has been fully provided for by the managing agents.

There have been no changes in assumptions in 2015.

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

» a 10% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profits by £3,299,000 (2014: £2,618,000);

» a 10% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profits by £2,733,000 (2014: £2,150,000); and

» a 10% increase/decrease in the run-off year net claims reserves will decrease/increase the Group's pre-tax profits by £1,000 (2014: £nil).

The 10% movement has been selected to give an indication of the possible variations in the assumptions used.

7. Insurance liabilities and reinsurance balances *continued*

Analysis of gross and net claims development

The tables below provide information about historical gross and net claims development:

2015

Gross claims

Underwriting pure year	After 12 months £'000	After 24 months £'000	After 36 months £'000
2011	8,066	12,739	12,710
2012	8,631	12,614	12,418
2013	6,850	11,562	11,436
2014	6,914	11,560	—
2015	**6,417**	**—**	**—**

Net claims

Underwriting pure year	After 12 months £'000	After 24 months £'000	After 36 months £'000
2011	6,726	10,834	10,751
2012	7,156	10,733	10,591
2013	5,901	10,067	9,866
2014	5,916	10,100	—
2015	**5,546**	**—**	**—**

* Including the new acquisitions during 2015.

2014

Gross claims as a percentage of gross earned premium

Year of account	2012*	2013*	2014
12 months	67.7%	53.0%	52.0%
24 months	53.5%	49.7%	—
36 months	45.1%	—	—

Net claims as a percentage of net earned premium

Year of account	2012*	2013*	2014
12 months	66.4%	58.2%	55.6%
24 months	58.7%	53.0%	—
36 months	48.9%	—	—

* Including the new acquisitions during 2014.

The 2014 comparative figures are presented in the format as disclosed in the 2014 financial statements due to the information being unavailable at the subsidiary level. The 2015 data is now available in the above detail, as a result of the new UK GAAP and specifically the requirements of FRS 102 and 103.

8. Net investment income

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Investment income	**926**	435
Realised gains on financial assets at fair value through profit or loss	**(327)**	279
Unrealised losses on financial assets at fair value through profit or loss	**(360)**	(156)
Investment management expenses	**(44)**	(44)
Bank interest	**60**	2
Net investment income	**255**	516

9. Operating expenses (excluding goodwill and amortisation)

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Expenses incurred in insurance activities	**7,571**	5,800
Exchange differences	**35**	22
Directors' remuneration	**195**	238
Acquisition costs in connection with the new subsidiaries acquired in the year	**91**	51
Professional fees	**405**	505
Administration and other expenses	**17**	75
Auditors' remuneration:		
– audit of the Parent Company and Group Financial Statements	**49**	30
– audit of subsidiary company Financial Statements	**—**	32
– audit related assurance services	**20**	20
Operating expenses	**8,383**	6,773

The Group has no employees other than the Directors of the Company.

Details of the Directors' remuneration are disclosed below:

Directors' remuneration	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Sir Michael Oliver	**20,000**	20,000
Jeremy Evans	**15,000**	15,000
Michael Cunningham	**15,000**	15,000
Andrew Christie	**15,000**	15,000
Arthur Manners	**—**	—
Nigel Hanbury	**130,050**	173,250
Total	**195,050**	238,250

The Chief Executive, Nigel Hanbury, has a bonus incentive scheme in addition to his basic remuneration. The above figures include an accrual for the year of £63,000 (2014: £98,000) in respect of this scheme. No other Directors derive other benefits, pension contributions or incentives from the Group. At 31 December 2015 no share options were held by the Directors (2014: nil).

10. Income tax charge

(a) Analysis of tax charge/(credit) in the year

	Year ended 31 December 2015 £'000	Restated Year ended 31 December 2014 £'000
Current tax:		
– current year	**(11)**	5
– prior year	**(9)**	12
– foreign tax paid	**25**	25
Total current tax	**5**	42
Deferred tax:		
– current year	**(5)**	157
– prior year	**(135)**	(94)
Total deferred tax	**(140)**	63
Income tax charge	**(135)**	105

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10. Income tax charge *continued*

(b) Factors affecting the tax charge/(credit) for the year

Tax for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

The differences are explained below:

	Year ended 31 December 2015 £'000	Restated Year ended 31 December 2014 £'000
Profit before tax	**654**	2,160
Tax calculated as profit before tax multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	**133**	244
Tax effects of:		
Prior year adjustments	**(9)**	(82)
Rate change adjustments	**(244)**	—
Permanent disallowances	**(18)**	73
Goodwill on bargain purchase not subject to tax	**(22)**	(169)
Foregin taxes	**25**	25
Other	**—**	14
Tax charge for the year	**(135)**	105

The results of the Group's participation on the 2013, 2014 and 2015 years of account and the calendar year movement on 2012 and prior run-offs will not be assessed for tax until the years ended 2016, 2017 and 2018 respectively, being the year after the calendar year result of each run-off year or the normal date of closure of each year of account. Full provision is made as part of the deferred tax provisions for underwriting profits/(losses) not yet subject to corporation tax.

New legislation was passed on 18 November 2015 to reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. The government further announced on 16 March 2016 as part of its Budget that a rate of 17% will apply from 1 April 2020 instead of 18%. This is not expected to have a material impact on the closing deferred tax liability.

The Group has £2,184,000 (2014: £1,270,000) taxable losses carried forward, to which £1,009,000 has been recognised as a deferred tax asset and has been offset against deferred tax liabilities as disclosed in Note 14.

The Company has £1,175,000 (2014: £610,000) of tax losses to carry forward to which no deferred tax asset has been recognised due to the uncertainty of the future taxable profits, as disclosed in Note 14.

11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Group has no dilutive potential ordinary shares.

Earnings per share has been calculated in accordance with IAS 33 "Earnings per share".

The earnings per share and weighted average number of shares used in the calculation are set out below:

	Year ended 31 December 2015	Restated Year ended 31 December 2014
Profit for the year after tax attributable to ordinary shareholders	**£789,000**	£2,056,000
Weighted average number of shares in issue	**9,411,794**	8,526,948
Basic and diluted earnings per share	**8.38p**	24.11p

The basic and diluted earnings per share as originally reported for the year ended 31 December 2014 was 12.23p, based on a profit for the year after tax attributable to ordinary shareholders of £1,043,000. The weighted average number of shares in issue for the year ended 31 December 2014 remained unchanged.

12. Dividends paid or proposed

A dividend of 5.1p per share was paid during the year totalling £457,000 (2014: £384,000). The dividend was settled partly in cash and partly with the issue of ordinary shares (Note 19). Future dividends are detailed in Note 26.

13. Intangible assets

	Goodwill £'000	Restated Syndicate capacity £'000	Restated Total £'000
Cost			
At 1 January 2014	—	4,750	4,750
Additions	—	439	439
Disposals	—	(724)	(724)
Impairment	—	—	—
Acquired with subsidiary undertakings	—	2,127	2,127
At 31 December 2014	—	6,592	6,592
At 1 January 2015	—	6,592	6,592
Additions	136	2	138
Disposals	—	(61)	(61)
Impairment	(136)	—	(136)
Acquired with subsidiary undertakings	—	2,265	2,265
At 31 December 2015	**—**	**8,798**	**8,798**
Impairment (Note 21)			
At 1 January 2014	—	249	249
Impairment for the year	—	(25)	(25)
Disposals	—	—	—
At 31 December 2014	—	224	224
At 1 January 2015	—	224	224
Impairment for the year	—	63	63
Disposals	—	—	—
At 31 December 2015	**—**	**287**	**287**
Net book value			
As at 31 December 2013	—	4,501	4,501
As at 31 December 2014	—	6,368	6,368
As at 31 December 2015	**—**	**8,511**	**8,511**

Note 20 sets out the details of the entities acquired by the Group during the year, the fair value adjustments and the goodwill arising.

14. Deferred tax

Group

Deferred tax is calculated in full on temporary differences using a tax rate of 19% (2014: 20%). The movement on the deferred tax liability account is shown below:

Deferred tax liabilities	Valuation of capacity £'000	Timing differences on underwriting results £'000	Total £'000
At 1 January 2014	629	1,228	1,857
On acquisition of subsidiary undertakings	250	182	432
Prior period adjustment	—	(94)	(94)
(Credit)/charge for the year	(72)	229	157
At 31 December 2014	807	1,545	2,352
At 1 January 2015	807	1,545	2,352
On acquisition of subsidiary undertakings	520	416	936
Prior period adjustment	—	(135)	(135)
Credit for the year	(40)	59	19
At 31 December 2015	**1,287**	**1,885**	**3,172**

Company

The Company had no deferred tax assets or liabilities (2014: £nil), as disclosed in Note 10.

15. Other receivables

Group	**31 December 2015 £'000**	31 December 2014 £'000
Arising out of direct insurance operations	**4,930**	3,755
Arising out of reinsurance operations	**9,986**	7,897
Other debtors	**5,511**	4,727
Total	**20,427**	16,379

The Group has no analysis of other receivables held directly by the syndicates on the Group's behalf (see Note 22). None of the Group's other receivables are past their due date and are all classified as fully performing.

Included within the above receivables are amounts totalling £1,179,000 (2014: £581,000) which are not expected to be wholly recovered within one year.

Company	**31 December 2015 £'000**	31 December 2014 £'000
Receivables from subsidiaries (Note 22)	**5,205**	3,957
Other debtors	**—**	996
Prepayments	**15**	14
Total	**5,220**	4,967

All the Company receivables are due within one year.

16. Financial assets at fair value through profit or loss

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques which have prices (other than quoted prices included within Level 1 where all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (that is, derived from prices).

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

16. Financial assets at fair value through profit or loss *continued*

As at 31 December 2015 and 2014, the Group held the following financial assets carried at fair value on the statement of financial position:

Group	Total 2015 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Shares and other variable yield securities and units in unit trusts	**5,111**	1,922	2,786	403
Debt securities and other fixed income securities	**20,359**	8,639	8,101	3,619
Participation in investment pools	**484**	48	134	302
Loans and deposits with credit institutions	**1,878**	1,307	313	258
Derivatives	**8**	1	—	7
Other investments	**63**	63	—	—
Funds at Lloyd's	**3,894**	3,894	—	—
Total – fair value	**31,797**	15,874	11,334	4,589

Group	Total 2014 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Shares and other variable yield securities and units in unit trusts	3,150	986	1,415	749
Debt securities and other fixed income securities	16,419	5,743	6,986	3,690
Participation in investment pools	565	140	92	333
Loans and deposits with credit institutions	1,843	1,355	237	252
Derivatives	15	2	—	12
Other investments	60	60	—	—
Funds at Lloyd's	925	925	—	—
Total – fair value	22,977	9,211	8,730	5,036

Funds at Lloyd's represent assets deposited with the Corporation of Lloyd's to support the Group's underwriting activities as described in the accounting policies. The Group entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies 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 Group's liabilities in respect of its underwriting.

In addition to funds held by Lloyd's shown above, letters of credit totalling £1,447,000 (2014: £610,000) are also held as part of the Group's funds at Lloyd's.

The Directors consider any credit risk or liquidity risk not to be material.

Company

Financial assets at fair value through profit or loss

	31 December 2015 £'000	31 December 2014 £'000
Holdings in collective investment schemes	**60**	60
Total – market value	**60**	60

17. Investments in subsidiaries

	31 December 2015 £'000	31 December 2014 £'000
Total	**14,706**	4,854

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17. Investments in subsidiaries *continued*

At 31 December 2015 the Company owned 100% of the following companies and limited liability partnerships, either directly or indirectly. All subsidiaries are incorporated in England and Wales.

Company or partnership	Direct/indirect interest	**2015 ownership**	2014 ownership	Principal activity
Hampden Corporate Member Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 365) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 605) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 321) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 917) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 229) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 518) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 804) Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Halperin Underwriting Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Bernul Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Dumasco Limited	Direct	**100%**	100%	Lloyd's of London corporate vehicle
Nameco (No. 311) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No. 402) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Updown Underwriting Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No. 507) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Nameco (No. 76) Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Kempton Underwriting Limited	Direct	**100%**	—	Lloyd's of London corporate vehicle
Helios UTG Partner Limited	Direct	**100%**	100%	Corporate partner
Nomina No 035 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 342 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 380 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle
Nomina No 372 LLP	Indirect	**100%**	100%	Lloyd's of London corporate vehicle

Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 380 LLP and Nomina No 372 LLP. The cost of acquisition of these LLPs is accounted for in Helios UTG Partner Limited, their immediate parent company (Note 20(b)).

For details of all new acquisition made during the year 2015 refer to Note 20(a).

18. Other payables

Group	**31 December 2015 £'000**	31 December 2014 £'000
Arising out of direct insurance operations	**696**	512
Arising out of reinsurance operations	**5,672**	3,835
Corporation tax payable	**14**	36
Other creditors	**2,978**	1,830
	9,360	6,213

The Group has no analysis of other payables held directly by the syndicates on the Group's behalf (see Note 25).

Company	**31 December 2015 £'000**	31 December 2014 £'000
Other creditors	**—**	—
Accruals and deferred income	**110**	164
	110	164

All payables above are due within one year.

19. Share capital and share premium

Allotted, called up and fully paid	Number of shares	Ordinary share capital £'000	Share premium £'000	Total £'000
Ordinary shares of 10p each and share premium at 1 January 2014	8,526,948	853	6,996	7,849
Ordinary shares of 10p each and share premium at 31 December 2014	8,526,948	853	6,996	7,849
Ordinary shares of 10p each and share premium at 1 January 2015	8,526,948	853	6,996	7,849
Issued on 13 March 2015 – acquisition of subsidiary (Note 20(a))	429,839	43	559	602
Issued on 3 July 2015 – part settlement of dividends payable (Note 12)	84,027	8	128	136
Issued on 1 September 2015 – acquisition of subsidiaries (Note 20(a))	1,454,536	146	2,218	2,364
Ordinary shares of 10p each and share premium at 31 December 2015	**10,495,350**	**1,050**	**9,901**	**10,951**

20. Acquisition of Limited Liability Vehicles

Acquisitions of Limited Liability Vehicles is accounted for using the acquisition method of accounting. Comparing the consideration paid to the fair value of net assets acquired gives rise to goodwill and is recognised in the Consolidated Income Statement as goodwill on bargain purchase or impairment of goodwill as follows:

Company or partnership	**2015 Goodwill on bargain purchase £'000**	**2015 Impairment of goodwill £'000**	**Total**	2014 Goodwill on bargain purchase £'000	2014 Impairment of goodwill £'000	Total
Nameco (No. 311) Limited	**59**	**—**	**59**	—	—	—
Nameco (No. 402) Limited	**—**	**(30)**	**(30)**	—	—	—
Updown Underwriting Limited	**51**	**—**	**51**	—	—	—
Nameco (No. 507) Limited	**134**	**—**	**134**	—	—	—
Nameco (No. 76) Limited	**—**	**(52)**	**(52)**	—	—	—
Kempton Underwriting Limited	**—**	**(54)**	**(54)**	—	—	—
Nomina No 380 LLP	**—**	**—**	**—**	68	—	68
Bernul Limited	**—**	**—**	**—**	6	—	6
Nomina No 372 LLP	**—**	**—**	**—**	33	—	33
Dumasco Limited	**—**	**—**	**—**	678	—	678
	244	**(136)**	**108**	785	—	785

Further details of individual acquisitions are shown below:

20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions

Nameco (No. 311) Limited

On 8 January 2015, Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No. 311) Limited for a total consideration of £926,000. Nameco (No. 311) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £985,000. Negative goodwill of £59,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	5	327	332
Reinsurance assets:			
– reinsurers' share of claims outstanding	201	—	201
– reinsurers' share of unearned premium	60	—	60
Other receivables, including insurance and reinsurance receivables	656	172	828
Prepayments and accrued income	114	—	114
Financial assets at fair value through profit or loss	1,308	—	1,308
Cash and cash equivalents	239	—	239
Insurance liabilities:			
– claims outstanding	(1,112)	—	(1,112)
– unearned premium	(439)	—	(439)
Deferred income tax liabilities	(74)	(95)	(169)
Other payables, including insurance and reinsurance payables	(331)	—	(331)
Accruals and deferred income	(46)	—	(46)
Net assets acquired	**581**	**404**	**985**
Satisfied by:			
Cash and cash equivalents	926	—	926
Total consideration	**926**	**—**	**926**
Negative goodwill	**345**	**(404)**	**(59)**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	951,511	1,009,477	**954,608**

The net earned premium and profit of Nameco (No. 311) Limited for the period since the acquisition date to 31 December 2015 are £642,000 and £52,000 respectively.

Negative goodwill has arisen on the acquisition of Nameco (No. 311) Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions *continued*

Nameco (No. 402) Limited

On 20 February 2015 Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No. 402) Limited for a total consideration of £823,000. Nameco (No. 402) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £793,000. Goodwill of £30,000 arose on acquisition, which has been assessed as impaired and written off in the Consolidated Income Statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	1	346	347
Reinsurance assets:			
– reinsurers' share of claims outstanding	170	—	170
– reinsurers' share of unearned premium	49	—	49
Other receivables, including insurance and reinsurance receivables	576	265	841
Prepayments and accrued income	98	—	98
Financial assets at fair value through profit or loss	1,114	—	1,114
Cash and cash equivalents	62	—	62
Insurance liabilities:			
– claims outstanding	(1,037)	—	(1,037)
– unearned premium	(388)	—	(388)
Deferred income tax liabilities	(78)	(116)	(194)
Other payables, including insurance and reinsurance payables	(222)	—	(222)
Accruals and deferred income	(47)	—	(47)
Net assets acquired	**298**	**495**	**793**
Satisfied by:			
Cash and cash equivalents	837	—	837
Less: loan to previous owner transferred on acquisition	(14)	—	(14)
Total consideration	**823**	**—**	**823**
Goodwill	**525**	**(495)**	**30**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	825,496	870,437	**815,675**

The net earned premium and profit of Nameco (No. 402) Limited for the period since the acquisition date to 31 December 2015 are £455,000 and £31,000 respectively.

Goodwill has arisen on the acquisition of Nameco (No. 402) Limited as a result of the purchase consideration being in excess to the fair value of net assets acquired.

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20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions *continued*

Updown Underwriting Limited

On 13 March 2015, Helios Underwriting plc acquired 100% of the issued share capital of Updown Underwriting Limited for a total consideration of £1,202,000. Updown Underwriting Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £1,253,000. Negative goodwill of £51,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	—	411	411
Reinsurance assets:			
– reinsurers' share of claims outstanding	196	—	196
– reinsurers' share of unearned premium	47	—	47
Other receivables, including insurance and reinsurance receivables	578	—	578
Prepayments and accrued income	84	—	84
Financial assets at fair value through profit or loss	1,777	—	1,777
Cash and cash equivalents	150	—	150
Insurance liabilities:			
– claims outstanding	(1,174)	—	(1,174)
– unearned premium	(351)	—	(351)
Deferred income tax liabilities	(107)	(78)	(185)
Other payables, including insurance and reinsurance payables	(232)	—	(232)
Accruals and deferred income	(48)	—	(48)
Net assets acquired	**920**	**333**	**1,253**
Satisfied by:			
Cash and cash equivalents	600	—	600
429,839 ordinary 10p shares issued (Note 19)	602	—	602
Total consideration	**1,202**	**—**	**1,202**
Negative goodwill	**282**	**(333)**	**(51)**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	926,849	926,541	**864,578**

The net earned premium and profit of Updown Underwriting Limited for the period since the acquisition date to 31 December 2015 are £485,000 and £84,000 respectively.

Negative goodwill has arisen on the acquisition of Updown Underwriting Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions *continued*

Nameco (No. 507) Limited

On 12 June 2015, Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No. 507) Limited for a total consideration of £900,000. Nameco (No. 507) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £1,034,000. Negative goodwill of £134,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	26	463	489
Reinsurance assets:			
– reinsurers' share of claims outstanding	307	—	307
– reinsurers' share of unearned premium	103	—	103
Other receivables, including insurance and reinsurance receivables	1,366	161	1,527
Prepayments and accrued income	241	—	241
Financial assets at fair value through profit or loss	1,662	—	1,662
Cash and cash equivalents	160	—	160
Insurance liabilities:			
– claims outstanding	(1,833)	—	(1,833)
– unearned premium	(853)	—	(853)
Deferred income tax liabilities	(132)	(119)	(251)
Other payables, including insurance and reinsurance payables	(455)	—	(455)
Accruals and deferred income	(63)	—	(63)
Net assets acquired	**529**	**505**	**1,034**
Satisfied by:			
Cash and cash equivalents	900	—	900
Total consideration	**900**	**—**	**900**
Negative goodwill	**371**	**(505)**	**(134)**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	1,503,290	1,789,216	**1,688,738**

The net earned premium and profit of Nameco (No. 507) Limited for the period since the acquisition date to 31 December 2015 are £655,000 and £53,000 respectively.

Negative goodwill has arisen on the acquisition of Nameco (No. 507) Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions *continued*

Nameco (No. 76) Limited

On 28 August 2015 Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No. 76) Limited for a total consideration of £747,000. Nameco (No. 76) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £695,000. Goodwill of £52,000 arose on acquisition, which has been assessed as impaired and written off in the Consolidated Income Statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	29	359	388
Reinsurance assets:			
– reinsurers' share of claims outstanding	211	—	211
– reinsurers' share of unearned premium	58	—	58
Other receivables, including insurance and reinsurance receivables	612	—	612
Prepayments and accrued income	92	—	92
Financial assets at fair value through profit or loss	1,609	—	1,609
Cash and cash equivalents	84	—	84
Insurance liabilities:			
– claims outstanding	(1,182)	—	(1,182)
– unearned premium	(397)	—	(397)
Deferred income tax liabilities	(43)	(68)	(111)
Other payables, including insurance and reinsurance payables	(617)	—	(617)
Accruals and deferred income	(52)	—	(52)
Net assets acquired	**404**	**291**	**695**
Satisfied by:			
666,555 ordinary 10p shares issued (Note 19)	1,083	—	1,083
Less: loan to previous owner transferred on acquisition	(336)	—	(336)
Total consideration	**747**	**—**	**747**
Goodwill	**343**	**(291)**	**52**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	872,590	849,496	**952,361**

The net earned premium and profit of Nameco (No. 76) Limited for the period since the acquisition date to 31 December 2015 are £218,000 and £28,000 respectively.

Goodwill has arisen on the acquisition of Nameco (No. 76) Limited as a result of the purchase consideration being in excess to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(a) 2015 acquisitions *continued*

Kempton Underwriting Limited

On 28 August 2015, Helios Underwriting plc acquired 100% of the issued share capital of Kempton Underwriting Limited for a total consideration of £267,000. Kempton Underwriting Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £213,000. Goodwill of £54,000 arose on acquisition, which has been assessed as impaired and written off in the Consolidated Income Statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	58	240	298
Reinsurance assets:			
– reinsurers' share of claims outstanding	188	—	188
– reinsurers' share of unearned premium	58	—	58
Other receivables, including insurance and reinsurance receivables	644	—	644
Prepayments and accrued income	101	—	101
Financial assets at fair value through profit or loss	1,435	—	1,435
Cash and cash equivalents	47	—	47
Insurance liabilities:			
– claims outstanding	(1,022)	—	(1,022)
– unearned premium	(430)	—	(430)
Deferred income tax liabilities	—	(46)	(46)
Other payables, including insurance and reinsurance payables	(1,030)	—	(1,030)
Accruals and deferred income	(30)	—	(30)
Net assets acquired	**19**	**194**	**213**
Satisfied by:			
787,981 ordinary 10p shares issued (Note 19)	1,281	—	1,281
Less: loan to previous owner transferred on acquisition	(1,014)	—	(1,014)
Total consideration	**267**	**—**	**267**
Goodwill	**248**	**(194)**	**54**

	2013 year of account	2014 year of account	**2015 year of account**
Capacity acquired	732,981	967,444	**1,034,681**

The net earned premium and profit of Kempton Underwriting Limited for the period since the acquisition date to 31 December 2015 are £240,000 and £28,000 respectively.

Goodwill has arisen on the acquisition of Kempton Underwriting Limited as a result of the purchase consideration being in excess to the fair value of net assets acquired.

Had the six Limited Liability Vehicles been consolidated from 1 January 2015, the Consolidated Statement of Comprehensive Income would show net earned premium of £17,475,000 and a profit after tax of £956,000.

Costs incurred in connection with the six acquisitions totalling £91,000 have been recognised in the Consolidated Income Statement.

20. Acquisition of Limited Liability Vehicles *continued*

(b) 2014 acquisitions

Nomina No 380 LLP

On 16 January 2014 Helios UTG Partner Limited, a 100% subsidiary of the Company, became a 100% corporate partner in Nomina No 380 LLP for a total consideration of £557,000. Nomina No 380 LLP is incorporated in England and Wales and is a member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £625,000. Negative goodwill of £68,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	441	83	524
Reinsurance assets:			
– reinsurers' share of claims outstanding	292	—	292
– reinsurers' share of unearned premium	65	—	65
Other receivables, including insurance and reinsurance receivables	740	—	740
Prepayments and accrued income	106	—	106
Financial assets at fair value through profit or loss	1,252	—	1,252
Cash and cash equivalents	82	—	82
Insurance liabilities:			
– claims outstanding	(1,530)	—	(1,530)
– unearned premium	(502)	—	(502)
Deferred income tax liabilities	—	(56)	(56)
Other payables, including insurance and reinsurance payables	(298)	—	(298)
Accruals and deferred income	(50)	—	(50)
Net assets acquired	598	27	625
Satisfied by:			
Cash and cash equivalents	557	—	557
Total consideration	557	—	557
Negative goodwill	(41)	(27)	(68)

	2012 year of account	2013 year of account	2014 year of account
Capacity acquired	1,133,981	1,209,361	1,325,968

The net earned premium and profit of Nomina No 380 LLP for the period since the acquisition date to 31 December 2014 were £820,000 and £106,000 respectively.

Negative goodwill has arisen on the acquisition of Nomina No 380 LLP as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(b) 2014 acquisitions *continued*

Bernul Limited

On 27 March 2014 Helios Underwriting plc acquired 100% of the issued share capital of Bernul Limited for a total consideration of £823,000. Bernul Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £829,000. Negative goodwill of £6,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	2	322	324
Reinsurance assets:			
– reinsurers' share of claims outstanding	157	—	157
– reinsurers' share of unearned premium	36	—	36
Other receivables, including insurance and reinsurance receivables	776	—	776
Prepayments and accrued income	81	—	81
Financial assets at fair value through profit or loss	1,071	—	1,071
Cash and cash equivalents	80	—	80
Insurance liabilities:			
– claims outstanding	(1,014)	—	(1,014)
– unearned premium	(311)	—	(311)
Deferred income tax liabilities	(53)	(64)	(117)
Other payables, including insurance and reinsurance payables	(218)	—	(218)
Accruals and deferred income	(36)	—	(36)
Net assets acquired	571	258	829
Satisfied by:			
Cash and cash equivalents	823	—	823
Total consideration	823	—	823
Negative goodwill	252	(258)	(6)

	2012 year of account	2013 year of account	2014 year of account
Capacity acquired	751,734	825,845	807,280

The net earned premium and profit of Bernul Limited for the period since the acquisition date to 31 December 2014 were £436,000 and £59,000 respectively.

Negative goodwill has arisen on the acquisition of Bernul Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(b) 2014 acquisitions *continued*

Nomina No 372 LLP

On 2 May 2014 Helios UTG Partner Limited, a 100% subsidiary of the Company, became a 100% corporate partner in Nomina No 372 LLP for a total consideration of £480,000. Nomina No 372 LLP is incorporated in England and Wales and is a member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £513,000. Negative goodwill of £33,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	401	41	442
Reinsurance assets:			
– reinsurers' share of claims outstanding	233	—	233
– reinsurers' share of unearned premium	46	—	46
Other receivables, including insurance and reinsurance receivables	519	—	519
Prepayments and accrued income	94	—	94
Financial assets at fair value through profit or loss	1,001	—	1,001
Cash and cash equivalents	84	—	84
Insurance liabilities:			
– claims outstanding	(1,213)	—	(1,213)
– unearned premium	(393)	—	(393)
Deferred income tax liabilities	—	(42)	(42)
Other payables, including insurance and reinsurance payables	(212)	—	(212)
Accruals and deferred income	(46)	—	(46)
Net assets acquired	514	(1)	513
Satisfied by:			
Cash and cash equivalents	480	—	480
Total consideration	480	—	480
Negative goodwill	(34)	1	(33)

	2012 year of account	2013 year of account	2014 year of account
Capacity acquired	885,403	925,974	1,018,821

The net earned premium and loss of Nomina No 372 LLP for the period since the acquisition date to 31 December 2014 were £444,000 and £3,000 respectively.

Negative goodwill has arisen on the acquisition of Nomina No 372 LLP as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

20. Acquisition of Limited Liability Vehicles *continued*

(b) 2014 acquisitions *continued*

Dumasco Limited

On 16 September 2014 Helios Underwriting plc acquired 100% of the issued share capital of Dumasco Limited for a total consideration of £2,500,000. Dumasco Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £3,178,000. Negative goodwill of £678,000 arose on acquisition and has been immediately recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition.

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	—	442	442
Reinsurance assets:			
– reinsurers' share of claims outstanding	265	—	265
– reinsurers' share of unearned premium	69	—	69
Other receivables, including insurance and reinsurance receivables	2,068	—	2,068
Prepayments and accrued income	131	—	131
Financial assets at fair value through profit or loss	1,129	—	1,129
Cash and cash equivalents	1,481	—	1,481
Insurance liabilities:			
– claims outstanding	(1,348)	—	(1,348)
– unearned premium	(485)	—	(485)
Deferred income tax liabilities	(95)	(88)	(183)
Other payables, including insurance and reinsurance payables	(384)	—	(384)
Accruals and deferred income	(7)	—	(7)
Net assets acquired	2,824	354	3,178
Satisfied by:			
Cash and cash equivalents	2,500	—	2,500
Total consideration	2,500	—	2,500
Negative goodwill	(324)	(354)	(678)

	2012 year of account	2013 year of account	2014 year of account
Capacity acquired	1,469,048	1,519,048	1,476,478

The net earned premium and profit of Dumasco Limited for the period since the acquisition date to 31 December 2014 were £270,000 and £55,000 respectively.

Negative goodwill has arisen on the acquisition of Dumasco Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

21. Change of accounting policy

Up to 31 December 2014 the Group's intangible asset, syndicate capacity, was stated at cost, less any provision for impairment at initial recognition, and amortised on a straight line basis over the useful economic life, was estimated to be seven years.

As of 1 January 2015 the Group changed its accounting policy for intangible assets, syndicate capacity. The new accounting policy has been applied retrospectively, as if the policy had always been in place.

The new accounting policy adopted measures the intangible asset, syndicate capacity, at cost less any impairment. For more details, refer to Note 20.

The effects of the change of this accounting policy on the Group's Financial Statements are set out below:

Effect on the Consolidated Statement of Comprehensive Income

	Year ended 31 December 2014 £'000
Profit for the year 2014 as originally reported	1,043
Effect on profit of change in accounting policy: impairment of syndicate capacity	1,013
Profit for the year 2014 as restated	2,056

Effect on the Consolidated Statement of Financial Position

	Year ended 31 December 2014 £'000
Retained earnings as at 1 January 2014 as originally reported	1,977
Effect on profit of change in accounting policy: impairment of syndicate capacity	1,370
Retained earnings as at 1 January 2014 as restated	3,347
Retained earnings as at 31 December 2014 as originally reported	2,636
Effect on profit of change in accounting policy: impairment of syndicate capacity:	
– effect on retained earnings as at 1 January 2014	1,370
– effect on profit for the year 2014	1,013
Retained earnings as at 31 December 2014 as restated	5,019

Effect on the "earnings per share"

	As originally reported	Effect of change in accounting policy	As restated
Profit for the year 2014 (£'000)	1,043	1,013	2,056
Weighted average number of shares in issue	8,526,948	—	8,526,948
Basic and diluted earnings per share	**12.23p**	**11.88p**	**24.11p**

22. Related party transactions

Helios Underwriting plc has inter-company loans with its subsidiaries which are repayable on three months' notice provided it does not jeopardise each company's ability to meet its liabilities as they fall due. All inter-company loans are therefore classed as falling due within one year. The amounts outstanding as at 31 December are set out below:

Company	31 December 2015 £'000	31 December 2014 £'000
Balances due from/(to) Group companies at the year end:		
Hampden Corporate Member Limited	**327**	562
Nameco (No. 365) Limited	**(5)**	58
Nameco (No. 605) Limited	**(4)**	199
Nameco (No. 321) Limited	**9**	5
Nameco (No. 917) Limited	**1,451**	217
Nameco (No. 229) Limited	**58**	62
Nameco (No. 518) Limited	**14**	(5)
Nameco (No. 804) Limited	**274**	405
Halperin Underwriting Limited	**32**	15
Bernul Limited	**47**	195
Dumasco Limited	**177**	472
Nameco (No. 311) Limited	**37**	—
Nameco (No. 402) Limited	**(104)**	—
Updown Underwriting Limited	**713**	—
Nameco (No. 507) Limited	**660**	—
Nameco (No. 76) Limited	**393**	—
Kempton Underwriting Limited	**573**	—
Nomina No 035 LLP	**—**	—
Nomina No 342 LLP	**—**	—
Nomina No 380 LLP	**—**	—
Nomina No 372 LLP	**—**	—
Helios UTG Partner Limited	**553**	1,772
Total (Note 15)	**5,205**	3,957

Helios Underwriting plc and its subsidiaries have entered into a management agreement with Nomina plc. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a Director of Nomina plc. Under the agreement, Nomina plc provides management and administration, financial, tax and accounting services to the Group for an annual fee of £112,000 (2014: £79,000).

22. Related party transactions *continued*

The Limited Liability Vehicles have entered into a members' agent agreement with Hampden Agencies Limited. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a director of Hampden Capital plc, which controls Hampden Agencies Limited. Under the agreement the Limited Liability Vehicles will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the Limited Liability Vehicles underwrites on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. In addition, the Limited Liability Vehicles will pay profit commission on a sliding scale from 1% of the net profit up to a maximum of 10%. The total fees payable for 2015 are set out below:

Company	31 December 2015 £'000	31 December 2014 £'000
Hampden Corporate Member Limited	**43**	38
Nameco (No. 365) Limited	**11**	7
Nameco (No. 605) Limited	**36**	18
Nameco (No. 321) Limited	**13**	7
Nameco (No. 917) Limited	**7**	6
Nameco (No. 229) Limited	**10**	7
Nameco (No. 518) Limited	**18**	10
Nameco (No. 804) Limited	**32**	24
Halperin Underwriting Limited	**14**	9
Bernul Limited	**9**	6
Dumasco Limited	**—**	11
Nameco (No. 311) Limited	**17**	—
Nameco (No. 402) Limited	**18**	—
Updown Underwriting Limited	**1**	—
Nameco (No. 507) Limited	**26**	—
Nameco (No. 76) Limited	**16**	—
Kempton Underwriting Limited	**11**	—
Nomina No 035 LLP	**14**	9
Nomina No 342 LLP	**14**	9
Nomina No 380 LLP	**13**	14
Nomina No 372 LLP	**16**	12
Helios UTG Partner Limited	**—**	—
Total	**339**	187

22. Related party transactions *continued*

The Group entered into quota share reinsurance contracts for the 2013, 2014, 2015 and 2016 years of account with Hampden Insurance PCC (Guernsey) Limited – Cell 6. The Limited Liability Vehicles' underwriting year of account quota share participations are set out below:

Company or partnership	2013	2014	2015	**2016**
Hampden Corporate Member Limited	50%	70%	70%	**—**
Nameco (No. 365) Limited	50%	70%	70%	**—**
Nameco (No. 605) Limited	50%	70%	70%	**—**
Nameco (No. 321) Limited	50%	70%	70%	**—**
Nameco (No. 917) Limited	50%	70%	70%	**70%**
Nameco (No. 229) Limited	50%	70%	70%	**—**
Nameco (No. 518) Limited	50%	70%	70%	**—**
Nameco (No. 804) Limited	—	70%	70%	**—**
Halperin Underwriting Limited	—	70%	70%	**—**
Bernul Limited	—	70%	70%	**—**
Dumasco Limited	—	—	—	**—**
Nameco (No. 311) Limited	—	—	70%	**—**
Nameco (No. 402) Limited	—	—	70%	**—**
Updown Underwriting Limited	—	—	70%	**—**
Nameco (No. 507) Limited	—	—	—	**—**
Nameco (No. 76) Limited	—	—	—	**—**
Kempton Underwriting Limited	—	—	—	**—**
Helios UTG Partner Limited	—	—	—	**—**
Nomina No 035 LLP	—	70%	70%	**—**
Nomina No 342 LLP	—	70%	70%	**—**
Nomina No 380 LLP	—	70%	70%	**—**
Nomina No 372 LLP	—	70%	70%	**—**

Nigel Hanbury, a Director of Helios Underwriting plc and its subsidiary companies, is also a director and majority shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Hampden Capital, a substantial shareholder in Helios Underwriting plc, is also a substantial shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Under the agreement, the Group accrued a net reinsurance premium payable of £1,541,000 during the year.

During the year, the following Directors received dividends:

Director	**Shareholding at date dividend declared 5 June 2015**	**Dividend received 3 July 2015 £**	Shareholding at date dividend declared 6 June 2014	Dividend received 4 July 2014 £
Sir Michael Oliver	**19,000**	**969**	19,000	855
Nigel Hanbury (either personally or has an interest in)	**1,298,445**	**66,221**	1,261,257	56,757
Andrew Christie	**5,500**	**280**	5,500	248
Jeremy Evans	**51,004**	**2,601**	51,002	2,295
Arthur Manners	**—**	**—**	—	—
Michael Cunningham	**20,500**	**1,045**	20,500	923

Arthur Manners was appointed as a Director on 8 April 2016. During the year he provided consultancy services to the Company totalling £23,000. At the balance sheet date, no amount was outstanding.

23. Ultimate controlling party

The Directors consider that the Group has no ultimate controlling party.

24. Syndicate participations

The syndicates and members' agent pooling arrangements ("MAPA") in which the Company's subsidiaries participate as corporate members of Lloyd's are as follows:

		Allocated capacity per year of account			
Syndicate or MAPA number	Managing or members' agent	2013* £	2014* £	2015* £	**2016 £**
33	Hiscox Syndicates Limited	1,182,895	1,976,012	2,181,434	**2,277,214**
218	ERS Syndicate Management Limited	824,028	1,210,087	1,043,361	**1,104,985**
308	Tokio Marine Kiln Syndicates Limited	—	—	84,528	**—**
386	QBE Underwriting Limited	347,509	688,000	676,101	**717,212**
510	Tokio Marine Kiln Syndicates Limited	2,688,563	3,966,124	4,354,770	**4,494,092**
557	Tokio Marine Kiln Syndicates Limited	301,001	468,590	503,331	**515,497**
609	Atrium Underwriters Limited	1,279,982	2,180,088	2,476,231	**2,585,811**
623	Beazley Furlonge Limited	1,431,928	2,721,429	2,833,814	**3,318,443**
727	S A Meacock & Company Limited	539,378	621,211	673,634	**686,069**
779	ANV Syndicates Limited	20,000	—	—	**—**
958	Canopius Managing Agents Limited	553,663	647,022	190,436	**—**
1176	Chaucer Syndicates Limited	356,992	422,886	456,986	**525,888**
1200	Argo Managing Agency Limited	157,370	158,071	93,819	**—**
1729	Asta Managing Agency Limited	—	104,443	68,758	**—**
1910	Asta Managing Agency Limited	—	—	—	**1,085,226**
2010	Cathedral Underwriting Limited	527,247	788,022	765,756	**803,908**
2014	Pembroke Managing Agency Limited	—	1,252,199	1,184,570	**1,250,000**
2121	Argenta Syndicate Management Limited	120,309	160,341	260,341	**—**
2525	Asta Managing Agency Limited	20,000	116,690	134,698	**167,124**
2791	Managing Agency Partners Limited	2,646,342	3,465,594	3,308,676	**3,412,007**
5820	ANV Syndicates Limited	224,170	220,259	160,259	**—**
6103	Managing Agency Partners Limited	550,173	520,992	209,826	**235,001**
6104	Hiscox Syndicates Limited	611,224	1,086,224	1,087,998	**1,094,562**
6105	Ark Syndicate Management Limited	115,296	497,192	515,932	**—**
6106	Amlin Underwriting Limited	361,805	—	—	**—**
6107	Beazley Furlonge Limited	32,500	372,500	372,500	**372,500**
6110	Pembroke Managing Agency Limited	1,072,507	—	—	**—**
6111	Catlin Underwriting Agencies Limited	775,544	1,288,533	1,366,820	**1,547,837**
6113	Barbican Managing Agency Limited	67,328	67,328	—	**—**
6117	Asta Managing Agency Limited	—	1,161,216	771,300	**1,627,302**
7200	Members' agent pooling arrangement	533,338	229,692	75,199	**—**
7201	Members' agent pooling arrangement	2,721,724	1,164,941	384,687	**—**
7202	Members' agent pooling arrangement	969,860	417,196	134,663	**—**
7203	Members' agent pooling arrangement	206,643	146,019	93,572	**—**
7211	Members' agent pooling arrangement	5,545,063	793,461	101,070	**—**
7217	Members' agent pooling arrangement	177,460	177,460	199,640	**210,730**
7227	Members' agent pooling arrangement	—	—	34,150	**64,031**
Total		26,961,842	29,089,822	26,798,860	**28,095,439**

* Including the new acquisitions in 2015.

25. Group-owned net assets

The Group statement of financial position includes the following assets and liabilities held by the syndicates on which the Group participates. These assets are subject to trust deeds for the benefit of the relevant syndicates' insurance creditors. The table below shows the split of the statement of financial position between Group and syndicate assets and liabilities:

	31 December 2015			Restated 31 December 2014		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
Assets						
Intangible assets	8,511	—	8,511	6,368	—	6,368
Reinsurance assets:						
– reinsurers' share of claims outstanding	—	5,657	5,657	—	4,682	4,682
– reinsurers' share of unearned premium	—	1,501	1,501	—	1,014	1,014
Other receivables, including insurance and reinsurance receivables	1,216	19,211	20,427	2,193	14,186	16,379
Prepayments and accrued income	15	3,055	3,070	14	2,053	2,067
Financial assets at fair value through profit or loss	4,644	27,153	31,797	1,493	21,484	22,977
Cash and cash equivalents	2,223	1,411	3,634	2,546	1,059	3,605
Total assets	16,609	57,988	74,597	12,614	44,478	57,092
Liabilities						
Insurance liabilities:						
– claims outstanding	—	32,985	32,985	—	26,179	26,179
– unearned premium	—	11,169	11,169	—	8,005	8,005
Deferred income tax liabilities	3,172	—	3,172	2,352	—	2,352
Other payables, including insurance and reinsurance payables	1,586	7,774	9,360	529	5,684	6,213
Accruals and deferred income	1,577	(89)	1,488	1,269	206	1,475
Total liabilities	6,335	51,839	58,174	4,150	40,074	44,224
Equity attributable to owners of the Parent						
Share capital	1,050	—	1,050	853	—	853
Share premium	9,901	—	9,901	6,996	—	6,996
Other reserves	—	121	121	—	—	—
Retained earnings	(677)	6,028	5,351	615	4,404	5,019
Total equity	10,274	6,149	16,423	8,464	4,404	12,868
Total liabilities and equity	16,609	57,988	74,597	12,614	44,478	57,092

Below is an analysis of the free working capital available to the Group:

Group	31 December 2015 £'000	31 December 2014 £'000
Funds at Lloyd's supplied by:		
Quota share reinsurers	9,378	8,728
Stop loss reinsurers	1,447	610
Group owned	3,894	925
Total Funds at Lloyd's supplied (excluding solvency credits)	14,719	10,263
Group funds available:		
Financial assets	4,644	1,493
Cash	2,223	2,546
Total funds	6,867	4,039
Less Group Funds at Lloyd's	(3,894)	(925)
Free working capital	2,973	3,114

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26. Events after the financial reporting period

In order to increase the Group's underwriting capacity, the Company has, since the balance sheet date, acquired 100% of the voting rights (either directly or indirectly) of the following Limited Liability Vehicles:

Devon Underwriting Limited

On 21 January 2016, Helios Underwriting plc acquired 100% of the issued share capital of Devon Underwriting Limited for a total consideration of £1,070,000. Devon Underwriting Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the provisional fair value of the net assets at the date of acquisition was estimated to be £966,000, giving rise to goodwill of £104,000 on acquisition. The following table explains the provisional fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	—	604	604
Reinsurance assets:			
– reinsurers' share of claims outstanding	333	—	333
– reinsurers' share of unearned premium	67	—	67
Other receivables, including insurance and reinsurance receivables	1,238	—	1,238
Prepayments and accrued income	163	—	163
Financial assets at fair value through profit or loss	1,857	—	1,857
Cash and cash equivalents	103	—	103
Insurance liabilities:			
– claims outstanding	(2,121)	—	(2,121)
– unearned premium	(584)	—	(584)
Deferred income tax liabilities	(109)	(115)	(224)
Other payables, including insurance and reinsurance payables	(439)	—	(439)
Accruals and deferred income	(31)	—	(31)
Net assets acquired	**477**	**489**	**966**
Satisfied by:			
Cash and cash equivalents	1,070	—	1,070
Total consideration	**1,070**	**—**	**1,070**
Goodwill	**593**	**(489)**	**104**

	2014 year of account	2015 year of account	**2016 year of account**
Capacity acquired	1,866,053	1,298,575	**1,244,242**

26. Events after the financial reporting period *continued*

Nameco (No 346) Limited

On 23 May 2016, Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No 346) Limited for a total consideration of £3,750,000. Nameco (No 346) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the provisional fair value of the net assets at the date of acquisition was estimated to be £3,270,000, giving rise to goodwill of £480,000 on acquisition. The following table explains the provisional fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	3	1,300	1,303
Reinsurance assets:			
– reinsurers' share of claims outstanding	687	—	687
– reinsurers' share of unearned premium	202	—	202
Other receivables, including insurance and reinsurance receivables	4,021	—	4,021
Prepayments and accrued income	498	—	498
Financial assets at fair value through profit or loss	3,213	—	3,213
Cash and cash equivalents	574	—	574
Insurance liabilities:			
– claims outstanding	(4,025)	—	(4,025)
– unearned premium	(1,526)	—	(1,526)
Deferred income tax liabilities	(242)	(247)	(489)
Other payables, including insurance and reinsurance payables	(1,018)	—	(1,018)
Accruals and deferred income	(170)	—	(170)
Net assets acquired	**2,217**	**1,053**	**3,270**
Satisfied by:			
Cash and cash equivalents	3,750	—	3,750
Total consideration	**3,750**	**—**	**3,750**
Goodwill	**1,533**	**(1,053)**	**480**

	2014 year of account	2015 year of account	**2016 year of account**
Capacity acquired	3,367,971	3,187,015	**3,320,877**

Future dividends

In respect of the year ended 31 December 2015 a final dividend of 1.5p per share together with a special dividend of 3.5p per share, amounting to a total dividend of £519,000, is to be proposed at the Annual General Meeting on 28 June 2016. These Financial Statements do not reflect this dividend payable.

Registered officers and advisers

Directors
Sir James Michael Yorrick Oliver (Non-executive Chairman)
Nigel John Hanbury (Chief Executive)
Jeremy Richard Holt Evans (Non-executive Director)
Harold Michael Clunie Cunningham (Non-executive Director)
Andrew Hildred Christie (Non-executive Director)
Arthur Roger Manners (Finance Director)

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