GROUP

SOLVENCY AND FINANCIAL CONDITION REPORT

AS AT

31st DECEMBER 2016

ASHBROOKE FINANCIAL GROUP LIMITED

ASHBROOKE

Prepared by Ashbrooke Financial Group Limited

30th June 2017

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ABBREVIATIONS & DEFINITIONS

Reference	Abbreviation/Definition
Ashbrooke or Group or AFGL	Ashbrooke Financial Group Limited
AVL	Ashbrooke Ventures Limited
BW	Barnett Waddingham LLP
Bestpark or Bestpark	Bestpark International Limited
ENID	Events Not In Data
FCA	Financial Conduct Authority
Group	Ashbrooke Financial Group Limited
IBNR	Incurred But Not Reported claims
MCR	Minimum Capital Requirement
NAV	Net Asset Value
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report

Ashbrooke Financial Group Limited ("AFGL" or the "Group") was incorporated on 9th July 2015 with a view to executing acquisitions and other capital investment opportunities in the (re)insurance run-off market.

AFGL made its first run-off acquisition on 19th February 2016 when it acquired Bestpark International Limited ("Bestpark" or the "Company") and although it carries on no regulated activity in its own right, it is classified as an Insurance Holding Company and therefore regulated by the PRA. Bestpark is an insurance and reinsurance company which entered run-off in 2002 and is regulated by the PRA and the FCA.

AFGL also acquired Ashbrooke Ventures Limited ("AVL") on 19th February 2016, which provides run-off management services to Bestpark and consultancy services to third parties. AVL does not carry on any regulated activities and so is not regulated.

The Group performed well in the period to 31st December 2016, recording a consolidated profit before taxation of £7.1m with net assets of £7.1m. Bestpark recorded a profit before taxation of £3.3m with net assets of £9.0m. The main difference relates to the treatment of negative goodwill arising from the acquisition of Bestpark and the goodwill arising from the acquisition of AVL further details of which can be found in Appendix I.

Bestpark and Group have complied with all aspects of the Solvency II regulations during the relevant periods and both comfortably exceed their SCR and MCR requirements. The Group and Bestpark's own funds as at 31st December 2016 are as follows:

Own Fund Item	*Tier*	Group £000	%	Bestpark £000	%
Share Capital	1	20	1.00%	5,250	60.71%
Reconciliation Reserve	1	**8,439**	**99.00%**	**3,400**	**39.29%**
TOTAL		**8,459**	**100.00**	**8,650**	**100.00**

The Group and Bestpark's SCR and MCR as at 31 December 2016 are as follows:

	Group		Bestpark	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	3,726	2.27	3,747	2.31
MCR	**3,332**	**2.54**	**3,332**	**2.60**

The Group and Bestpark's business plan forecasts that own funds and Solvency II capital requirements will continue to exceed the SCR and MCR requirements.

The directors acknowledge their responsibility for preparing the Group Solvency and Financial Condition Report ("SFCR") in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

The Directors are satisfied that:

a) throughout the financial year in question, the Group and Bestpark have complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable; and

b) it is reasonable to believe that the Group and Bestpark have continued so to comply subsequently and will continue so to comply in future.

Steven Gowland
Chief Executive Officer
For Ashbrooke Financial Group Limited

A.1 BUSINESS

This Group SFCR relates to the Ashbrooke Financial Group Limited group of companies. Following receipt of the requisite waiver under Rule 18 of the Group Supervision part of the PRA Rulebook, this report also incorporates individual SFCR information in respect of the Group's regulated insurance subsidiary, Bestpark International Limited; no separate SFCR has been prepared for Bestpark.

A.1.1 Holding Company and Group Structure

Ashbrooke Financial Group Limited

Ashbrooke is the holding company for the Ashbrooke group of companies. It does not undertake any regulated activities in its own right but is classified as an Insurance Holding Company.

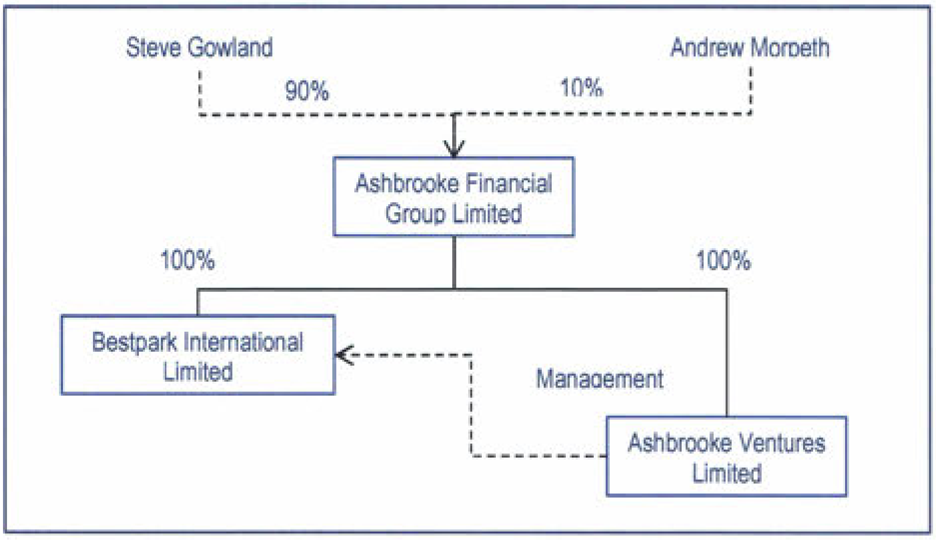
Ashbrooke was incorporated on 9th July 2015, registered in England and Wales with its registered office at 8 Eagle Court, London EC1M 5QD

Ashbrooke is regulated by the Prudential Regulation Authority ('PRA' – part of the Bank of England) and audited by Mazars LLP. Their respective contact details are as follows:

PRA	Mazars LLP
20 Moorgate	Tower Bridge House
	St Katharine's Way
London	London
EC2R 6DA	E1W 1DD
Tel: + 44 (0) 20 3461 7000	Tel: + 44 (0) 20 7063 4000
www.bankofengland.co.uk	www.mazars.co.uk

The only shareholders and Directors of Ashbrooke are Steve Gowland and Andrew Morpeth, who are both resident in the United Kingdom.

The Group and controller structure is set-out below.



A.1.2 Subsidiaries Of Ashbrooke

a) Bestpark International Limited

Bestpark is an insurance and reinsurance company which was authorised to transact insurance business in the UK and is now in run-off. 100% of the issued share capital was acquired by Ashbrooke on 19th February 2016. Bestpark is registered in England and Wales. It is regulated by the Prudential Regulatory Authority ("PRA" – part of the Bank of England), the Financial Conduct Authority ("FCA") and audited by Mazars LLP. Their respective contact details are as follows:

FCA	PRA	Mazars LLP
25 The North Colonnade	20 Moorgate	Tower Bridge House
Canary Wharf		St Katharine's Way
London	London	London
E14 5HS	EC2R 6DA	E1W 1DD
Tel: + 44 (0) 20 7066 1000	Tel: + 44 (0) 20 3461 7000	Tel: + 44 (0) 20 7063 4000
www.fca.org.uk	www.bankofengland.co.uk	www.mazars.co.uk

b) Ashbrooke Ventures Limited

AVL was established by Steve Gowland in September 2007 to provide specialist consultancy and advisory services to the international (re)insurance industry. 100% of the issued share capital was acquired by Ashbrooke on 19th February 2016.

AVL is the Group's administrative business and provides run-off management services to Bestpark and consultancy services to third parties in related and non-related areas. It does not undertake any regulated activities and so is not a regulated entity.

AVL is audited by Mazars LLP, whose contact details are as follows:

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Tel: + 44 (0) 20 7063 4000
www.mazars.co.uk

A.1.2 Group Results

The full Group audited consolidated results for the period to 31st December 2016 are attached as Appendix 1. As the acquisition of Bestpark occurred during the course of the accounting period, the standard Group consolidation excludes trading before the date of acquisition (from 1st January 2016 to 19th February 2016).

The results and net assets of the Group and its individual subsidiaries as reported under UK GAAP for the period ending 31st December 2016 are as follows:

Financial Summary	Group		Bestpark		AVL	
£000	2015	2016	2015	2016	2015	2016
Profit for the Year	n/a	7,122	2,968	3,274	12	(12)
Net Asset Value/ Shareholders Funds	**n/a**	**7,142**	**5,733**	**9,007**	**12**	**1**

A.2 UNDERWRITING PERFORMANCE

Neither Ashbrooke nor Bestpark have any underwriting risk relating to new policies, as Bestpark has been in run-off since 2002. Bestpark is the only group company that carries out regulated activities.

The Group's primary responsibility is the continued protection of policyholder interests without favouring one individual or one class of policyholders over any other individual or class of policyholders. All are treated equally and fairly. Ashbrooke manages the run-off of Bestpark in such a way that the central objectives of the Bestpark run-off will remain:

a) Optimising cash flow via prudent claims management and pro-active credit control;

b) Operation of a prudent claim adjudication process to ensure claim settlements are made in line with the contractual terms and obligations of the Company;

c) Maximising the timing and quantum of reinsurance recoveries and outstanding premiums;

d) Minimising the requirement for bad debt provisions by pro-actively chasing potential delinquent debtors and filing debt for dividends against insolvent estates;

e) Execution of bespoke commutations or other settlement strategies when opportunities can be created to provide a convenient and fair settlement with the target on a principal-to-principal basis;

f) Conducting ad hoc inspection and claim portfolio review;

g) Enhancement of the management of claims affecting the direct portfolio to include procedures to identify genuine and doubtful claims, facilitate settlement of the former as soon as possible to minimise the legal costs and to robustly defend the latter, but always with a balanced and pragmatic outcome in mind;

h) Minimisation of Bestpark run-off costs whilst ensuring adequate service levels with all governance and compliance standards being met in line with Company and PRA/FCA expectations. This includes an on-going review of outsourcing versus internal services provision; and

i) Evaluation of any opportunities for the disposal/transfer of books of business where contractual liability continues to extend for a significant period into the future eg, Employers Liability policies.

A.3 INVESTMENT PERFORMANCE

Ashbrooke has run a prudent investment policy during the period with a view to preserving capital, ensuring adequate liquidity to support claims and expenses and optimising investment returns within a prudent level of risk. The Group has therefore held only a portfolio of cash or cash equivalents with no other investments made. The cash and cash equivalents held are in the major currencies that match the denominations of the material outstanding claims which mitigates the risk of currency mismatching.

The ultra-low interest rate environment has meant that investment returns have been severely curtailed in the year. The investment return on group balances held in Euros has been negative following further pressure on the European Central Bank. This is not expected to change in the near future. The net overall income from cash and cash equivalents was not material.

As a result of the currency fluctuations during the period under review, the fact that the Group holds major currency accounts to match its underlying claims liabilities and that the Group reports in GBP

(Sterling), there have been significant favourable Foreign Exchange gains booked in the period, the net of which totalled £623k in Group and £708k in Bestpark in relation to own funds. As at the end of the period, the Group held 39.5% of its own funds in Sterling and the balance in a mix of the major currencies noted in C.2.

A.4 PERFORMANCE OF OTHER ACTIVITIES

The only other non-insurance related activities within the Group related to advisory work performed during the year by AVL for third parties the total of which was £30k.

A.5 ANY OTHER INFORMATION

There are no other significant business or other events that have occurred over the reporting period that have had a material impact on the Group.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Group, its subsidiaries and its Directors are fully committed to the principles of transparency, honesty, integrity and accountability which form the foundation of corporate governance. Risk management is an integral part of the corporate governance process and serves to support internal control. The Group takes a risk based approach to the system of governance. Governance requirements are largely set by regulatory and legal requirements, however the Group also considers any additional measures it considers necessary to manage the risk of its subsidiaries and implements these on a case by case basis.

The Directors and Key Personnel who served during period to 31st December 2016 for each group company were as follows:

	Group	*Bestpark*	*AVL*
Directors			
Steven Gowland (Chief Executive Office)	✓	✓	✓
Andrew Morpeth (Chief Financial Officer)	✓	✓	✓
Key Personnel			
Jeremy Watt - Company Secretary	✓	✓	✓
Jeremy Watt – Claims Management	✗	✓	✗

The Group Directors receive no remuneration from Ashrooke or Bestpark but receive a salary from AVL. The total remuneration (including defined contribution pension payments of £1k) for the year ending 31st December 2016 was £178k. No bonuses were paid to any Directors in the year to 31st December 2016.

There have been no dividends paid to the shareholders during the reporting period.

Committees and consequential roles and responsibilities for Directors and Key Personnel were as follows:

Committee:	***Risk, Regulatory and Audit***	***Investment***	***Claims and Reinsurance***
Responsible For:	Coordination and oversight of financial and regulatory reporting functions and coordination and provision of risk management function including the risk register and the ORSA	Coordination of overall Group and subsidiary company investment policies including investment proposals and its compliance	Coordination of all claims and reinsurance management
Directors			
Steven Gowland (Chief Executive Office)	*Chair*	*Chair*	*Chair*
Andrew Morpeth (Chief Financial Officer)	✔	✔	✔
Key Personnel			
Jeremy Watt (Company Secretary and Claims Management)	✔	✗	✔

B.2 FIT AND PROPER REQUIREMENTS

The Group fully recognises the value of the fit and proper requirements in that a company run in a fit and proper manner, by fit and proper Directors and other individuals holding key functions or roles, will benefit from the knowledge and experience brought to the company and is more likely to be successful. In addition, the risks associated with a badly run business (risks such as: regulatory, financial and reputational risks) will be reduced. Whilst there is no definition for 'fit and proper', it is generally accepted that it includes amongst other considerations the concepts of honesty, solvency and competence.

The basic elements of the fit and proper assessment are:

- honesty, integrity and reputation (e.g. treating customer fairly, proper respect of legal, regulatory, professional obligations, prudent approach to business);
- competence, ability to conduct business and organisation;
- having a robust corporate governance structure, declaration of conflicts of interest, Directors having appropriate skills, knowledge and experience; and

- financial position (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis, and is robust enough to withstand business risks).

Ashbrooke ensure that candidates for a position on the board of either Group or Bestpark or for any other key functions/roles, are assessed to ensure that they fulfil fit and proper requirements. This includes reviewing the CV of the candidate, extensive interviews and obtaining suitable references at both the personal and professional levels together verification of identity and address.

All Directors of Bestpark are approved by the FCA to perform Controlled Functions as required under Section 59 of the Financial Services and Markets Act 2000. Following the appointment of Anson Game as the Non-Executive Chairman on 9th March 2017, all required functions under the Senior Insurance Managers Regime are covered.

B.3 RISK MANAGEMENT SYSTEM (INCLUDING OWN RISK AND SOLVENCY ASSESSMENT)

The Group and its Directors view risk management as an integral part of the corporate governance process and serves to support internal control. The Own Risk and Solvency Assessment is reviewed and approved on an annual basis.

The Group has adopted a culture for managing risk including planning, identification, assessment/analysis and monitoring and reporting risks. These processes can be extended to address strategic risk by focusing on uncertainties which might affect strategic objectives. The Group's management of risk depends largely on the effectiveness of the Group's management and its implementation of its Risk Management System and communication of the process to all who have roles and responsibilities in it.

The primary requirement for implementing strategic risk management is therefore to identify these strategic objectives which might be affected by uncertainty.

Strategic risk management is aimed at ensuring that:

- All risks which could jeopardise/enhance achievement of the Group's strategic objectives will be identified;
- An appropriate risk appetite and risk tolerance is established for each Group company;
- Suitable structures, procedures and practices are in place to manage these risks; and that
- Sufficient organisational resources are applied to, and corporate culture is fully supportive of, the effective implementation of these structures, procedures and practices.

Ashbrooke takes the following strategic business objectives and adapts them in operational strategies to:

- Run-off the claims book in the most efficient and effective manner using available resources; and
- Optimise investment return on the cash deposits and any investments held without exposing the capital sums to unnecessary risk.

Successful implementation of this approach achieves the following objectives:

- Improving the effectiveness and efficiency of operations;
- Effectively managing the company's risks and support internal control.
- Safeguarding the Group's and Bestpark's assets (including information);
- Complying with applicable laws, regulations and supervisory requirements;
- Ensuring the reliability of reporting; and
- Behaving responsibly towards all stakeholders.

The most significant risks that currently exist for the Group and Bestpark are as follows:

- Deterioration of existing claims;
- Notification of new claims;
- Credit default of one or more of the banks holding the Group's funds;
- Credit default of one or more of the Group's reinsurers;
- A gap in the reinsurance cover;
- Loss of key personnel/collapse of the management company, AVL;
- Cost inflation/increase in run-off provision; and
- Non-compliance with regulatory requirements.

It is important to note that Bestpark has no underwriting risk, having been in run-off since 2002.

AVL provides management services to the Group and is responsible for:

- Designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of Bestpark;
- Ensuring that generally accepted risk management frameworks and models, including internal control, are embedded in organisational operations and processes; and
- Ensuring that Bestpark is advised of any significant changes or weaknesses in internal controls and procedures.

B.4 INTERNAL CONTROL SYSTEM

The Group Board is responsible for the Group internal control system. Internal controls are implemented within each group subsidiary at a level proportionate to the complexity, nature, size of business, whether it is subject to any regulatory requirements and the overall level of risk that each subsidiary represents to the Group.

As a minimum, all subsidiaries have sound reporting and accounting producers to ensure that the respective boards have sufficient timely management information with which to manage each subsidiary. All subsidiaries are subject to external statutory audit.

B.5 INTERNAL AUDIT FUNCTION

There is no structured internal audit function within the Group.

B.6 ACTUARIAL FUNCTION

Bestpark is the only regulated insurance entity in the Group and therefore the only one for which it is relevant to have an actuarial function, however Bestpark's actuarial function supports Group activity where required, for example the Group solvency calculation and Group ORSA. The tasks of the actuarial function are outsourced to Barnett Waddingham LLP.

The actuarial function is responsible for:

- Coordination of the calculation of technical provisions;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- Comparing best estimates against experience;

- Informing the Board of the reliability and adequacy of the calculation of technical provisions;
- Expressing an opinion on the overall underwriting policy;
- Expressing an opinion on the adequacy of reinsurance arrangements; and
- Contributing to the effective implementation of the risk-management system.

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Board in an internal actuarial report.

B.7 OUTSOURCING

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the company. The third party to whom an activity is outsourced is a 'service provider'. Each Board shall ensure that an outsourcing arrangement shall not diminish the company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator (should it be regulated). Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Group's processes, and the final responsibility for customers, shall not be outsourced. The respective Boards consider outsourcing where they believe that there is an advantage to the Group and specific subsidiary and customer by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

B.7.1 AFGL Outsourcing

AFGL is a holding company and has little operational activity. Its Board has delegated authority to its subsidiaries for operational matters but has not outsourced any of its activities.

B.7.2 Bestpark Outsourcing

Bestpark is reliant on three material service providers:

- AVL – for run-off management services;
- Charles Taylor Broker Services Limited – for insurance broker services; and
- Barnett Waddingham LLP – for its actuarial function

B.7.3 AVL Outsourcing

AVL does not outsource any of its operations.

B.8 ANY OTHER INFORMATION

Not applicable.

C.1 UNDERWRITING RISK

Ashbrooke's only insurance subsidiary, Bestpark, has been in run-off since 2002 and is therefore not exposed to new underwriting risk.

Ashbrooke and Bestpark are exposed to reserving risk (the risk that claims reserves are not sufficient to meet insurance liabilities) which is linked to past underwriting risk. This risk is mitigated by:

a) the Claims and Reinsurance Committee regularly reviewing claims reserves to ensure they are appropriate;

b) the adoption of a prudent reserving philosophy;

c) internally assessing the data quality and methodology used to calculate the reserves; and

d) engaging external actuaries to independently review the IBNR reserve.

C.2 MARKET RISK

Ashbrooke has limited exposure to market risks as it holds funds in cash or cash equivalents only. The Group held no Equity, Property, Bonds or Derivatives as at 31st December 2016.

C.2.1 Currency

Ashbrooke and Bestpark are exposed to four main currencies:

- Euro ("EUR");
- US dollar ("USD");
- British Pound ("GBP"); and
- Swedish Kroner ("SEK").

Whilst Ashbrooke reports in GBP, its risk management process matches its overall outstanding claims exposure in the relevant foreign currencies to ensure that the risk of currency mismatch is mitigated to protect its policy holders. The Group held a percentage of its surplus own funds in EURs, SEKs and USDs during the year which has resulted in an exchange gain.

C.2.2 Interest rate

Ashbrooke is exposed to interest rate risk in relation to its bank deposits. This risk is assessed and monitored. The Group manages this risk by investing cash balances so as to optimise returns whilst having regard to the minimum investment criteria as set out in its Investment Policy Statement. Ashbrooke also seeks to minimise the negative interest rate risk with regard to its deposits in Euros.

The Group considers the prudent person principle in considering the investment assets and how they match to the expected payment profile of the Group's technical liabilities.

C.3 CREDIT RISK

Credit risk is the risk that a counterparty will be unable to pay the amounts in full when due. The main areas where the Group is exposed to credit risk is in relation to bank deposits with credit institutions and reinsurance assets.

The Group seeks to minimise Credit and Concentration risk by monitoring the financial security of credit institutions and reinsurers, and collecting reinsurance recoveries as soon as they become due. Ashbrooke manages this risk by investing cash balances with regard to the minimum investment criteria as set out in the Investment Policy Statement. The position of both Ashbrooke and Bestpark as at 31st December 2016 is set out below:

31st December 2016	AA 2016 £000	A 2016 £000	Not Rated 2016 £000	Carrying Amount 2016 £000
Deposits with ceding undertakings	-	408	-	**408**
Reinsurers' share of technical provisions	750	1,177	163	**2,090**
Debtors arising out of direct insurance operations	-	-	29	**29**
Debtors arising out of reinsurance operations	48	455	150	**653**
Other debtors	-	-	276	**276**
Cash at bank and in hand	-	14,866	-	**14,866**
TOTAL	**798**	**16,906**	**618**	**18,322**

As the acquisition was completed during the course of the financial period, Group has no previous year comparison, however, the position of Bestpark as at 31 December 2015 is set out below:

31st December 2015	AA 2015 £000	A 2015 £000	Not Rated 2015 £000	Carrying Amount 2015 £000
Deposits with ceding undertakings	157	165	77	**399**
Reinsurer's share of technical provisions	698	1,291	567	**2,557**
Debtors arising out of direct insurance operations	-	-	6	**6**
Debtors arising out of reinsurance operations	113	133	118	**653**
Other debtors	-	-	1	**1**
Cash at bank and in hand	-	15,408	-	**15,408**
TOTAL	**968**	**16,997**	**770**	**18,735**

C.4 LIQUIDITY RISK

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Group seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due. Instant access accounts holding at least £1 million are maintained at all times.

C.5 OPERATIONAL RISK

Operational risk is identified, assessed and monitored by the Risk, Regulatory & Audit Committee with oversight from the Board, and recorded on the Risk Register. See the Risk Management System above for further detail. There have been no material changes to the operational risks the Group is exposed to over the reporting period.

Key operational risks are:

a) Material service provider risk

The risk that a material service provider fails to meet its contractual obligations or goes into liquidation is mitigated by having an Outsourcing Policy which includes that:

- contracts must be in place with all material service providers to the Group;
- appropriate risk assessment and due diligence must be conducted before entering into a new outsourcing arrangement;
- service providers' stability and performance are monitored regularly; and
- contingencies must be considered.

b) Regulatory & legal risk

This risk is mitigated by having sound corporate governance and internal controls. Internal controls are regularly monitored and are also subject to internal review. Regulatory compliance is reviewed quarterly. If any recurrent issues are identified, additional or changes to existing controls will be considered to resolve the root cause.

c) Reputational risk

The risk of a legal or regulatory breach, poor customer service, or market/jurisdiction insurer failures might give the Group a bad reputation, affecting its standing within the Insurance Market. The mitigation of a legal or regulatory breach is described above. Poor customer service is mitigated by ensuring that all Group employees and contractors have suitable experience and qualifications where necessary.

d) Claims Risk

Insurance risk is the risk that new claims may arise and that reserves on existing claims may prove to be inadequate. The Group seeks to mitigate this risk by regularly reviewing claims developments and carefully reviewing the adequacy of its reserves including Incurred But Not Reported ("IBNR").

C.6 OTHER MATERIAL RISK

The Group reviews and conducts tests where necessary to identify the implications of risks and consider potential adverse scenarios and how to mitigate such risks. These have been explained in the previous sections. Ashbrooke has conducted some stress testing of the risks identified, their mitigation and, ultimately, whether there is any material impact on the financial position and solvency of the Group and its insurance subsidiary, Bestpark. The Group is able to keep its Solvency II capital ratio and that of Bestpark materially above 100% so the SCR requirement is not breached.

There are no other material risks identified within the Group.

C.7 ANY OTHER INFORMATION

Not required.

D.1 ASSETS

As at 31st December 2016 the Group held the following assets valued on both UK GAAP and Solvency II bases:

Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Tangible Fixed Assets	11	-	**11**	*11*	-	
Goodwill/(Negative Goodwill)	(1,675)	-	(1,675)	-	*1,675*	***D.1.1***
Reinsurance Recoverables	2,091	(183)	**1,908**	*1,897*	*(11)*	***D.1.2***
Deposits with Cedents	407		**407**	*407*		
Insurance Receivables	29		**29**	*29*		
Reinsurance Receivables	654	183	**836**	*836*	-	***D.1.2***
Cash and Cash Equivalents	14,955	-	**14,955**	*14,955*	-	
Other Assets	34	-	**34**	*34*	-	
TOTAL ASSETS	**16,506**	**0**	**16,506**	***18,169***	***1,664***	

Notes:
D.1.1 – Goodwill/(Negative Goodwill) is not recognised in the calculation of Solvency II (SII) Values.
D.1.2 – RI profit commission is reclassified for SII purposes from Reinsurance Recoverables to Reinsurance Receivables in accordance with EIOPA's Annex S.02.01. The standard risk assessment for potential default then produces a provision for SII purposes of £11k for Reinsurance Recoverables.

As at 31st December 2016 Bestpark held the following assets valued on both UK GAAP and Solvency II bases:

Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Reinsurance Recoverables	2,091	(183)	**1,908**	*1,897*	*(11)*	***D.1.3***
Deposits with Cedents	407	-	**407**	*407*	-	
Insurance Receivables	29	-	**29**	*29*	-	
Reinsurance Receivables	654	183	**836**	*836*	-	***D.1.3***
Cash and Cash Equivalents	14,866	-	**14,866**	*14,866*	-	
Other Assets	295	-	**295**	*295*	-	
TOTAL ASSETS	**18,341**	**0**	**18,341**	***18,330***	***(11)***	

Notes:
D.1.3 – RI profit commission is reclassified for SII purposes from Reinsurance Recoverables to Reinsurance Receivables in accordance with EIOPA's Annex S.02.01. The standard risk assessment for potential default then produces a provision for SII purposes of £11k for Reinsurance Recoverables.

As at 31st December 2016 AVL held the following assets valued on a UK GAAP basis. AVL is not in itself subject to Solvency II and is not required to report separately any Solvency II values:

TOTAL ASSETS	2016 £000
Fixed Assets	11
Cash and Cash Equivalents	89
Other Assets	16
TOTAL ASSETS	**116**

The Solvency II valuation principles applied to assets are in line with UK GAAP, namely:

a) Fixed assets

These are valued at the lower of their amortised cost or net realisable value.

b) Goodwill

This represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses and amortisation. Negative goodwill is recognised and treated in accordance with FRS102 Section 19.24C. The Group Board assesses the accounting periods expected to benefit from the excess of the fair value of non-monetary assets acquired and release negative goodwill in accordance with that assessment. Goodwill is ignored for Solvency II purposes.

c) Insurance and Reinsurance Recoverables and Receivables

Valued based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year. Reclassified for solvency purposes to net off technical provisions.

d) Cash and equivalents

Valued at the amount held at the period end, translated using the year end exchange rate where appropriate.

e) Prepayments

Valued based on the estimated unused benefit as at 31 December 2016.

f) Other assets

Valued based on the best estimate of the recoverable or realisable value.

D.2 TECHNICAL PROVISIONS

The GAAP accounts of both the Group and its insurance subsidiary, Bestpark, include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for IBNR claims . The Group and Bestpark also consider any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR. All data in below relates to both the Group and Bestpark unless stated.

Under UK GAAP reporting, the constituent elements to the changes to the Technical Provisions are as follows:

CLASS	Total 31/12/15 £000	Total 31/12/16 £000	*Net M'ment £000*
Accident and Health	(54)	(5)	*49*
Marine Aviation and Transport	(94)	(8)	*86*
Fire and Other Damage To Property	(1,415)	(1,149)	*266*
Third Party Liability	(3,575)	(2,779)	*796*
Miscellaneous and Pecuniary Loss	(5,240)	(3,499)	*1,741*
Treaty	(1,738)	(1,377)	*361*
TOTAL	**(12,116)**	**(8,817)**	***3,299***

For the purposes of Solvency II, technical provisions are broken down in slightly different categories than those used in UK GAAP reporting, and then adjusted in accordance with standard calculations as follows:

Technical Provisions £000	Gross UK GAAP 2016	ENID	Discount -ing	SII Best Estimate	Risk Margin	Gross SII 2016
Marine, aviation, transport	**8**	0	0	**8**	-	**8**
Fire and other property damage	**592**	2	(4)	**590**	11	**601**
Third-party liability	**2,726**	10	-	**2,736**	182	**2,918**
Credit and suretyship	**1,360**	6	(7)	**1,359**	42	**1,401**
Miscellaneous	**3,336**	10	7	**3,353**	63	**3,416**
Non-proportional casualty reinsurance	**313**	1	(7)	**307**	27	**334**
Non-proportional property reinsurance	**277**	2	(3)	**276**	7	**283**
Medical expense	**5**	0	0	**5**	0	**5**
Sub-Total	**8,617**	**31**	(14)	**8,634**	**332**	**8,966**
ULAE provision	**200**	-	(2)	**198**	-	**198**
Sub-Total	**8,817**	**31**	(16)	**8,832**	**332**	**9,164**
Claims handling provision **	**63**	-	(1)	**62**	-	**62**
TOTAL	**8,880**	**31**	(17)	**8,894**	**332**	**9,226**

*** - The Claims Handling provision is not included within the technical provisions in GAAP*

D.2.1 Explanations for SII Adjustments

a) ENID

A loading for Events Not In Data ("ENID") was included, which allows for possible events that have not occurred in the Group's experience to date, but that could arise in the future.

An ENID loading was applied to each class of business, and was calculated using industry methodology. The ENID loading was slightly higher for the credit and suretyship due to specific claims, and for third party liability due to the uncertainty of the Employers Liability claims.

b) Discounting

The projected cash flows were discounted using risk free rate yield curves as at 31st December 2016, as published by EIOPA, according to the currencies and expected timing of the cash flows. Some of the discount rates used were negative (EUR, SEK), which meant that discounting these cash flows increased the Solvency II best estimate.

c) Risk Margin

A risk margin has been calculated for each line of business, which involves projecting a reference SCR for each future year until the business has run-off and calculating the expected cost of providing eligible own funds equal to the value of those SCR. The approach used is method 2 in guideline 61 from EIOPA's "Guidelines on the valuation of technical provisions".

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

- Changes in Company processes;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movement in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Group has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

D.3 OTHER LIABILITIES

As at 31st December 2016 the Group recorded the following liabilities:

Category £000	UK GAAP	Solvency II	Explanation
Accruals	125	125	None required
Insurance and Intermediaries Payable	111	111	None required
Reinsurance Payables	52	52	None required
Other Liabilities	196	196	None required

As at 31st December 2016 Bestpark recorded the following liabilities:

Category £000	UK GAAP	Solvency II	Explanation
Accruals	96	96	None required
Insurance and Intermediaries Payable	111	111	None required
Reinsurance Payables	52	52	None required
Other Liabilities	196	196	None required

D.4 ALTERNATIVE METHODS OF VALUATION

Not Applicable for the Group or subsidiaries

D.5 ANY OTHER INFORMATION

The full comparison of the UK GAAP and SII Balance sheet for Group is as follows:

	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted UK GAAP Value £000	Solvency II Value £000	Difference £000	Note
ASSETS						
Tangible Fixed Assets	11	-	**11**	***11***	-	
Goodwill/(Negative Goodwill)	(1,675)	-	(1,675)	-	*1,675*	***D.1.1***
Reinsurance Recoverables	2,091	(183)	**1,908**	***1,897***	*(11)*	***D.1.2***
Deposits with Cedents	407		**407**	***407***		
Insurance Receivables	29		**29**	***29***		
Reinsurance Receivables	654	183	**836**	***836***	-	***D.1.2***
Cash and Cash Equivalents	14,955	-	**14,955**	***14,955***	-	
Other Assets	34	-	**34**	***34***	-	
TOTAL ASSETS	16,506	0	**16,506**	***18,169***	*1,664*	
LIABILITIES						
Technical Provisions	8,817	-	**8,817**	***9,164***	*346*	***D.2.1***
Claims Handling Provision	63	-	**63**	***62***	*(1)*	***D.2.1***
Accruals	125	-	**125**	***125***	-	
Insurance and Intermediary Payables	111	-	**111**	***111***	-	
Reinsurance Payables	52	-	**52**	***52***	-	
Other Liabilities	196	-	**196**	***196***	-	
TOTAL LIABILITIES	9,364	-	**9,364**	***9,710***	*345*	
Net Assets/Surplus	**7,142**	-	**7,142**	***8,459***	***1,317***	

E.1 OWN FUNDS

As at 31st December 2016 the own funds of Group and Bestpark were as follows:

Own Fund Item	*Tier*	Group £000	%	Bestpark £000	%
Share Capital	1	20	1.00%	5,250	60.71%
Reconciliation Reserve	1	**8,439**	**99.00%**	**3,400**	**39.29%**
TOTAL		**8,459**	**100.00**	**8,650**	**100.00**

There have been no distributions made to the shareholders of Group and Bestpark during the year.

A capital reduction was effected during the year as notified to the PRA as part of the exercise to tidy up the balance sheet as part of the run-off of Bestpark.

E.2 SOLVENCY REQUIREMENT AND MINIMUM CAPITAL REQUIREMENTS

As at 31st December 2016 the SCR and MCR requirements of Group and Bestpark were as follows:

	Group		Bestpark	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	3,726	2.27	3,747	2.31
MCR	**3,332**	**2.54**	**3,332**	**2.60**

There has been no non-compliance with SCR or MCR during the course of the period in either Group or Bestpark.

The SCR of Group and Bestpark is made up as follows:

Risk Category	Sub Risk Category	Group £000	Group £000	Bestpark £000	Bestpark £000
Market	Currency	1,325		1,325	
	Interest rate	29		29	
	Diversification	(21)		(21)	
Total Market Risk			1,332		1,332
Counterparty	Type 1	673		671	
	Type 2	111		152	
	Diversification	(24)		(32)	
Total Counterparty Risk			760		791
Health Underwriting Risk			1		1
Non-Life Underwriting Risk			2,388		2,388
Operational Risk			267		267
Diversification			(1,022)		(1,032)
TOTAL SCR			**3,726**		**3,747**

SCR figures have been calculated using the standard formula with no simplified calculations being used.

The MCR of Bestpark is the absolute floor value of Euro 3.7m at the GBP/Euro exchange rate as at 31st October 2016 which was 0.90050 as published by the PRA. This conversion gives an MCR of £3.332m as at 31st December 2016. The absolute floor value is applicable as it exceeds 45% of Bestpark's SCR.

E.3 USE OF THE DURATION- BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Group and Bestpark have not used the duration-based equity risk sub-module.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Group and Bestpark use the standard formula.

ASHBROOKE FINANCIAL GROUP LIMITED

Company registration number: 09678901

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

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ASHBROOKE FINANCIAL GROUP LIMITED

COMPANY INFORMATION

Directors	Steven Gowland Andrew Morpeth
Company Secretary	Jeremy Watt
Registered Office	8 Eagle Court London EC1M 5QD
Independent Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their Strategic Report for the period ended 31 December 2016.

Principal activity and review of business

The Company was incorporated on 9 July 2015 in England & Wales with the company number 09678901. It is a holding company whose only investments are the entire issued share capital of Bestpark International Limited ('BIL') and Ashbrooke Ventures Limited ('AVL').

The principal activities of Ashbrooke Financial Group Limited and its subsidiaries (the 'Group') are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management and administration of insurance operations.

On 19 February 2016 the Company purchased 100% of the shares in BIL. BIL formerly operated as an insurance company underwriting direct and reinsurance risks in the London market. On 29 November 2002 BIL ceased to accept new business. Since 29 November 2002 the principal activity of BIL has been the administration of existing business in force and the settlement of outstanding claims.

On 19 February 2016 the Company purchased 100% of the shares in AVL. AVL supports the management team to acquire insurance run-off portfolios and provides other management consultancy services to the international reinsurance market.

The profit for the period was £7.1m and the profit after taxation was £7.1m.

The directors believe that the treatment of negative goodwill under FRS102 arising on the acquisition of BIL is inconsistent with the fact specialist run-off managers are more able to manage the risks inherent within end of life insurance companies than non-specialists and so negative goodwill (also known as a gain on bargain purchase) is common in the specialist field of insurance run-off. Under International Financial Reporting Standards a gain on bargain purchase would be written immediately to the profit and loss account rather than amortised over a period as convention requires under FRS102. The directors believe that this treatment would more adequately represent the Group's net asset position at the period end. The pro forma group profit before taxation would therefore have been £8.8m rather than £7.1m if negative goodwill was treated in this way and net assets would be £8.9m rather than £7.1m. It should also be noted that goodwill is disregarded for the purposes of calculating capital requirements under Solvency II.

Strategy and financial performance during the period

The Group offers high quality, knowledgeable resources to administer run-off services in the UK. The directors continue to seek an orderly run-off of the Group's business as quickly as is consistent with protecting the interests of policyholders. In order to achieve this objective the Group will continue to seek to remove future uncertainty through effective claims management techniques including commutation agreements, where appropriate.

The key performance indicator used by the directors is the reported and forecast solvency of the Group which they seek to maintain at a level that meets the Group's regulatory capital requirements. During the period the net assets of the Group have increased to £7.1m at 31 December 2016 under FRS102 following positive claims development and a comprehensive review of the held reserves in relation to a number of classes of business. The directors currently expect a solvent run-off to be maintained in the future. The Group comfortably exceeds its Regulatory Capital requirements for both MCR and SCR as calculated in accordance with Solvency II requirements.

Principal financial risks and uncertainties

The financial risks and uncertainties facing the Company and Group are described below under "Financial risk management". In addition to these financial risks the Company is exposed to legal and regulatory risk. Non-compliance with regulation could give rise to fines or restrictions on approvals which might impair the Group's performance or financial position.

As further explained in note 17 to the financial statements, the directors consider that there is uncertainty attaching to the future development of certain classes of business. Whilst the directors consider that, on the basis of information currently available, the Company and the Group will conduct a solvent run-off, there is a risk that the future cost of claims may exceed the financial resources of the Group and hence the Company and the Group may not be able to meet liabilities to policyholders.

Financial risk management

The Group is exposed to financial risk through its financial assets, liabilities, reinsurance assets and policyholder liabilities. In particular, a key financial risk is that the proceeds from financial and reinsurance assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of this financial risk are that the Group is exposed to interest rate risk, currency risk, credit risk and liquidity risk. The Group does not use hedging or adopt hedge accounting for any type of transactions.

Interest rate risk
The Group is exposed to interest rate risk in relation to its bank deposit balances. The Group manages this risk by investing cash balances so as to optimise returns whilst having regard to the minimum investment criteria as set out in the Investment Policy Statement.

Credit risk
Credit risk is the risk that a counterparty will be unable to pay the amounts in full when due. The main areas where the Group is exposed to credit risk is in relation to bank deposits with credit institutions and reinsurance assets. The Group seeks to minimise this risk by monitoring the financial security of credit institutions and reinsurers, and collecting reinsurance recoveries as soon as they become due. The Group manages this risk by investing cash balances with regard to the minimum investment criteria as set out in the Investment Policy Statement.

Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due. Instant access accounts holding at least £1m are maintained at all times.

Claims deterioration

Insurance risk is the risk that new claims may arise and that reserves on existing claims are inadequate. The Group seeks to mitigate this risk by regularly reviewing claim developments and carefully reviewing the adequacy of reserves including incurred but not reported ("IBNR") reserves within BIL.

This report was approved by the Board of Directors and signed on behalf of the Board

Steven Gowland
Director

7 April 2017

ASHBROOKE FINANCIAL GROUP LIMITED

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the period ended 31 December 2016.

Incorporation and principal activities

Ashbrooke Financial Group Limited was incorporated on 9 July 2015 and commenced trading on 19 February 2016. The principal activities of the Group are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management of insurance operations and management consulting to the international reinsurance market.

Dividends

The directors do not recommend the payment of a dividend in the period.

Directors

The directors who served during the period were:

Steven Gowland – Appointed 9 July 2015
Andrew Morpeth – Appointed 9 July 2015

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary company, BIL, particularly those in relation to liability, latent defects and financial institutions business. These could vary materially from the amounts currently estimated and exceed the financial resources of the Group. However, the Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Financial risk management and future developments are covered within the Strategic Report.

Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern.

Matters covered in the Strategic Report

As permitted in paragraph 1A of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the financial risk management disclosures.

Events since the end of the year

There have been no significant post balance sheet events.

This report was approved by the board of directors and signed on its behalf by:

Steven Gowland
Director

7 April 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

Statement as to disclosure of information to Auditor

Each of the persons who is a director at the date of this Directors' Report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2016

We have audited the financial statements of Ashbrooke Financial Group Limited for the period ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent's affairs as at 31 December 2016 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we draw attention to the disclosure in note 17 to the financial statements concerning the Group's technical provisions. Uncertainty exists regarding the ultimate cost of settlement of these liabilities and the recoverability of the reinsurers' share of the technical provisions. These uncertainties are such that the ultimate liabilities, which will vary as a result of subsequent information and events, may result in material, but presently unquantifiable, adjustments to the amounts provided. Adjustments to the amount of provisions are reflected in the financial statements for the period in which they occur.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2016

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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.

Steve Liddell

Steve Liddell (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

7 April 2017

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	2016
		£'000
TECHNICAL ACCOUNT - GENERAL BUSINESS		
Earned Premiums, net of reinsurance		
Gross premiums written	3	-
Outward reinsurance premiums	3	-
Change in the gross provision for unearned premiums		-
Change in the provision for unearned premiums, reinsurers' share		-
Allocated investment return transfer from technical account	4	5
Other operating income		-
Other income		5
Technical income		5
Claims Incurred, Net Of Reinsurance		
Claims Paid		
Gross Amount		(1,799)
Reinsurers' share		523
Net claims paid		(1,276)
Change in Provision For claims	17,19	4,594
Gross amount		
Reinsurer's share	17,19	(778)
Net Change in Provision for Claims		3,816
Net operating expenses	5	(66)
Total Technical Charges		2,474
Balance on Technical Account		2,479
NON TECHNICAL ACCOUNT		
Balance on Technical Account – General Business		2,479
Investment Income		5
Investment Income Allocated to Technical Account		(5)
Other Income		
Amortisation of negative goodwill	11	4,035
Foreign Exchange Gains	8	623
Other Charges including Value Adjustments	11	(14)
Profit on Ordinary Activities Before Taxation		7,123
Income tax expense	10	(1)
Profit For The Financial Period		7,122

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME	7,122

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016
		£'000
Intangible Assets		
Positive Goodwill	11	54
Negative Goodwill	11	(1,729)
		(1,675)
Reinsurers' share of technical provisions		
Provision for unearned premiums	17	-
Claims outstanding	17,19	2,090
		2,090
Debtors		
Debtors arising out of direct insurance operations	13	29
Debtors arising out of reinsurance operations	13	1,061
Other debtors	13	-
		1,090
Other assets		
Tangible Assets	12	11
Cash at bank and in hand	14	14,956
		14,967
Prepayments and accrued income		
Other prepayments and accrued income		34
		34
TOTAL ASSETS		16,506
Capital and reserves		
Called up share capital	16	20
Profit and loss account		7,122
Total shareholders' funds		7,142
Technical provisions		
Provision for unearned premiums	17	-
Claims outstanding	17,19	8,817
		8,817
Creditors		
Creditors arising out of direct insurance operations		111
Creditors arising out of reinsurance operations		21
Other creditors		320
		452
Accruals and deferred income		95
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,506

The financial statements were approved by the board of directors on 7 April 2017 and were signed on its behalf by:

Andrew Morpeth
Director

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £'000
ASSETS		
Non-current assets		
Investments	15	211
		211
Current assets		
Trade and other receivables	13	-
Cash at bank and in hand	14	-
		-
TOTAL ASSETS		211
EQUITY		
Capital and reserves		
Called up share capital	16	20
Profit and loss account		-
Total shareholders' funds		20
LIABILITIES		
Current liabilities		
Trade and other payables	18	191
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		211

The financial statements were approved by the board of directors on 7 April 2017 and were signed on its behalf by:

Andrew Morpeth
Director

Company Registration No 09678901

The notes on pages 14 to 30 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

Consolidated	Called up share capital £'000	Profit and loss account £'000	Total share-holders' equity £'000
Issue of share capital on incorporation	20	-	20
Profit for the period	-	7,122	7,122
Other comprehensive income	-	-	-
Total comprehensive income	**20**	**7,122**	**7,142**
At 31 December 2016	**20**	**7,122**	**7,142**

Reserves

Profit and loss account
This reserve represents the cumulative profits and losses of the Group.

Company

	Called up share capital £'000	Profit and loss account £'000	Total shareholers' equity £'000
On incorporation	20	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	20	-	20
At 31 December 2016	20	-	20

Reserves

Profit and loss account
This reserve represents the cumulative profits and losses of the Company.

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	2016 £ '000
Net cash from operating activities		
Profit on Ordinary Activities Before Taxation		7,123
Interest receivable		(5)
Goodwill Adjustment		(4,021)
Depreciation		4
Adjustments to Reconcile Cash Flows Used in Operating Activities		
Reinsurers share of Technical Account	17,19	573
Debtors Arising From Direct Insurance Activities	13	(29)
Debtors Arising From Reinsurance Activities	13	(252)
Other Debtors		12
Technical Provisions	17,19	(3,549)
Creditors Arising From Direct Insurance Activities		111
Creditors Arising From Reinsurance Activities		(590)
Other Creditors		97
Taxation paid		(1)
Net cash absorbed by operating activities		(527)
Cash flow from investing activities		
Purchase of Ashbrooke Ventures Limited		10
Purchase of Bestpark International Limited		15,463
Purchase of Tangible Assets		(15)
Interest received		5
Net cash used in investing activities		15,463
Cash flow from financing activities		
Issue of Shares		20
Net cash used in financing activities		20
Net increase in cash at bank and in hand		**14,956**
Cash and cash equivalents on incorporation		0
Cash and cash equivalents at the end of the period		14,956

1 ACCOUNTING POLICIES

General information

The Company is registered in England & Wales with the registered number: 09678901 and is a holding company whose only investments are the entire issued share capital of Bestpark International Limited and Ashbrooke Ventures Limited. The address of its registered office and principal place of business is 8 Eagle Court, London EC1M 5QD.

These financial statements have been presented in Pounds Sterling as this is the Company's and subsidiaries' functional currency, being the currency of the primary economic environment in which the Group operates.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2). A summary of important and material accounting policies is set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and those of its subsidiaries made up to 31 December 2016. Where a subsidiary is acquired/disposed of during the period, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All intra-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies. The profit and loss account for the period dealt with in the accounts of the Company was £Nil.

Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the fair value of assets transferred, liabilities incurred and the equity interest issued by the Group at the date of acquisition, which includes the fair value of any assets or liabilities arising from a contingent arrangement.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiaries financial statements prior to the acquisition.

Goodwill and negative goodwill is stated after separate recognition of identifiable net assets. It is calculated as the difference between (i) the fair value of the consideration transferred; and (ii) the fair value of the reporting entity's share of the pre-transaction identifiable net assets of the other entity.

In accordance with section 408 of the Companies Act 2006 the Company has chosen not to present an individual profit and loss account for the period.

ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses and amortisation.

Negative goodwill is recognised and treated in accordance with FRS102 Section 19.24C. The directors assess the accounting periods expected to benefit from the excess of the fair value of non-monetary assets acquired and release negative goodwill in accordance with that assessment.

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary company, Bestpark International Limited, particularly those in relation to liability, latent defects and financial institutions business. These could vary materially from the amounts currently estimated and exceed the financial resources of the Group. However, the Company and Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern.

Tangible fixed assets

Tangible fixed assets is recognised as an asset only if it is probable that economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. After recognition, all property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Computer equipment	33.33 % per annum
Fixtures and fittings	20.00 % per annum

The residual value and the useful life of an asset is reviewed at least at each financial period-end. Gains or losses arising on disposal of tangible fixed assets are determined as the difference between the disposal proceeds and carrying value of the asset and are recognised in profit or loss.

Premiums written

Premiums written relate to business incepted during the period, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Company or the Group, less an allowance for cancellations.

Unearned premiums

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

Acquisition costs

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

ACCOUNTING POLICIES (CONTINUED)

Claims incurred

Claims incurred comprise claims and related expenses paid in the period and changes in the provision for outstanding claims, including provision for claims incurred but not yet reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Taxation

The tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date. Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds only basic financial instruments, which comprise cash and cash equivalents, debtors, debt securities and creditors. The Group has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues* in full.

Financial assets – classified as basic financial instruments
Cash and cash equivalents
Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Debtors and deposits with ceding undertakings
Debtors include debtors arising out of direct and reinsurance operations and other debtors. Debtors and deposits with ceding undertakings are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year the Group assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original

ACCOUNTING POLICIES (CONTINUED)

terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments
Creditors
Creditors include creditors arising out of direct and reinsurance operations and other creditors. Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. This is discussed in more detail in note 17, 19 and 20.

Reinsurance recoveries

Reinsurance recoveries in respect of estimated claims incurred but not reported ("IBNR") are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Group's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

Foreign currencies

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing on the first day of the month in which the transactions took place. Income and expenses items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. For the purposes of foreign currency translation, insurance balances are treated as monetary items. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

Segmental analysis

The Company only operates in the UK and there are no reportable segments which are managed separately based on the Company's management and internal reporting structure.

ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries

Investments in subsidiaries are recorded at historical cost in the Company's balance sheet.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group and Company financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are as follows:

(i) Estimating claims provisions and reinsurance recoveries

When estimating claims provisions and reinsurance recoveries the directors are required to make estimates regarding various inputs into calculations for these balances. These are discussed further in note 17, 19 and 20.

(ii) Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

(iii) Treatment of Negative Goodwill

Under FRS102, negative goodwill arising on acquisitions should be released to the profit and loss account on the basis of accounting periods of recovery for excesses relating to non-monetary assets and in the accounting periods expected to benefit for any excess relating to non-monetary assets acquired. The directors have used their judgement in assessing the accounting periods that are expected to benefit and believe that the release should be in the year of acquisition. However, they have decided to release the negative goodwill over a three year period in the percentages set out in note 11.

3 PARTICULARS OF BUSINESS WRITTEN

The business of the Group arises mainly in respect of London market direct insurance and reinsurance business the premiums written and results have been analysed accordingly.

	Gross written premiums 2016 £'000	Gross earned premiums 2016 £'000	Gross claims incurred 2016 £'000	Reinsurance balance 2016 £'000
Direct insurance	0	0	2,577	(516)
Reinsurance	0	0	217	262
	0	0	2,794	(254)
By class of business- Direct insurance:				
Accident & health	-	-	58	0
Marine, aviation and transport	-	-	72	0
Fire and other property damage	-	-	400	(112)
Third party liability	-	-	586	0
Miscellaneous & pecuniary loss	-	-	1,461	(404)
	0	0	2,577	(516)

4 INVESTMENT INCOME

	2016 £'000
Income from cash at bank	5
	5

5 NET OPERATING EXPENSES

	2016 £'000
Administrative expenses	551
Change in reinsurance profit commission	(26)
Release of irrecoverable debtors and creditors	(459)
	66

6 INVESTMENT EXPENSES AND CHARGES

	2016 £'000
Investment management expenses	-

7 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff Costs for the period were as follows:

	Group £'000
Wages and Salaries	73
Social Security Costs	8
Other pension costs	3
	84

The total average number of employees, including directors, in the period was 3.

The remuneration of the Directors, who comprise the key personnel, was as follows:

	Group £'000
Wages and Salaries	177
Defined contribution pension payments	1
	178

8 OTHER INCOME AND EXPENSES

	2016 £'000
Foreign exchange gains	623

9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group 2016 £'000
Profit on ordinary activities before taxation is stated after charging:	
Auditor's remuneration	
- fees payable for the audit of the company financial statements	21
- fees payable for the audit of the group financial statements	7
- fees payable for audit related assurance services	8
- tax compliance services	4
	40

10 TAXATION

Analysis of profit or loss charge	2016 £'000
Current tax on profit on ordinary activities	-
Prior Year tax on profit on ordinary activities	(1)

10 TAXATION (CONTINUED)

Factors affecting current tax charge

	2016
	£'000
Profit on ordinary activities before tax	7,123
UK corporation tax at 20.00%	1,424
Adjustments for items not chargeable to Corporation Tax	(804)
Tax losses utilised	(620)
Total tax on profit on ordinary activities	(1)

The Group has unutilised tax losses of approximately £3.5m as at 31 December 2016. Following the decision to place BIL into run-off and the subsequent acquisition of BIL by the Company, it is still considered unlikely that there will be sufficient profits in future periods against which tax losses can be offset and therefore no deferred tax asset has been recognised. There is no expiry date for these losses.

Factors affecting future tax rates

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted in October 2015. Further reduction to the tax rate from 18% to 17% (effective 1 April 2020) was enacted in September 2016. These rates have therefore been considered when calculating deferred tax at the reporting date.

11 GOODWILL

	Negative Goodwill	Goodwill	Total
	£'000	£'000	£'000
Cost			
On incorporation	-	-	-
Acquisition of subsidiaries	(5,764)	68	(5,696)
As at 31 December 2016	(5,764)	68	(5,696)
Accumulated (amortisation)/release			
On incorporation	-	-	-
Amortisation charge for the period	-	(14)	(14)
Release in period	4,035	-	4,035
As at 31 December 2016	4,035	(14)	4,021
Carrying amount at 31 December 2016	(1,729)	54	(1,675)

In accordance with Section 27 Impairment of Assets, the directors have performed a review of the value of the goodwill held by the group and are satisfied that there was no indication of impairment at the period end.

11 GOODWILL (CONTINUED)

In accordance with the policy on Goodwill, goodwill is amortised over a five year period and negative goodwill is released and recognised in the periods expected to benefit. The directors' have assessed the timetable for the run off of BIL and have spread the release of negative goodwill over the three year period as follows:

2016 70%
2017 15%
2018 15%

The directors believe that this reflects the estimated actual benefit which each of the accounting periods will receive based upon their assessment of the estimated run off timetable.

12 TANGIBLE ASSETS

	Computer equipment £'000	Furniture and fittings £'000	Total £'000
Cost			
On incorporation	-	-	-
Additions	11	4	15
As at 31 December 2016	11	4	15
Depreciation			
On incorporation	-	-	-
Charge	(3)	(1)	(4)
As at 31 December 2016	(3)	(1)	(4)
Carrying amount at 31 December 2016	8	3	11

13 DEBTORS

	Group 2016 £'000	Company 2016 £'000
Debtors arising out of direct insurance operations	29	-
Debtors arising out of reinsurance operations	1,061	-
Other Debtors	0	-
	1,090	-

14 CASH AT BANK AND IN HAND

	Group 2016 £'000	Company 2016 £'000
Cash at bank and in hand	14,956	-

Cash includes £7.4m of short term liquidity funds.

15 FIXED ASSET INVESTMENTS

Company

	£'000
Investments in subsidiary companies	
Additions in Period	211
Net book value at 31 December 2016	211

Subsidiary Undertakings

Name	*Class*	*Holding*	*Business*
Bestpark International Limited	Ordinary A and B Shares	100%	Insurance Run off
Ashbrooke Ventures Limited	Ordinary shares	100%	Consulting Services

Both subsidiaries were acquired on 19 February 2016 and are registered in England and Wales with their registered offices at 8 Eagle Court, London EC1M 5QD.

16 SHARE CAPITAL

On incorporation the Company issued 20,000 ordinary £1 shares at par.

17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING

	Provision for unearned premiums 2016 £'000	Claims Outstanding 2016 £'000	Total 2016 £'000
Gross amount			
At 19 February	0	12,366	12,366
Exchange difference	0	1,045	1,045
Change in the provisions	0	(4,594)	(4,594)
At 31 December	0	8,817	8,817
Reinsurance amount			
At 19 February	0	(2,662)	(2,662)
Exchange difference	0	(206)	(206)
Change in the provisions	0	778	778
At 31 December	0	(2,090)	(2,090)
Net technical provisions			
At 19 February	0	9,704	9,704
Exchange difference	0	839	839
Change in the provisions	0	(3,816)	(3,816)
At 31 December	0	6,727	6,727

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING (CONTINUED)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified, where more information about the claim event is generally available. IBNR liabilities may often not be apparent to the insured until many years after the event giving rise to the claim. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

18 TRADE AND OTHER PAYABLES

Company

	2016 £'000
Amounts owed to Group undertakings	191

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

19 CLAIMS OUTSTANDING

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

- Changes in Company processes;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movement in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Group has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

20 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Group is exposed.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

Sensitivity to insurance risk

In estimating the insurance liabilities the Group uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

	Pre-tax profit 2016 £'000	Shareholders' equity 2016 £'000
5% increase in operating expenses		
Gross	(27)	(27)
Net	(27)	(27)
5% increase in claims value		
Gross	(90)	(90)
Net	(64)	(64)

There remains uncertainty surrounding the ultimate cost of insurance claims to the Group. At 31 December 2016 reserves for claims outstanding were £8.8m and expected reinsurance recoveries totalled £2.1m.

The latent defects account provides cover for structural defects in new build properties, mainly of a residential nature, and typically for a 10 year period from the date of completion – though this can be delayed on occasions.

The majority of the business which was underwritten by the Group related to risks located in Denmark, French Polynesia/New Caledonia, Spain, Sweden and the United Kingdom.

The extended duration of the claims tail as well as its general uncertainty, are factors in the assessment of the IBNR provision for the latent defects account. Total claims reserves in relation to latent defects are £3.3m which includes claims outstanding of £1.1m and IBNR of £2.2m.

In addition, the Group has significant exposure in respect of claims which are the subject of litigation in a variety of jurisdictions across Europe including Italy, Spain and the United Kingdom as well as in Columbia.

The final cost of these claims is subject to uncertainty pending the conclusion of legal actions, the outcome of which is unlikely to be known for some time including the long running proceedings in Columbia relating to the Banco de la Republica claim notification. As a consequence of these issues the net asset position of the Group is subject to uncertainty.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The Group's subsidiary BIL has not written any new policies for over 5 years. and earned premiums over this period have been minimal. The following net favourable/ (adverse) run-off deviations experienced since 2010 in respect of BIL's insurance reserves were:

	£'000
2011	354
2012	(838)
2013	(129)
2014	967
2015	3,417
2016	3,187

This table includes figures that relate to periods before the acquisition of BIL by the Company in 2016 and are provided for completeness of information.

Concentrations of insurance risk

Management determines concentrations of risk by reference to class of business and geographical location. Prior to entering into run-off the Group's subsidiary, BIL, previously underwrote risk across a range business classes and geographical locations. The concentrations of risk that the Group is exposed to in respect of class of business and geographical location is set out in the tables below, by reference to liabilities.

Concentration of insurance risk by geographical location:

	Gross 2016 £'000	Reinsurance 2016 £'000	Net 2016 £'000
UK	1,029	(193)	836
Europe	5,623	(1,111)	4,512
Other	2,165	(786)	1,379
	8,817	**(2,090)**	**6,727**

Concentration of insurance risk by class of business:

	Gross 2016 £'000	Reinsurance 2016 £'000	Net 2016 £'000
Accident & health	5	-	5
Marine, aviation and transport	8	-	8
Fire and other damage to property	1,149	(41)	1,108
Third party liability	2,779	(12)	2,767
Miscellaneous & pecuniary loss	3,499	(1,676)	1,823
Treaty	1,377	(361)	1,016
Total	**8,817**	**(2,090)**	**6,727**

21 FINANCIAL INSTRUMENTS

Category of financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2016 £'000
Financial assets	
Measured at amortised cost	
– Deposits with ceding undertakings	408
– Cash at bank and in hand	14,956
Measured at undiscounted amount receivable	
- Debtors arising out of direct insurance operations	29
– Debtors arising out of reinsurance operations	653
– Other debtors	34
Total financial assets	16,080

	2016 £'000
Financial liabilities	
Measured at undiscounted amount payable	
- Creditors arising out of direct insurance operations	111
– Creditors arising out of reinsurance operations	21
– Other creditors	320
Total financial liabilities	452

22 FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include:

- Interest rate risk;
- Credit risk; and
- Liquidity risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main exposure to cash flow interest rate risk is on cash balances, which are subject to variable rates of interest.

Credit risk

Credit risk is the risk that a counterparty to the Group's financial instruments will cause a loss to the Group through failure to perform its obligations. There were no changes in the Group's credit risk exposure in the financial period nor to the objectives, policies and processes for managing credit risk.

The key areas of exposure to credit risk for the Group result through its reinsurance programme, investments and bank deposits.

Cash balances and deposits are placed only with highly rated credit institutions. To mitigate the risk arising from exposure to reinsurers the Group's policy is to only conduct business with companies of appropriate financial strength ratings. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major reinsurers.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

The credit quality of the Group's financial assets which are neither past due nor impaired is set out below:

	AA 2016 £'000	A 2016 £'000	Not rated 2016 £'000	Carrying amount 2016 £'000
Reinsurer's share of technical provisions	750	1,117	163	2,090
Debtors arising out of direct insurance operations	-	-	29	29
Debtors arising out of reinsurance operations	48	863	150	1,061
Cash at bank and in hand	-	14,956	-	14,956
	798	16,936	342	18,136

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment; ageing of balances; past loss experience; current economic conditions; and other relevant circumstances.

	Neither past due nor impaired 2016 £'000	Past due less than 30 days 2016 £'000	Past due 31 to 60 days 2016 £'000	Past due 61 to 90 days 2016 £'000	Past due more than 90 days 2016 £'000	Past due and impaired 2016 £'000	Carrying amount 2016 £'000
Reinsurer's share of technical provisions	2,090	-	-	-	-	-	2,090
Debtors arising out of direct insurance operations	-	-	-	-	29	-	29
Debtors arising out of reinsurance operations	121	337	-	-	603	-	1,061
Other debtors	-	-	-	-	-	-	-
Cash at bank and in hand	14,955	-	-	-	-	-	14,955
	17,166	337	-	-	632	-	18,135

No allowance has been made for estimated irrecoverable amounts from counterparties determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. There were no changes in the Group's subsidiary BIL's liquidity risk exposure in the financial period nor to the objectives, policies and processes for managing liquidity risk.

The Group is primarily exposed to liquidity risk arising from policy holders on its insurance contracts. The Group manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Group has sufficient access to funds necessary to cover insurance claims and other liabilities.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The tables include both interest and principal cash flows.

	1 - 3 months 2016	*3 months to 1 year 2016*	*1 - 5 years 2016*	*5+ years 2016*	Total 2016
	£'000	*£'000*	*£'000*	*£'000*	£'000
Claims outstanding	150	1,300	7,367	-	8,817
Creditors arising out of direct insurance operations	24	55	32	-	111
Creditors arising out of reinsurance operations	-	-	21	-	21
Other creditors	-	-	320	-	320
	174	1,355	7,740	-	9,269

Currency risk

The Group's asset and liability matching procedures ensure that all liabilities are at least matched by assets in the same denomination, reducing the exposure to currency risk. During the period, a proportion of surplus own funds were held in foreign currencies which has resulted in a foreign currency gain in the period.

At 31 December 2016, the Group held approximately £3.8m in US denominated assets, £0.6m in Euro denominated assets and £0.7m in Swedish Kroner denominated assets in excess of the estimated liabilities in these currencies.

23 CAPITAL MANAGEMENT

The Group's insurance related operations are regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA") and are subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to the Group's insurance liabilities. The Group manages capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations.

The Group's objectives in managing capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of its policyholders and regulators; and
- To support business growth.

The Group's capital consists of ordinary share capital and retained earnings. The Group's capital levels which were £7.1m at 31 December 2016 which comfortably exceeds the Group's Regulatory Capital requirements as calculated for Solvency II purposes.

24 RELATED PARTY TRANSACTIONS

For the period from 1 January 2016 to 19 February 2016, Charles Taylor Insurance Services Limited ("CTIS"), a wholly-owned subsidiary of Charles Taylor plc ("CT"), undertook to manage and perform all operational functions in relation to the management of BIL's insurance and reinsurance business. For that period, £110,155 was paid to CTIS representing fees for management services, including services provided by third parties including an amount on account of the termination of its management contract on the sale of BIL on 19 February 2016. CTIS was not a related party at the year end and there were no outstanding balances due to CTIS.

There were no other related party transactions.

25 ACQUISITION OF SUBSIDIARIES

On 19 February 2016 the Company acquired 100% of the shares in Bestpark International Limited, an insurance run-off company based in the UK. The consideration was £130k. At the same time, the Company acquired 100% of the issued share capital of Ashbrooke Ventures Limited. The consideration was £80k. The directors' consider the carrying values to be at fair value at the point of acquisition of both companies.

Fair value recognised on acquisitions

	AVL £'000	BIL £'000
Assets		
Fixed Assets	-	-
Cash	90	15,595
Ceded Amounts	-	2,663
Insurance and Reinsurance debtors	-	809
Other debtors	-	46
Total Assets	90	19,112
Gross outstanding claims	-	(12,366)
Insurance and reinsurance creditors	-	(611)
Other creditors	78	(240)
Total Liabilities	78	(13,218)
Net Assets Acquired	12	5,894
Consideration	80	130
Goodwill/(Negative Goodwill)	68	(5,764)
Amounts included within the Statement Of Consolidated Income for the period		
Revenue	30	0
Profit/(Loss)	(10)	3,112

26 CONTINGENT LIABILITIES

The Company and Group have no contingent liabilities other than those arising in the normal course of its insurance business.

27 POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

28 CONTROLLING PARTY

The controlling party of the Company is Mr S Gowland.

GROUP

SOLVENCY AND FINANCIAL CONDITION REPORT

AS AT

31st DECEMBER 2016

APPENDIX 2

QUANTITATIVE REPORTING TEMPLATES -

GROUP

G.02.01.02 - Balance sheet

Contents

	Solvency II value
Assets	C0010
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	11
Investments (other than assets held for index-linked and unit-linked contracts)	0
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	1,897
Non-life and health similar to non-life	1,897
Non-life excluding health	1,897
Health similar to non-life	0
Life and health similar to life, excluding health and index-linked and unit-linked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	407
Insurance and intermediaries receivables	29
Reinsurance receivables	836
Receivables (trade, not insurance)	0
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	14,955
Any other assets, not elsewhere shown	34
Total assets	18,169

	Solvency II value
	C0010
Liabilities	
Technical provisions – non-life	9,226
Technical provisions – non-life (excluding health)	9,222
TP calculated as a whole	0
Best Estimate	8,890
Risk margin	332
Technical provisions - health (similar to non-life)	5
TP calculated as a whole	0
Best Estimate	4
Risk margin	0
Technical provisions - life (excluding index-linked and unit-linked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and index-linked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	0
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	125
Insurance & intermediaries payables	111
Reinsurance payables	52
Payables (trade, not insurance)	0
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	196
Total liabilities	9,710
Excess of assets over liabilities	8,459

S.23.01.22 - Own funds

Contents

Tabular

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	0	0		0	
Non-available called but not paid in ordinary share capital at group level	0	0		0	
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Non-available subordinated mutual member accounts at group level	0		0	0	0
Surplus funds	0	0			
Non-available surplus funds at group level	0	0			
Preference shares	0		0	0	0
Non-available preference shares at group level	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Non-available share premium account related to preference shares at group level	0		0	0	0
Reconciliation reserve	8,439	8,439			
Subordinated liabilities	0		0	0	0
Non-available subordinated liabilities at group level	0		0	0	0
An amount equal to the value of net deferred tax assets	0				0
The amount equal to the value of net deferred tax assets not available at the group level	0				0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
Non-available minority interests at group level	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	0	0	0	0	
whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
Total of non-available own fund items	0	0	0	0	0
Total deductions	0	0	0	0	0
Total basic own funds after deductions	8,439	8,439	0	0	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Non available ancillary own funds at group level	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Own funds of other financial sectors					
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	0	0	0	0	
Institutions for occupational retirement provision	0	0	0	0	0
Non regulated entities carrying out financial activities	0	0	0	0	
Total own funds of other financial sectors	0	0	0	0	
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	8,439	8,439	0	0	0
Total available own funds to meet the minimum consolidated group SCR	8,439	8,439	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	8,439	8,439	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	8,439	8,439	0	0	
Consolidated Group SCR					
Minimum consolidated Group SCR	0				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)					
Ratio of Eligible own funds to Minimum Consolidated Group SCR	0.0000				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	8,439	8,439	0	0	0
SCR for entities included with D&A method					
Group SCR	3,726				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	2.2648				

Reconciliation reserve					
Excess of assets over liabilities	8,459				
Own shares (held directly and indirectly)	20				
Forseeable dividends, distributions and charges	0				
Other basic own fund items	0				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
Other non available own funds	0				
Reconciliation reserve before deduction for participations	8,439				
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	0				
Expected profits included in future premiums (EPIFP) - Non- life business	0				
Total Expected profits included in future premiums (EPIFP)	0				

S.25.01.22 - Solvency Capital Requirement - for undertakings on Standard Formula

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0080	C0090
Market risk	1,332		
Counterparty default risk	760		
Life underwriting risk	0		
Health underwriting risk	1		
Non-life underwriting risk	2,388		
Diversification	-1,022		
Intangible asset risk	0		
Basic Solvency Capital Requirement	3,459		

Calculation of Solvency Capital Requirement	C0100
Operational risk	267
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	3,726
Capital add-on already set	0
Solvency capital requirement	3,726
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0
Minimum consolidated group solvency capital requirement	0
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
Capital requirement for non-controlled participation requirements	0
Capital requirement for residual undertakings	0
Overall SCR	
SCR for undertakings included via D and A	0
Solvency capital requirement	3,726

G.32.01.22 - Undertakings in the scope of the group

Contents

								Criteria of influence						Inclusion in the		Group
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	738073	SC	Ashbrook Financial Group Limited	5	Company Limited by shares	2	PRA							1		1
GB	[illegible]	LEI	Bestpark International Limited	2	Company Limited by shares	2	PRA	1.0000	1.0000	1.0000	1	1	1.0000	1		1
GB	6393937	SC	Ashbrooke Ventures Limited	99	Company Limited by shares	2		1.0000	1.0000	1.0000	1	1	1.0000	1		1

G.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Contents

Tabular

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Premiums earned																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims incurred																	
Gross - Direct Business	74	0	0	0	0	91	-578	742	1,312	0	0	809					2,449
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted													0	293	0	175	468
Reinsurers' share	0	0	0	0	0	0	-23	-3	-20	0	0	-161	0	0	0	-7	-214
Net	74	0	0	0	0	91	-555	745	1,331	0	0	971	0	293	0	183	3,131
Changes in other technical provisions																	
Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted													0	0	0	0	0
Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses																	0
Total expenses																	0

GROUP
SOLVENCY AND FINANCIAL CONDITION REPORT
AS AT
31st DECEMBER 2016

APPENDIX 2
QUANTITATIVE REPORTING TEMPLATES -
BESTPARK

P.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based
Solvency II reporting solution

	Solvency II value
Assets	C0010
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	0
Investments (other than assets held for index-linked and unit-linked contracts)	0
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	1,897
Non-life and health similar to non-life	1,897
Non-life excluding health	1,897
Health similar to non-life	0
Life and health similar to life, excluding health and index-linked and unit-linked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	407
Insurance and intermediaries receivables	29
Reinsurance receivables	836
Receivables (trade, not insurance)	0
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	14,866
Any other assets, not elsewhere shown	295
Total assets	18,330

Liabilities	Solvency II value
	C0010
Technical provisions – non-life	9,226
Technical provisions – non-life (excluding health)	9,222
TP calculated as a whole	0
Best Estimate	8,890
Risk margin	332
Technical provisions - health (similar to non-life)	5
TP calculated as a whole	0
Best Estimate	4
Risk margin	0
Technical provisions - life (excluding index-linked and unit-linked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and index-linked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	0
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	96
Insurance & intermediaries payables	111
Reinsurance payables	52
Payables (trade, not insurance)	0
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	196
Total liabilities	9,680
Excess of assets over liabilities	8,650

S.17.01.02 - Non-Life Technical Provisions

Contents

Tabular

	Direct business and accepted proportional reinsurance												Accepted non-proportional				
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsura	Non-proportional casualty reinsura	Non-proportional marine, aviation	Non-proportional property reinsura	Total Non-Life obligation
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
Gross	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Best Estimate of Premium Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims provisions																	
Gross	4	0	0	0	0	8	589	2,997	1,359	0	0	3,353	0	307	0	276	8,894
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	339	12	31	0	0	1,465	0	0	0	49	1,897
Net Best Estimate of Claims Provisions	4	0	0	0	0	8	250	2,985	1,328	0	0	1,888	0	307	0	227	6,998
Total Best estimate - gross	4	0	0	0	0	8	589	2,997	1,359	0	0	3,353	0	307	0	276	8,894
Total Best estimate - net	4	0	0	0	0	8	250	2,985	1,328	0	0	1,888	0	307	0	227	6,998
Risk margin	0	0	0	0	0	0	11	182	42	0	0	63	0	27	0	7	332
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																	
Technical provisions - total	5	0	0	0	0	8	601	3,179	1,401	0	0	3,415	0	334	0	283	9,226
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	0	0	0	0	339	12	31	0	0	1,465	0	0	0	49	1,897
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	5	0	0	0	0	8	261	3,166	1,370	0	0	1,951	0	334	0	234	7,330

S.23.01.01 - Own funds

Contents

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
Ordinary share capital (gross of own shares)	5,250	5,250		0	
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Surplus funds	0	0			
Preference shares	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Reconciliation reserve	3,400	3,400			
Subordinated liabilities	0		0	0	0
An amount equal to the value of net deferred tax assets	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be	0				
Deductions					
Deductions for participations in financial and credit institutions	0	0	0	0	
Total basic own funds after deductions	8,650	8,650	0	0	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings,	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Available and eligible own funds					
Total available own funds to meet the SCR	8,650	8,650	0	0	0
Total available own funds to meet the MCR	8,650	8,650	0	0	
Total eligible own funds to meet the SCR	8,650	8,650	0	0	0
Total eligible own funds to meet the MCR	8,650	8,650	0	0	
SCR	3,747				
MCR	3,332				
Ratio of Eligible own funds to SCR	2.3085				
Ratio of Eligible own funds to MCR	2.5960				

	C0060
Reconciliation reserve	
Excess of assets over liabilities	8,650
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	0
Other basic own fund items	5,250
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	3,400
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	0
Expected profits included in future premiums (EPIFP) - Non- life business	0
Total Expected profits included in future premiums (EPIFP)	0

P.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Contents

Tabular
Microsoft Excel-based Solvency II reporting solution

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCRNL Result	1,018

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expenses insurance and proportional reinsurance	4	0
Income protection insurance and proportional reinsurance	0	0
Workers' compensation insurance and proportional reinsurance	0	0
Motor vehicle liability insurance and proportional reinsurance	0	0
Other motor insurance and proportional reinsurance	0	0
Marine, aviation and transport insurance and proportional reinsurance	8	0
Fire and other damage to property insurance and proportional reinsurance	250	0
General liability insurance and proportional reinsurance	2,985	0
Credit and suretyship insurance and proportional reinsurance	1,328	0
Legal expenses insurance and proportional reinsurance	0	0
Assistance and proportional reinsurance	0	0
Miscellaneous financial loss insurance and proportional reinsurance	1,888	0
Non-proportional health reinsurance	0	0
Non-proportional casualty reinsurance	307	0
Non-proportional marine, aviation and transport reinsurance	0	0
Non-proportional property reinsurance	227	0

Linear formula component for life insurance and reinsurance obligations

	C0040
MCRL Result	0

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
Obligations with profit participation - guaranteed benefits	0	
Obligations with profit participation - future discretionary benefits	0	
Index-linked and unit-linked insurance obligations	0	
Other life (re)insurance and health (re)insurance obligations	0	
Total capital at risk for all life (re)insurance obligations		0

Overall MCR calculation	C0070
Linear MCR	1,018
SCR	3,747
MCR cap	1,686
MCR floor	937
Combined MCR	1,018
Absolute floor of the MCR	3,332

	C0070
Minimum Capital Requirement	3,332

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

Contents

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Accident year [AY]

Gross Claims Paid (non-cumulative)

(absolute amount)

Development year

Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior												0	0
N-9												0	0
N-8												0	0
N-7												0	0
N-6												0	0
N-5												0	0
N-4												0	0
N-3												0	0
N-2												0	0
N-1												0	0
N												0	0
											Total	0	0

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Development year

Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior												
N-9												
N-8												
N-7												
N-6												
N-5												
N-4												
N-3												
N-2												
N-1												
N												
											Total	0

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

Total Non-Life Business

Z0010	Accident year / Underwriting year	**Z0010**	Underwriting year [UWY]

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**												0	0
R0160	**N-9**												0	0
R0170	**N-8**												0	0
R0180	**N-7**												0	0
R0190	**N-6**												0	0
R0200	**N-5**												0	0
R0210	**N-4**												0	0
R0220	**N-3**												0	0
R0230	**N-2**												0	0
R0240	**N-1**												0	0
R0250	**N**												0	0
R0260												**Total**	0	0

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**												
R0160	**N-9**												
R0170	**N-8**												
R0180	**N-7**												
R0190	**N-6**												
R0200	**N-5**												
R0210	**N-4**												
R0220	**N-3**												
R0230	**N-2**												
R0240	**N-1**												
R0250	**N**												
R0260												**Total**	0

P.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

Contents

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
R0010	Market risk	1,332		
R0020	Counterparty default risk	791		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	1		
R0050	Non-life underwriting risk	2,388		
R0060	Diversification	-1,032		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	3,480		

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	267
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	3,747
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	3,747
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0