BESTPARK INTERNATIONAL LIMITED

Company registration number: 02494812

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

COMPANY INFORMATION

Directors	Steven Gowland Andrew Morpeth Anson Game – Appointed 9 March 2017
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 YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report and the audited financial statements of Bestpark International Limited ("the Company") for the year ended 31 December 2016.

Principal activity and review of business

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

The profit before taxation for the year was £3.3m (2015: profit of £3.0m). The profit after taxation was £3.3m (2015: £3.0m).

Development and financial performance during the year

The directors continue to seek an orderly run-off of the Company's business as quickly as is consistent with protecting the interests of policyholders. In order to achieve this objective the Company 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 Company which they seek to maintain at a level that meets the Company's regulatory capital requirements. During the year, the net assets of the Company have increased to £9.0m at 31 December 2016 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 Company comfortably exceeds its Regulatory Capital requirements for both MCR and SCR as calculated in accordance with Solvency II requirements. During the year, a capital reduction was made in accordance with Section 641 of the Companies Act 2006 (Note 14).

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Principal financial risks and uncertainties

The financial risks and uncertainties facing the Company 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 Company'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 will conduct a solvent run-off, there is a risk that the future cost of claims may exceed the financial resources of the Company and hence the Company may not be able to meet liabilities to policyholders. Please refer to the going concern statement in the Directors Report.

Financial risk management

The Company 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 Company is exposed to interest rate risk, currency risk, credit risk and liquidity risk. The Company does not use hedging or adopt hedge accounting for any type of transactions.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Interest rate risk
The Company is exposed to interest rate risk in relation to its bank deposit balances. The Company 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. The Company also seeks to minimise negative interest rate risk with regard to its deposit in Euros.

Currency risk
The Company'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 year, a proportion of surplus own funds were held in foreign currencies which has resulted in a foregin currency gain in the year.

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 Company is exposed to credit risk is in relation to bank deposits with credit institutions and reinsurance assets. The Company 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 Company 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 Company 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 Company seeks to mitigate this risk by regularly reviewing claim developments and carefully reviewing the adequacy of reserves including incurred but not reported ("IBNR") reserves.

Approved by the Board of Directors and signed on behalf of the Board

Steven Gowland
Director

7 April 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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

Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Steven Gowland
Andrew Morpeth
Anson Game – Appointed 9 March 2017

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, 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 Company. However, the Company 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 is a going concern.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgment and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Statement as to disclosure of information to auditor

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

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2016 of which the auditor is unaware; and

- the director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor are 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.

Approved by the board of directors and signed on its behalf by:

Steven Gowland
Director

7 April 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESTPARK INTERNATIONAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Bestpark International Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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 4 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 Company'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESTPARK INTERNATIONAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its 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
Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

7 April 2017

BESTPARK INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

TECHNICAL ACCOUNT – GENERAL BUSINESS

Continuing operations	Note	2016	2015
		£'000	£'000
EARNED PREMIUMS, NET OF REINSURANCE			
Gross written premiums	3	-	(105)
Outward reinsurance premiums		-	(46)
Net written premiums		-	(151)
Change in the gross provision for unearned premiums	15	46	14
Change in the provision for unearned premiums, reinsurers' share	15	(1)	(5)
		45	9
Earned premiums, net of reinsurance		45	(142)
Allocated investment return transferred from the non-technical account		-	10
Total technical income		45	(132)
CLAIMS INCURRED, NET OF REINSURANCE			
Claims paid, gross amount		(1,890)	(1,583)
Claims paid, reinsurers' share		534	283
		(1,356)	(1,300)
Change in provision for claims, gross amount	15,16	4,807	5,468
Change in provision for claims, reinsurers' share	15,16	(749)	(851)
		4,058	4,617
Claims incurred, net of reinsurance		2,702	3,317
Net operating expenses	5	(187)	(247)
Balance on the general business technical account		2,560	2,938

The notes on pages 12 to 27 form an integral part of these financial statements.

BESTPARK INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

NON-TECHNICAL ACCOUNT

	Note	2016 £'000	2015 £'000
Balance on the general business technical account		**2,560**	2,938
Investment income	4	**7**	20
Investment expenses and charges	6	**(1)**	(10)
		2,566	2,948
Allocated investment return transferred to the general business technical account		**(0)**	(10)
Other income and expenses	8	**708**	30
		708	20
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	**3,274**	2,968
Taxation on profit or loss on ordinary activities	10	**-**	-
PROFIT FOR THE YEAR		**3,274**	2,968
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**3,274**	2,968

The notes on pages 12 to 27 form an integral part of these financial statements.

BESTPARK INTERNATIONAL LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
ASSETS			
Investments			
Deposits with ceding undertakings		**408**	399
		408	399
Reinsurers' share of technical provisions			
Provision for unearned premiums	15	**-**	1
Claims outstanding	15,16	**2,090**	2,556
		2,090	2,557
Debtors			
Debtors arising out of direct insurance operations	11	**29**	6
Debtors arising out of reinsurance operations	11	**653**	364
Other debtors	11	**276**	1
		958	371
Other assets			
Cash at bank and in hand	12	**14,866**	15,408
Prepayments and accrued income			
Deferred acquisition costs	13	**-**	1
Other prepayments and accrued income		**18**	52
		18	53
TOTAL ASSETS		**18,340**	18,788
Capital and reserves			
Called up share capital	14	**5,250**	75,000
Profit and loss account		**3,757**	(69,267)
Total shareholders' equity		**9,007**	5,733
Technical provisions			
Provision for unearned premiums	15	**-**	46
Claims outstanding	15,16	**8,817**	12,116
		8,817	12,162
Creditors			
Creditors arising out of direct insurance operations		**111**	202
Creditors arising out of reinsurance operations		**21**	194
Other creditors including taxation and social security		**289**	467
		421	863
Accruals and deferred income			
Other accruals		**95**	30
		95	30
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18,340**	18,788

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 2494812
The notes on pages 12 to 27 form an integral part of these financial statements.

BESTPARK INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £'000	Profit and loss account £'000	Total shareholers' equity £'000
At 1 January 2015	75,000	(72,235)	2,865
Profit for the year	-	2,968	2,968
Other comprehensive income	-	-	-
Total comprehensive income	75,000	(69,267)	5,733
At 31 December 2015	**75,000**	**(69,267)**	**5,733**
Profit for the year	-	3,274	3,274
Other comprehensive income	-	-	-
Total comprehensive income	0	3,274	3,274
Capital reduction	(69,750)	69,750	-
At 31 December 2016	**5,250**	**3,757**	**9,007**

Reserves

Profit and loss account

This reserve represents the cumulative profits and losses of the Company adjusted by the capital reduction effected during the year.

The notes on pages 12 to 27 form an integral part of these financial statements.

1 ACCOUNTING POLICIES

General information

Bestpark International Limited ("the Company") is a limited company incorporated in the United Kingdom. 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 functional currency, being the currency of the primary economic environment in which the Company operates.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, which have been complied with including notification of, and no objection to, the use of exemptions by the Company's shareholders. In preparing the financial statements the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements, the Company has also taken advantage of the exemption not to provide certain disclosure requirements of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues*.

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.

Going concern

These financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims, 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 Company. However, the Company 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 is a going concern.

Premiums written

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

1 ACCOUNTING POLICIES (CONTINUED)

Acquisition costs

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

Claims incurred

Claims incurred comprise claims and related expenses paid in the year 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 year 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 Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, debtors, deposits with ceding undertakings, debt securities and creditors. The Company 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.

1 ACCOUNTING POLICIES (CONTINUED)

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 each reporting date the Company 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 Company will not be able to collect all amounts due according to the original 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 Company 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 16 and 17.

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 Company'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.

1 ACCOUNTING POLICIES (CONTINUED)

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.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Estimating claims provisions and reinsurance recoveries

When estimating claims provisions and reinsurance recoveries the directors are required to make estimates of various inputs into calculations for these balances. These are discussed further in note 16 and 17.

(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.

3 PARTICULARS OF BUSINESS WRITTEN

As the business of the Company 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	-	-	**2,687**	**(480)**
Reinsurance	-	-	**230**	**266**
	-	-	**2,917**	**(214)**
By class of business- Direct insurance:				
Accident & health	-	-	**58**	-
Marine, aviation and transport	-	-	**76**	-
Fire and other damage to property	-	-	**417**	**(111)**
Third party liability	-	-	**649**	**4**
Miscellaneous & pecuniary loss	-	-	**1,487**	**(373)**
	-	-	**2,687**	**(480)**

	Gross written premiums 2015 £'000	Gross earned premiums 2015 £'000	Gross claims incurred 2015 £'000	Reinsurance balance 2015 £'000
Direct insurance	33	48	3,261	(924)
Reinsurance	(138)	(139)	791	(3)
	(105)	(91)	4,052	(927)
By class of business- Direct insurance:				
Accident & health	-	-	3	-
Marine, aviation and transport	-	-	167	-
Fire and other damage to property	2	2	958	(242)
Third party liability	-	-	436	1
Miscellaneous & pecuniary loss	31	46	1,697	(683)
	33	48	3,261	(924)

The Company carries on business entirely in the United Kingdom and therefore no analysis by geographical location is presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

4 INVESTMENT INCOME

	2016 £'000	2015 £'000
Income from cash at bank	7	23
	7	23

5 NET OPERATING EXPENSES

	2016 £'000	2015 £'000
Acquisition costs payable to external parties	-	22
Change in gross deferred acquisition costs	1	5
Administrative expenses	671	666
Change in reinsurance profit commission	(26)	(39)
Change in deferred reinsurance commissions	(0)	(2)
Release of irrecoverable debtors and creditors	(459)	(405)
	187	247

6 INVESTMENT EXPENSES AND CHARGES

	2016 £'000	2015 £'000
Investment management expenses	(1)	(10)

7 EMPLOYEES AND DIRECTORS' EMOLUMENTS

The Company had no employees at any time during the year (2015: none).

No director who served during the current or the comparative period received any remuneration in respect of their services to the Company.

8 OTHER INCOME AND EXPENSES

	2016 £'000	2015 £'000
Foreign exchange gains	708	30

9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
- fees payable for the audit of the financial statements	28	42
- fees payable for other services – services pursuant to legislation, including the audit of the regulatory return	12	10
	40	52

10 TAXATION

Analysis of profit or loss charge

	2016 £'000	2015 £'000
Current tax on profit on ordinary activities	-	-

Factors affecting current tax charge

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	3,274	2,968
UK corporation tax at 20.00% (2015: 20.5%)	655	601
Tax losses utilised	(655)	(601)
Total tax on profit on ordinary activities	-	-

The Company has unutilised tax losses of approximately £3.5m (2015: £6.8m). Following the decision to place the Company into run-off it is 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 (2015: Nil).

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 DEBTORS

	2016 £'000	2015 £'000
Debtors arising out of direct insurance operations		
Amounts owed by intermediaries within one year	29	6
Debtors arising out of reinsurance operations		
Amounts owed by intermediaries within one year	653	364
Other Debtors		
Amounts due within one year	276	1
	276	1

12 CASH AT BANK AND IN HAND

No cash was on deposit with state or governmental insurance departments in order to comply with local insurance laws at the current or prior year end (2015: £nil). Cash includes £7.4m (2015: £5.0m) of short term liquidity funds.

13 DEFERED ACQUISITION COSTS

Gross amount	Total £'000
At 1 January 2016	1
Change in the provisions	(1)
At 31 December 2016	-

14 SHARE CAPITAL

During the year, a capital reduction was made in accordance with Section 641 of the Companies Act 2006 which resulted in 69,750,000 A shares being cancelled.

	31 December 2016 Number '000	31 December 2016 Value £'000	31 December 2015 Number '000	31 December 2015 Value £'000
Allotted, called up and fully paid				
A shares of £1 each	**5,230**	**5,230**	74,980	74,980
B shares of £1 each	**20**	**20**	20	20
	5,250	**5,250**	75,000	75,000

A shares of £1 each have the right to participate in the profits and capital of the Company but do not have voting rights. B shares of £1 each have no right to participate in the profits and capital of the Company but have one voting right per share.

15 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING

	Provision for unearned premiums		Claims Outstanding		Total	
Gross amount	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
At 1 January	**46**	61	**12,116**	18,177	**12,162**	18,238
Exchange difference	**-**	(1)	**1,508**	(593)	**1,508**	(471)
Change in the provisions	**(46)**	(14)	**(4,807)**	(5,468)	**(4,853)**	(5,605)
At 31 December	**-**	46	**8,817**	12,116	**8,817**	12,162
Reinsurance amount						
At 1 January	**(1)**	(6)	**(2,556)**	(3,357)	**(2,557)**	(3,363)
Exchange difference	**-**	-	**(283)**	(50)	**(283)**	75
Change in the provisions	**1**	5	**749**	851	**750**	731
At 31 December	**-**	(1)	**(2,090)**	(2,556)	**(2,090)**	(2,557)
Net technical provisions						
At 1 January	**45**	55	**9,560**	14,820	**9,605**	14,875
Exchange difference	**-**	(1)	**1,225**	(643)	**1,225**	(396)
Change in the provisions	**(45)**	(9)	**(4,058)**	(4,617)	**(4,103)**	(4,874)
At 31 December	**-**	45	**6,727**	9,560	**6,727**	9,605

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 ('IBNR'). 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 Company takes all reasonable steps to ensure that it has appropriate information

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

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.

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.

16 CLAIMS OUTSTANDING

In calculating the estimated cost of unpaid claims the Company 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 Company 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.

17 INSURANCE RISK MANAGEMENT

The principal risk the Company 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 Company 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 Company is exposed.

Sensitivity to insurance risk

In estimating the insurance liabilities the Company 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.

17 INSURANCE RISK MANAGEMENT (CONTINUED)

	Pre-tax profit		Shareholders' equity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
5% increase in operating expenses				
Gross	(34)	(12)	(34)	(12)
Net	(34)	(12)	(34)	(12)
5% increase in claims numbers				
Gross	(95)	(80)	(95)	(80)
Net	(68)	(66)	(68)	(66)

There remains uncertainty surrounding the ultimate cost of insurance claims to the Company. At 31 December 2016 reserves for claims outstanding were £8.8m (2015: £12.1m) and expected reinsurance recoveries totalled £2.1m (2015: £2.6m).

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 Company related to risks located in Denmark, French Polynesia/New Caledonia, Spain, Sweden and the United Kingdom. Given the long-term nature of the Company's exposure a proportion of the premium received remains unearned. Gross unearned premiums are £Nil (2015: £46k).

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 (2015: £4.8m) which includes claims outstanding of £1.1m (2015: £1.5m) and IBNR of £2.2m (2015: £3.3m).

In addition, the Company 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 Company is subject to uncertainty.

Claims development tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The Company 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 the Company's insurance reserves were:

	£'000
2010	933
2011	354
2012	(838)
2013	(129)
2014	967
2015	3,417
2016	3,187

17 INSURANCE RISK MANAGEMENT (CONTINUED)

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 Company previously underwrote risk across a range business classes and geographical locations. The concentrations of risk that the Company 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		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
UK	1,029	2,219	(193)	(87)	836	2,132
Europe	5,623	7,374	(1,111)	(1,850)	4,512	5,525
Other	2,165	2,523	(786)	(619)	1,379	1,904
	8,817	**12,116**	**(2,090)**	**(2,556)**	**6,727**	**9,560**

Concentration of insurance risk by class of business:

	Gross		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Accident & health	5	54	-	-	5	54
Marine, aviation and transport	8	94	-	-	8	94
Fire and other damage to property	1,149	1,415	(41)	(139)	1,108	1,276
Third party liability	2,779	3,575	(12)	(36)	2,767	3,539
Miscellaneous & pecuniary loss	3,499	5,240	(1,676)	(2,299)	1,823	2,384
Treaty	1,377	1,738	(361)	(82)	1,016	1,656
Total	**8,817**	**12,116**	**(2,090)**	**(2,556)**	**6,727**	**9,560**

18 FINANCIAL INSTRUMENTS

Category of financial instruments

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

	2016	2015
Financial assets	**£'000**	£'000
Measured at amortised cost		
– Deposits with ceding undertakings	**408**	399
– Cash at bank and in hand	**14,866**	15,408
Measured at undiscounted amount receivable		
- Debtors arising out of direct insurance operations	**29**	6
– Debtors arising out of reinsurance operations	**653**	364
– Other debtors	**294**	1
Total financial assets	**16,250**	16,178

18 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities		
Measured at undiscounted amount payable		
- Creditors arising out of direct insurance operations	**111**	202
– Creditors arising out of reinsurance operations	**21**	194
– Other creditors	**289**	467
- Accruals	**95**	-
Total financial liabilities	**516**	863

19 FINANCIAL RISK MANAGEMENT

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

- Credit risk; and
- Liquidity risk

Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. There were no changes in the Company's credit risk exposure in the financial year nor to the objectives, policies and processes for managing credit risk. The key areas of exposure to credit risk for the Company 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 Company'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 Company uses other publicly available financial information and its own trading records to rate its major reinsurers.

The credit quality of the Company's financial assets is set out overleaf.

	AA 2016 £'000	A 2016 £'000	Not rated 2016 £'000	Carrying amount 2016 £'000
Deposits with ceding undertakings	-	408	-	**408**
Reinsurer's 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**
	798	**16,906**	**618**	**18,322**

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

	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	**364**
Other debtors	-	-	1	**1**
Cash at bank and in hand	-	15,408	-	**15,408**
	968	**16,997**	**770**	**18,735**

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 90 days 2016 £'000**	**Past due more than 90 days 2016 £'000**	**Past due and impaired 2016 £'000**	**Carrying amount 2016 £'000**
Deposits with ceding undertakings	-	-	-	408	-	**408**
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	-	195	-	**653**
Other debtors	276	-	-	-	-	**276**
Cash at bank and in hand	14,866	-	-	-	-	**14,866**
	17,353	**337**	**-**	**632**	**-**	**18,322**

	Neither past due nor impaired 2015 £'000	Past due less than 30 days 2015 £'000	Past due 31 to 90 days 2015 £'000	Past due more than 90 days 2015 £'000	Past due and impaired 2015 £'000	**Carrying amount 2015 £'000**
Deposits with ceding undertakings	-	-	-	399	-	**399**
Reinsurer's share of technical provisions	2,557	-	-	-	-	**2,557**
Debtors arising out of direct insurance operations	4	-	-	2	-	**6**
Debtors arising out of reinsurance operations	27	-	11	326	-	**364**
Other debtors	53	-	-	-	-	**53**
Cash at bank and in hand	15,408	-	-	-	-	**15,408**
	18,049	**-**	**11**	**727**	**-**	**18,788**

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.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Company's liquidity risk exposure in the financial year nor to the objectives, policies and processes for managing liquidity risk.

The Company is primarily exposed to liquidity risk arising from policy holders on its insurance contracts. The Company 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 Company has sufficient access to funds necessary to cover insurance claims and other liabilities.

The following tables detail the Company'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 Company can be required to pay. The tables include both interest and principal cash flows.

	1 - 3 months 2016 £'000	3 months to 1 year 2016 £'000	1 - 5 years 2016 £'000	5+ years 2016 £'000	Total 2016 £'000
Provision for unearned premium	-		-	-	-
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	-	10	11	-	21
Other creditors	-	-	289	-	289
Accruals	95	-	-	-	95
	269	1,365	7,699	-	9,333

	1 - 3 months 2015 £'000	*3 months to 1 year 2015 £'000*	*1 - 5 years 2015 £'000*	*5+ years 2015 £'000*	Total 2015 £'000
Provision for unearned premium	-	46	-	-	46
Claims outstanding	350	3,500	9,266	-	12,116
Creditors arising out of direct insurance operations	20	100	82	-	202
Creditors arising out of reinsurance operations	-	95	99	-	194
Other creditors	-	325	142	-	467
	370	4,066	8,589	-	13,025

Currency risk

The Company'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 year, a proportion of surplus own funds were held in foreign currencies which has resulted in a foreign currency gain in the year.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2016, the Company 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.

20 CAPITAL MANAGEMENT

The Company's 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 Company's insurance liabilities. The Company 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 Company has complied with all regulatory requirements in the current and prior period.

The Company'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 Company's capital consists of ordinary share capital and retained earnings. The Company's capital levels were £9.0m at 31 December 2016 (2015: £5.7m) which comfortably exceeds the Company's Regulatory Capital requirements as calculated for Solvency II purposes.

21 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

Bestpark International Limited was sold to Ashbrooke Financial Group Limited on 19 February 2016. Until that date, the immediate parent undertaking was LCL Acquisitions Limited, a wholly owned subsidiary of Charles Taylor plc, which owned 37,495,000 A shares of £1 each and 14,998 B shares of £1 each. From 19 February 2016, Ashbrooke Financial Group Limited has been the immediate and ultimate holding company of Bestpark International Limited. The controlling party of Ashbrooke Financial Group Limited is Mr S Gowland.

Ashbrooke Financial Group Limited was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Ashbrooke Financial Group Limited are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

22 RELATED PARTY TRANSACTIONS

For the period from 1 January 2016 to 19 February 2016, the Company was a wholly owned subsidiary of Charles Taylor plc ("CT"), and Charles Taylor Insurance Services Limited ("CTIS"), a wholly-owned subsidiary of CT, undertook to manage and perform all operational functions in relation to the management of the Company's insurance and reinsurance business. For that period £110k (2015: £450k) was paid to CTIS representing fees for management services, including services provided by third parties and an amount due on the termination of its management contract on the sale of the Company on 19 February 2016.

The Company's investment portfolio was managed by Charles Taylor Investment Management Company Limited ("CTIM"), a wholly-owned subsidiary of CT until the sale of the Company on 19 February 2016. Fees of £1.3k were paid to CTIM in respect of services provided during the year ended 31 December 2016 (2015: £9.9k).

Charles Taylor Brokers Services Limited ("CTBSL"), a wholly-owned subsidiary of CT, was appointed to manage the outward reinsurance collections from 1 November 2013. Fees of £4k were paid to CTBSL for the period 1 January 2016 until 19 February 2016 when it ceased to be a related party (2015: £24k).

22 RELATED PARTY TRANSACTIONS (CONTINUED)

At 31 December 2016 the following balances were owed to or by the Company to related parties:

	Amount owed to/(by) the Company	
	2016	2015
	£'000	£'000
Charles Taylor Administration Limited	-	(52)
Charles Taylor Brokers Services Limited	-	(15)

The Company has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to disclose transactions with wholly owned members of Ashbrooke Financial Group Limited. There were no other related party transactions.

23 CONTINGENT LIABILITIES

The Company has no contingent liabilities other than those arising in the normal course of its insurance business (2015: none).

24 POST BALANCE SHEET EVENTS

There were no post balance sheet events.