

FLIGHT INVESTMENTS (UK) LIMITED
(Company Registration Number 03959567)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

FLIGHT INVESTMENTS (UK) LIMITED

DIRECTORS

R J Osborne
D R Lander

COMPANY SECRETARY

D R Lander

REGISTERED OFFICE

7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

AUDITORS

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

FLIGHT INVESTMENTS (UK) LIMITED

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FLIGHT INVESTMENTS (UK) LIMITED

STRATEGIC REPORT

The Directors submit their Strategic Report for the Group for the year ended 31 March 2015.

Business review

The group financial statements incorporate the annual accounting results of the syndicates on which the group's subsidiary companies participate for the 2012, 2013 and 2014 years of account, as well as any 2011 and prior run-off years. The 2012 year closed at 31 December 2014 with a result of £355,116 (2011 - £188,897) in respect of West End Capital Ltd. Jefren Underwriting Ltd did not participate on the 2012 year as it has ceased underwriting new business. The 2013 and 2014 open underwriting accounts will normally close at 31 December 2015 and 2016.

The company acquired Nameco (No 600) Ltd, another corporate member of Lloyd's, at the start of the year for £2.6m and the 2012 underwriting result for this company was £263,773.

The group financial statements also incorporate its share of profits from its associated companies.

Results

The consolidated profit for the year after taxation was £625,641 (2014 - £400,847)

Key performance indicators

The directors monitor the performance of the group by reference to the following key performance indicators. The amounts and ratios below represent the combined totals and results for group underwriting subsidiaries:

	2015	2014
Capacity (youngest underwriting year)	£6,332,092	£3,026,250
Gross premium written as a % of capacity	81.0%	96.0%
Underwriting profit of latest closed year:		
as a % of capacity	10.9%	6.2%
Run-off years of account movement	£-	£164
Combined ratio	88.2%	83.5%

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

Approved by the Board on 19 February 2016 and signed on its behalf by

D R Lander
Director

FLIGHT INVESTMENTS (UK) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31 March 2015.

Principal activities

The company's principal activity is to participate in underwriting at Lloyd's on a limited liability basis through its wholly owned subsidiary companies. The company also has a 50% investment in two associated companies whose principal activities are the manufacture of plastic sheet extrusion products and property investment.

Dividends

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

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

Hedge accounting is not used by the group.

Directors

The directors who held office during the year were as follows:

R J Osborne
D R Lander

Statement of directors' responsibilities

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

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

**FLIGHT INVESTMENTS (UK) LIMITED
REPORT OF THE DIRECTORS (CONTINUED)**

Statement of directors' responsibilities (continued)

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.

Auditors

Messrs. Humphrey & Co have signified their willingness to act and continue to be appointed as the company's auditors.

In the case of each of the persons who are Directors at the time this report is approved the following applies:

- (a) So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board on 19 February 2016 and signed on its behalf by:

D R Lander
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF
FLIGHT INVESTMENTS (UK) LIMITED**

We have audited the group and parent company financial statements of Flight Investments UK Limited on pages 6 to 26 for the year ended 31 March 2015. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement (set out on pages 2-3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the group's and the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF FLIGHT INVESTMENTS UK LIMITED (CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

adequate accounting records have not been kept, 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.

Michael Macefield (Senior Statutory Auditor)
for and on behalf of Humphrey & Co.
Chartered Accountants
Statutory Auditor
7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

Date: 24 February 2016

FLIGHT INVESTMENTS (UK) LIMITED
CONSOLIDATED UNDERWRITING ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

		Year ended 31/03/15		Year ended 31/03/14	
	Notes	£	£	£	£
Premiums Written					
Gross premiums written	1	5,133,559		2,906,566	
Outward reinsurance premiums	1	<u>(862,458)</u>		<u>(505,373)</u>	
Net premiums written			4,271,101		2,401,193
(including £1,768,060 relating to acquisitions)					
Change in provision for unearned premiums					
Gross provision	1	(204,200)		(3,268)	
Reinsurers' share	1	<u>13,782</u>		<u>9,460</u>	
			<u>(190,418)</u>		<u>6,192</u>
Earned premiums, net of reinsurance			4,080,683		2,407,385
Allocated investment return transferred from the non-technical account			99,545		37,710
Other technical income, net of reinsurance			-		-
Claims paid					
Gross amount	1	(2,238,781)		(1,561,957)	
Reinsurers' share	1	<u>433,511</u>		<u>319,641</u>	
Net claims paid		<u>(1,805,270)</u>		<u>(1,242,316)</u>	
Change in provision for claims					
Gross amount	1	4,645		321,637	
Reinsurers' share	1	<u>(102,355)</u>		<u>(172,340)</u>	
Change in net provision for claims		<u>(97,710)</u>		<u>149,297</u>	
Claims incurred, net of reinsurance			(1,902,980)		(1,093,019)
Net Operating expenses	2		<u>(1,696,786)</u>		<u>(917,420)</u>
Balance on Consolidated Underwriting Account					
- ongoing		337,147		434,656	
- acquisitions		<u>243,315</u>		<u>-</u>	
			580,462		434,656

The accompanying notes are an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

		Year ended 31/03/2015	Year ended 31/03/2014
	Notes	£	£
Balance on Consolidated Underwriting Account		580,462	434,656
Investment income	3	218,801	49,662
Investment expenses and charges	4	(14,106)	(6,697)
Unrealised gains/(losses) on investments		51,118	29,793
Allocated investment return transferred to the Consolidated underwriting account		(94,545)	(37,710)
Other income		-	-
Other charges		(311,208)	(111,982)
Operating profit (including £100,659 relating to acquisitions)	5	430,522	357,722
Share of operating profits in associate		416,880	146,627
Profit on ordinary activities before tax		847,402	504,349
Tax on profit on ordinary activities	6	(221,761)	(103,502)
Profit for the year	13	625,641	400,847

The group has no recognised gains or losses other than the profit or loss for the period.

All amounts relate to continuing operations.

The accompanying notes are an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	31 March 2015			31 March 2014		
		Syndicate Participations	Corporate	Total	Syndicate Participations	Corporate	Total
Assets		£	£	£	£	£	£
Intangible assets	8	-	820,366	820,366	-	73,640	73,640
Investments							
Financial investments	9	5,429,646	3,410,722	8,840,368	2,785,476	1,754,042	4,539,518
Deposits with ceding undertakings		1,393	-	1,393	1,177	-	1,177
		<u>5,431,039</u>	<u>4,231,088</u>	<u>9,622,127</u>	<u>2,786,653</u>	<u>1,827,682</u>	<u>4,614,335</u>
Reinsurers share of technical provisions							
Provision for unearned premiums		267,914	-	267,914	139,313	-	139,313
Claims outstanding		1,307,718	-	1,307,718	812,578	-	812,578
Other technical provisions		-	-	-	-	-	-
		<u>1,575,632</u>	<u>-</u>	<u>1,575,632</u>	<u>951,891</u>	<u>-</u>	<u>951,891</u>
Debtors							
Arising out of direct insurance operations		1,015,057	-	1,015,057	541,548	-	541,548
Arising out of reinsurance operations		1,976,885	-	1,976,885	806,610	-	806,610
Other debtors	10	564,882	-	564,882	271,212	-	271,212
		<u>3,556,824</u>	<u>-</u>	<u>3,556,824</u>	<u>1,619,370</u>	<u>-</u>	<u>1,619,370</u>
Other Assets							
Cash at bank and in hand		294,241	125,960	420,201	141,616	120,747	262,363
Other assets		366,558	-	366,558	307,163	-	307,163
		<u>660,799</u>	<u>125,960</u>	<u>786,759</u>	<u>448,779</u>	<u>120,747</u>	<u>569,526</u>
Prepayments and accrued income							
Accrued interest		7,332	-	7,332	2,803	-	2,803
Deferred acquisition costs		595,970	-	595,970	318,750	-	318,750
Other prepayments and accrued income		27,448	10,105	37,553	10,328	-	10,328
		<u>630,750</u>	<u>10,105</u>	<u>640,855</u>	<u>331,881</u>	<u>-</u>	<u>331,881</u>
TOTAL ASSETS		<u>11,855,044</u>	<u>4,367,153</u>	<u>16,222,197</u>	<u>6,138,574</u>	<u>1,948,429</u>	<u>8,087,003</u>

The accompanying notes form an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	31 March 2015			31 March 2014		
		Syndicate Participations	Corporate	Total	Syndicate Participations	Corporate	Total
		£	£	£	£	£	£
Liabilities and Shareholders' Funds							
Capital and Reserves							
Called up share capital	11	-	3,785	3,785	-	3,785	3,785
Share premium account	12	-	596,215	596,215	-	596,215	596,215
Profit and loss account	13	1,004,818	1,065,865	2,070,683	353,529	1,091,513	1,445,042
Total Shareholders' Funds	14	1,004,818	1,665,865	2,670,683	353,529	1,691,513	2,045,042
Technical provisions							
Provision for unearned premiums		2,305,101	-	2,305,101	1,245,030	-	1,245,030
Claims outstanding – gross amount		7,025,501	-	7,025,501	3,833,767	-	3,833,767
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	15	-	286,154	286,154	-	71,234	71,234
Other		-	-	-	-	-	-
Deposit received from reinsurers		1,038	-	1,038	887	-	887
Creditors:							
Arising from direct insurance operations		160,180	-	160,180	80,238	-	80,238
Arising from reinsurance operations		812,793	-	812,793	356,609	-	356,609
Amounts owed to credit institutions		7,804	-	7,804	1,743	-	1,743
Other creditors including taxation and social security		491,746	2,210,455	2,702,201	258,000	121,891	379,891
		10,804,163	2,496,609	13,300,772	5,776,274	193,125	5,969,399
Accruals and deferred income		46,063	204,679	250,742	8,771	63,791	72,562
TOTAL LIABILITIES		11,855,044	4,367,153	16,222,197	6,138,574	1,948,429	8,087,003

Approved and authorised for issue by the Board on 19 February 2016 and signed on its behalf by:

D R Lander
Director

Company registration number: 03959567

The accompanying notes form an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	2015	2014
		£	£
FIXED ASSETS			
Investments	9	1,705,631	765,964
		<hr/>	<hr/>
Current Assets			
Debtors	10	2,056,806	-
Cash at bank and in hand		37,515	2,009
		<hr/>	<hr/>
		2,094,321	2,009
		<hr/>	<hr/>
Creditors: amounts falling due within one year			
Amounts owed to ultimate parent company		2,178,899	119,041
Amounts due to associated company		50	50
Accruals		5,400	5,100
		<hr/>	<hr/>
		2,184,349	124,191
		<hr/>	<hr/>
Net Current Assets/(Liabilities)		(90,028)	(122,182)
		<hr/>	<hr/>
Net Assets		1,615,603	643,782
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	11	3,785	3,785
Share premium account	12	596,215	596,215
Revenue reserves	13	1,015,603	43,782
		<hr/>	<hr/>
Total Shareholders' Funds	14	1,615,603	643,782

Approved and authorised for issue by the Board on 19 February 2016 and signed on its behalf by:

D R Lander – Director

Company registration number: 03959567

The accompanying notes form an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Year ended 31/03/15 £	Year ended 31/03/14 £
Operating activities			
Net cash inflow from operating activities	16(a)	552,328	95,407
Returns on investments and servicing of finance		-	-
Capital expenditure			
Proceeds from sale of syndicate capacity		-	-
Purchase of syndicate capacity		(38,730)	(39,621)
Taxation			
Corporation and overseas taxes (paid)/refunded		(24,818)	(79,798)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(2,604,348)	
Net cash flow before financing		(2,115,568)	(24,012)
Financing			
Increase in loan from ultimate parent company		2,060,190	-
Proceeds from the issue of ordinary share capital		-	-
Net cash inflow/(outflow) for the year		(55,378)	(24,012)
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		(124,679)	(205,817)
Purchase of financial investments		122,725	-
Sale of financial investments		(53,424)	181,805
Net investment of cash flows	16(b)	(55,378)	(24,012)

The group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The accompanying notes form an integral part of these financial statements.

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of Schedule 3 to SI 2008/410 and with the Statement of Recommended Accounting Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006).

Basis of Consolidation

The group financial statements consolidate the accounts of Flight Investments (UK) Limited and all its subsidiary undertakings. The financial statements of the subsidiary companies are made up to 31 December 2014 and consolidated within the group financial statements.

Where the group has an investment in an entity which is sufficient to give the group a participating interest, the entity is treated as an associated undertaking and is accounted for using the equity method of accounting.

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 required the group to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which its subsidiaries participate ("the Syndicates").

The financial statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the group's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the group's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its consolidated balance sheet (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the group's insurance creditors.

The proportion referred to above is calculated by reference to the group's subsidiaries' participation as a percentage of the Syndicates total capacity.

The group has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the group. The only exception to this rule is the level of provision for outstanding claims.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Accounting Policies

I. Accounting convention

The financial statements are prepared in accordance with appropriate accounting standards and under the historical cost convention as modified by the revaluation of financial investments.

II. Going concern

The directors consider the group to be a going concern and have prepared the financial statements on that basis. The company is continuing to underwrite at Lloyd's for the 2015 year of account through its subsidiary companies.

III. Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see (vii) below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see (vii) below). Premiums written by a Syndicate may also include the reinsurance of other syndicates on which the group participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter-syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

IV. Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessments of claims from prior years differ from the provision at the beginning of the year.

V. Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the group's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions as regard claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

**FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

VI. Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

VII. Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of: (1) a premium; and (2) either

- (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
- (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the group participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the group has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the group has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the group has assumed a greater proportion of the business of the Syndicate, if the group has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the group's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyds chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the group's outstanding gross liabilities in respect of the business so reinsured.

**FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

VIII. Investments

Syndicate: Where investments represent the group's share of syndicate investments, they are stated at current value at the balance sheet date. For this purpose, listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Corporate: Listed investments held directly by the group, by the trustees of the Premiums Trust Fund, or as Lloyd's Deposit, are stated at market value. Unlisted investments held directly by the group and where there is no participating interest are stated at cost less provision for any permanent diminution in value.

IX. Investment Return

Investment income comprises interest receivable and dividends received plus realised and unrealised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation. Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year. Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

X. Net Operating Expenses

Operating expenses are recognised when incurred. They include the group's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the group's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

XI. Foreign Currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into (or an appropriate average rate). Exchange differences arising on translation are dealt with in the profit and loss account.

XII. Syndicate Participation rights

Where the company's subsidiaries have purchased the right to participate on Syndicates, the cost is capitalised and amortised in equal annual instalments over five years.

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

XIII. Taxation

The company's subsidiaries are taxed on their share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these financial statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods.

XIV. Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. Class of Business

Year Ended 31 March 2015	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsur-ance Balance £	Total £
Direct business						
Accident and health	190,191	187,197	(79,543)	(85,412)	(7,510)	14,732
Motor – third party liability	17,102	18,449	(11,099)	(6,520)	(486)	344
Motor – other classes	260,758	272,758	(187,024)	(96,595)	4,099	(6,762)
Marine, aviation and transport	575,495	571,736	(268,510)	(204,589)	(34,527)	64,110
Fire and other damage to property	1,217,344	1,181,628	(428,191)	(415,516)	(197,667)	140,254
Third party liability	688,284	635,538	(472,104)	(237,748)	16,075	(58,239)
Credit and suretyship	73,948	70,537	(48,101)	(18,530)	(2,499)	1,407
Legal expenses	13,629	12,977	(4,985)	(7,310)	(173)	509
Assistance	-	-	-	-	-	-
Other	225,129	185,819	(93,089)	(79,723)	(16,106)	(3,099)
Total direct	3,261,880	3,136,639	(1,592,646)	(1,151,943)	(238,794)	153,256
Reinsurance	1,871,679	1,792,720	(641,490)	(544,843)	(278,726)	327,661
Total	5,133,559	4,929,359	(2,234,136)	(1,696,786)	(517,520)	480,917
Year Ended 31 March 2014	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsur-ance Balance £	Total £
Direct business						
Accident and health	101,518	100,061	(46,067)	(40,353)	(4,180)	9,461
Motor – third party liability	7,972	7,730	(4,494)	(2,715)	316	837
Motor – other classes	217,911	227,452	(174,918)	(77,630)	9,313	(15,783)
Marine, aviation and transport	370,745	391,798	(138,720)	(126,436)	(49,634)	77,008
Fire and other damage to property	662,431	677,345	(245,212)	(229,408)	(111,394)	91,331
Third party liability	357,391	350,097	(211,195)	(127,058)	4,632	16,476
Credit and suretyship	44,128	45,036	(12,536)	(12,991)	(6,372)	13,137
Legal expenses	8,705	8,506	(3,549)	(4,275)	(521)	161
Assistance	-	-	-	-	-	-
Other	127,946	109,932	(80,314)	(41,864)	(4,285)	(16,531)
Total direct	1,898,747	1,917,957	(917,005)	(662,730)	(162,125)	176,097
Reinsurance	1,007,819	985,341	(323,315)	(254,690)	(186,487)	220,849
Total	2,906,566	2,903,298	(1,240,320)	(917,420)	(348,612)	396,946

All insurance business is underwritten in the UK in the Lloyd's insurance market, which has been treated as one geographical segment for the purpose of SSAP25: Segmental Reporting.

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2. Net Operating Expenses

(i) The following amounts are included within net operating expenses in the underwriting account:

	2015	2014
	£	£
Acquisition Costs	1,338,602	753,668
Change in deferred acquisition costs	(76,676)	(13,276)
Administrative expenses	404,199	120,252
Reinsurance commissions and profit participations	(85,513)	(45,686)
Personal expenses	116,174	102,462
	<u>1,696,786</u>	<u>917,420</u>

3. Investment Income (other than syndicate investment income)

	2015	2014
	£	£
Income from investments	115,041	58,169
Gains/(losses) on realisation of investments	67,582	(8,944)
Bank deposit interest	36,178	437
	<u>218,801</u>	<u>49,662</u>

4. Investment Expenses and Charges

	2015	2014
	£	£
Investment management expenses, including interest	14,106	6,697
	<u>14,106</u>	<u>6,697</u>

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

5. Operating Profit

	2015	2014
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration for audit services	2,930	3,320
Auditors' remuneration for other services	2,350	2,350
Directors' remuneration	-	-
Amortisation of syndicate capacity	225,832	22,445
(Profit)/loss on foreign exchange	(85,926)	55,231
(Profit)/loss on disposal of intangible fixed assets	-	-

The group has no employees and no staff costs are met by the group.

6. Taxation

	2015	2014
	£	£
Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) of the period	44,462	3,118
Adjustment in respect of previous period	(14,039)	(3,487)
	<u>30,423</u>	<u>(369)</u>
Foreign tax (parent and subsidiaries)	5,340	2,055
	<u>35,763</u>	<u>1,686</u>
Deferred tax		
Origination and reversal of timing differences (parent and subsidiaries)	92,541	66,646
	<u>128,304</u>	<u>68,332</u>
Tax charge parent and subsidiaries	93,457	35,170
Associate tax charge	<u>221,761</u>	<u>103,502</u>

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

6. Taxation (continued)

Factors affecting parent and subsidiaries tax charge for year

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 20.00% (2014 – 20.00%). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>430,522</u>	<u>357,722</u>
Profit on ordinary activities multiplied by standard rate of UK Corporation tax of 20.00% (2014 – 20.00%)	86,104	71,544
Effects of:		
Timing differences arising from the taxation of underwriting results	(76,117)	(85,407)
Creation/(Utilisation) of tax losses	3,636	6,602
Foreign tax	4,630	1,612
Other corporation tax adjustments	(9,001)	-
Non-deductible expenses for tax purposes	35,392	-
Marginal rates of taxation and prior period adjustment	<u>(8,881)</u>	<u>7,335</u>
Parent and subsidiaries current tax charge	<u><u>35,763</u></u>	<u><u>1,686</u></u>

The results of the Company's participation on the 2012, 2013 and 2014 years of account and the calendar year movement on 2011 and prior run-offs, will not be assessed to tax until the year ended 31 December 2015, 2016 and 2017 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

7. Dividends

	2015	2014
	£	£
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

8. Intangible Assets - Group

	2014	2013
	£	£
(a) Purchased syndicate capacity		
Cost		
At 1 April 2014	420,826	381,205
Additions	87,751	39,621
Revaluation on acquisition	884,807	-
	<hr/>	<hr/>
At 31 March 2015	1,393,384	420,826
Amortisation		
At 1 April 2014	347,186	324,741
Provided during the year	225,832	22,445
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2015	573,018	347,186
Net Book Value		
At 31 March 2015	820,366	73,640
At 31 March 2014	73,640	56,464

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9. Investments

(i) Group - Syndicate

	2015		2014	
	Market	Cost	Market	Cost
	Value		Value	
	£	£	£	£
Shares and Other Variable Yield Securities	859,279	803,974	389,581	384,919
Debt Securities and Other Fixed Interest Securities	4,284,828	4,285,538	2,214,481	2,226,510
Participation in Investment Pools	126,078	111,389	110,354	105,188
Loans Guaranteed by Mortgage	19,776	19,675	26,960	26,885
Other Loans	40,493	40,489	1,699	1,698
Deposits with Credit Institutions	22,816	22,716	19,359	19,359
Other	76,376	74,661	23,042	23,535
	<u>5,429,646</u>	<u>5,358,442</u>	<u>2,785,476</u>	<u>2,788,094</u>

(ii) Group - Corporate

	2015	2014
	£	£
Associated Undertakings	1,295,454	972,031
Other – Funds at Lloyd's	2,115,268	782,011
	<u>3,410,722</u>	<u>1,754,042</u>

Associated Undertakings

At 1 April 2014
Share of profit retained by associated undertakings
Repayment of intra-group loan

Share of net tangible assets
£

972,031
323,423
-

At 31 March 2015

1,295,454

£

£

Group's share of turnover of associated undertakings

3,933,482

Group's share of Assets and liabilities of associate

Share of assets

Share of tangible fixed assets

Share of current assets

1,356,244

1,305,312

2,661,556

Share of liabilities

Liabilities due within one year

Liabilities due after more than one year

836,686

529,416

(1,366,102)

1,295,454

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9. Investments (cont.)

(iii) Company

	2015	2014
	£	£
Investment in subsidiary undertakings at cost/written down value	1,605,581	341,233
Amounts due from subsidiary companies (see debtors)	-	324,681
Associate undertakings at cost	100,050	100,050
	<u>1,705,631</u>	<u>765,964</u>

Details of the company's subsidiary undertakings, all of which are held by the company, are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary Undertakings				
Jefren Underwriting Limited	England & Wales	Ordinary Shares	100%	Corporate Member of Lloyd's
West End Capital Limited	England & Wales	Ordinary Shares	100%	Corporate Member of Lloyd's
Nameco (No 600) Limited	England & Wales	Ordinary Shares	100%	Corporate Member of Lloyd's
Associated Undertakings				
Flight Plastics (UK) Limited	England & Wales	Ordinary Shares	50%	Plastics Manufacture
Abbey Way Property Limited	England & Wales	Ordinary Shares	50%	Property Investment

On 23 April 2014 the company acquired Nameco (No 600) Limited for a cash consideration of £2,604,348 (including acquisition costs). Subsequently, a dividend of £1,700,000 was paid to the company by Nameco (No 600) Limited and an impairment review was carried out resulting in a writedown in its value of £1,340,000. The investment in Nameco (No 600) Limited has therefore been included in the company's balance sheet at its fair value of £1,264,348 as at the year end.

An analysis of the acquisition is as follows:

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9. Investments (cont.)

	Book Value	Revaluation	Fair Value
	£	£	£
Syndicate capacity	49,021	884,807	933,828
Fixed Asset Investments	1,541,131		1,541,131
Cash	129,892		129,892
Debtors and accrued income	278,614		278,614
Deferred tax provision	(122,379)		(122,379)
Creditors	(156,738)		(156,738)
Net Assets	1,719,541	884,807	2,604,348

Nameco (No 600) Limited prepares its accounts for the year ended 31 December as do all other corporate members of Lloyd's. All of the profit of Nameco (No 600) Limited for the 12 months ended 31 December 2015 has been included in these consolidated financial statements.

10. Debtors

	2015		2014	
	Group	Company	Group	Company
	£	£	£	£
Amounts owed by subsidiaries	-	2,046,702	-	-
Other debtors	564,882	-	271,212	-
Prepayments and accrued income	-	10,104	-	-
	<u>564,882</u>	<u>2,056,806</u>	<u>271,212</u>	<u>-</u>

11. Called up share capital

	2015	2014
	£	£
Allotted, issued and fully paid 3,785 Ordinary shares of £1 each	<u>3,785</u>	<u>3,785</u>

12. Share Premium Account

Group and Company	2015	2014
Opening balance brought forward at 1 April 2014	596,215	596,215
Movement in year	-	-
Closing balance carried forward at 31 March 2015	<u>596,215</u>	<u>596,215</u>

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

13. Profit and Loss Account

Group	Syndicate Participation	Corporate	Total
Retained profit brought forward at 1 April 2014	353,529	1,091,513	1,445,042
Reallocate distribution	(186,779)	186,779	-
Profit/(loss) for the financial year		(212,427)	
	838,068		625,641
Equity dividends	-	-	-
Retained profit carried forward at 31 March 2015	<u>1,004,818</u>	<u>1,065,865</u>	<u>2,070,683</u>

Company

Retained profit brought forward at 1 April 2014	43,782
Profit for the financial year	971,821
Equity dividends	-
Retained profit carried forward at 31 March 2015	<u>1,015,603</u>

14. Reconciliation of Movements in Shareholders' Funds

Group	2015	2014
Opening shareholders' funds	2,045,042	1,644,195
Profit/(loss) for the financial year	625,641	400,847
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	<u>2,670,683</u>	<u>2,045,042</u>

Company

	2015	2014
Opening shareholders' funds	643,782	618,923
Profit/(loss) for the financial year	971,821	24,859
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	<u>1,615,603</u>	<u>643,782</u>

15. Provision for Other Risks and Charges

	2015 £	2014 £
Deferred Taxation		
Opening balance	71,234	4,588
Profit and loss account charge	92,541	66,646
Acquired on acquisition of subsidiary	122,379	-
	<u>286,154</u>	<u>71,234</u>

FLIGHT INVESTMENTS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

16. (a) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from operating Activities

	2015	2014
	£	£
Operating profit	430,522	357,722
(Profit)/loss attributable to syndicate transactions	(372,675)	(369,175)
(Increase)/decrease in debtors	-	119,270
Increase/(decrease) in creditors	312,118	(244)
(Profit)/loss on disposal of intangible assets	48,871	-
Realised/unrealised (gains)/losses on investments	-	(34,611)
Amortisation of syndicate capacity	133,492	22,445
Net cash inflow/(outflow) from operating activities	<u>552,328</u>	<u>95,407</u>

16. (b) Movement in Cash, Portfolio Investments and Financing

	At 1 April 2014	Cash flows	Other changes	At 31 March 2015
	£	£	£	£
Cash at bank	120,747	(124,679)	129,892	125,960
Other financial investments	782,011	69,301	1,263,956	2,115,268
	<u>902,758</u>	<u>(55,378)</u>	<u>1,393,848</u>	<u>2,241,228</u>

17. Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company was £971,821 (2014 – £24,859).

18. Ultimate Holding Company

The ultimate parent company and controlling party at the balance sheet date was Flight Group Limited, a company registered in New Zealand, which holds all of the issued share capital.

Amounts owed to Flight Group Limited are repayable on demand and attract interest at a rate not exceeding the Bank of New Zealand Funding Rate charged under the Group Banking Facility.

19. Related Party Transactions

The company has taken advantage of the exemption within FRS 8 not to disclose transactions between its parent company and its wholly owned subsidiaries.

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