

Company Registration Number: 04174389



# Hampden Capital Plc

Annual Report and Consolidated Financial  
Statements

*For the year ended*

*31 December 2016*

FRIDAY



\*A6907QYG\*

A22

30/06/2017

#120

COMPANIES HOUSE

**HAMPDEN CAPITAL PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

---

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
Chairman's statement	2
Strategic report	4
Directors' report	8
Independent auditor's report to the members	11
Consolidated statement of comprehensive income	13
Consolidated statement of financial position	14
Company statement of financial position	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the financial statements	19

---

**HAMPDEN CAPITAL PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2016**

---

<b>The board of directors</b>	T P C Oliver H R Cleaver N L Crawford-Smith J R H Evans J E H Francis Viscount Hugh Garmoyle E H Gilmour C G C Oliver N P Wentworth-Stanley A T Wood
<b>Company secretary</b>	Hampden Legal Plc
<b>Registered office</b>	5 <sup>th</sup> Floor 40 Gracechurch Street London England EC3V 0BT
<b>Registered number</b>	04174389 (England & Wales)
<b>Registered Auditor</b>	PKF Littlejohn LLP, Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD

**Financial Record**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Profit for the year	<b>6,247</b>	7,453	6,688	5,124	1,469
Capital employed	<b>20,560</b>	20,290	18,826	17,129	15,998

**HAMPDEN CAPITAL PLC**  
**CHAIRMAN'S STATEMENT**  
**YEAR ENDED 31 DECEMBER 2016**

---

I thought there would be some benefit in bringing an overview of the Hampden Capital Group's activities and performance during 2016, and also to have the opportunity of reporting on some specific statistics and plans for the future.

The group comprises Hampden Capital Plc (the holding company), Hampden Agencies Ltd, Nomina Plc and Hampden Tax Consultants Ltd. These companies provide services to private capital clients who underwrite in the Lloyd's market.

**Hampden Agencies Ltd (HAL).** As noted in the Strategic Report which follows, HAL acts for 1,126 Members (2015: 1,150 Members) at Lloyd's, and has direct influence over a capacity to underwrite of £2,048 million (2015: £1,914 million), which is being actively utilised in the underwriting syndicates.

The results for 2016 have been good and because of the Lloyd's reporting cycle, I am able to say that the company's result for the year ended 31 December 2017 will continue to be a profit.

**Nomina Plc.** Provides accounting, taxation and company secretarial support for both private and corporate clients who participate in Lloyd's via a limited liability vehicle. These are predominantly limited companies (Namecos) but also a significant number of limited liability partnerships. For 2016, the company acted for 1,486 Clients (2015: 1,446 Clients). This company too, has had an excellent year in 2016, increasing the number of clients under management.

**Hampden Tax Consultants Ltd.** Provides taxation services to private clients, including participants in the Lloyd's market. This company was profitable in 2016.

It seems appropriate, however, to summarise how significant the Hampden Capital Group has become within the Lloyd's insurance market.

**Funds Employed**

The funds over which Hampden has influence are substantial. Its private clients' capacity to underwrite now exceeds £2.048 billion. Under Lloyd's very stringent rules this capacity has to be backed by significant resources belonging to Members. These can be summarised as follows

	2016 £m	2015 £m
<b>Syndicate Assets</b>		
Investments	1,661	1,435
Cash and Deposits	95	72
Overseas Deposits	115	84
Other assets	1,163	1,029
<b>Total Syndicate Assets</b>	<b>3,034</b>	<b>2,620</b>
To this should be added other sums which are held by Members which are in the form of collateral, i.e. assets set aside and available to syndicates if necessary. We estimate these assets to be in excess of	1,588	1,468
<b>Total funds</b>	<b>4,622</b>	<b>4,088</b>
<b>Nomina Clients</b>		
Cash and Investments held by Clients	72	53
Total funds under the influence of the Hampden Capital Group	<b>4,694</b>	<b>4,141</b>

**HAMPDEN CAPITAL PLC**  
**CHAIRMAN'S STATEMENT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2016**

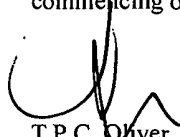
With such significant sums, £4.694 billion, being under the Group's influence, a great deal of time, effort and resources are devoted to ensuring that our clients are given the best possible guidance and support.

<b>Annually Accounted Results</b>	<b>2016</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
Capacity of Syndicates in which HAL Clients Participate	<u>7,629</u>	<u>6,462</u>
Capacity of HAL clients	<u>1,494</u>	<u>1,432</u>
Gross Written Premiums	<u>1,475</u>	<u>1,269</u>
Net Earned Premiums	<u>1,139</u>	<u>1,001</u>
Net Claims	<u>(601)</u>	<u>(439)</u>
Net Operating Expenses	<u>(489)</u>	<u>(424)</u>
Return from Investments	<u>27</u>	<u>13</u>
Other Gains and Losses	<u>50</u>	<u>7</u>
<b>Net Result</b>	<u><b>126</b></u>	<u><b>158</b></u>

The traditional method of comparing the performance of insurance entities is the combined ratio, which measures claims and expenses against premiums. The combined ratio for Members advised by Hampden for 2016 was 95.7%, which is better than the combined ratio of the Lloyd's market of 97.9%.

I am delighted also to report that as a result of these figures we are able to confirm that our estimate of the Return on Funds invested for 2016, including the return on the Funds at Lloyd's held by the private clients, is approximately 7.5%.

The Directors and Staff of the Hampden Companies are very pleased with this outcome, but as previously reported, are ever conscious of the need to look for new opportunities and products to enable our clients to optimise their investments. During 2016, considerable progress was made in two areas. The development of Hampden Insurance Partners (HIP) has been considerable, and in the Strategic report mention is made of the significant growth which has taken in this area of operation. Also during the year a great deal of effort was expended in the launch of a new Syndicate (Verto 2689) and approval was given for this to commence underwriting activities from January 2017. This Syndicate, and its associated Service company (Hampden Syndicate Services Ltd) have commenced activities since the year end, and I look forward to reporting further on their progress in next year's report. More detail in respect of Verto is also given in the Strategic Report commencing on page 4.

  
T.P.C. Oliver  
Chairman  
8 June 2016

**HAMPDEN CAPITAL PLC**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 DECEMBER 2016**

---

The directors present their strategic report for the year ended 31 December 2016.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

Hampden Capital Plc is the holding company for a number of subsidiaries which specialise in providing services to investors in the Lloyd's insurance market. The company does not trade in its own right but investigates suitable investment opportunities and potential new business for its subsidiary companies. Its profitability is dependent on dividends received from those companies. The group and company have consistently been profitable and expect to continue to be so in the future.

The main trading companies in the group are Hampden Agencies Limited (HAL), a Lloyd's members' agent, Nomina Plc, a company which administers the affairs of Lloyd's limited-liability vehicles, and Hampden Tax Consultants Limited which provides taxation services.

The Members' Agency subsidiary (HAL) acts for 1,126 clients (2015: 1,150) with underwriting capacity of £2,048 million (2015: £1,914 million) which represents over 7% of the capacity of the Lloyd's market.

Nomina Plc had over 1,400 limited-liability Lloyd's vehicles under management for 2016.

Hampden Tax Consultants Limited utilises specialist taxation staff to provide advice and compliance services for both Lloyd's and non-Lloyd's related activities.

The group currently employs 74 (2015: 74) staff.

The majority of syndicates underwriting at Lloyd's made a profit for the 2014 year of account, with the resulting profit commission due to the group being included in the financial statements for this year and 2015. An underwriting profit, based on current estimates, is also expected for the 2015 year of account which will affect the profit commission that is included in the financial statements for 2016 and 2017.

New Members, whose affairs are managed by the group, continue to join Lloyd's and there remains interest in becoming a Member of Lloyd's despite a period of low interest rates and uncertain returns on investments. The 2016 year of account is expected to be profitable which will generate profit commission for the group in the next two years.

**KEY PERFORMANCE INDICATORS**

The directors consider the following to be the key performance indicators of the group:

	2016	2015	Change
Number of Lloyd's Members for whom HAL acts	1,126	1,150	-2.1%
Capacity of those Lloyd's Members (£Million)	£2,048	£1,914	+7.0%
No. of corporate member clients at year end (Nomina Plc)	1,486	1,446	+2.8%
Lloyd's result - closed year 2013:2012 (% of capacity)	10.9%	9.2%	
Corresponding result for Members underwriting through the Members' Agency	14.5%	13.0%	
Profit commissions (£000's)	£13,083	£13,469	-2.9%

The Lloyd's result reported in 2016 is in respect of the 2014 year of account which closed at 31 December 2016. The corresponding result reported in 2015 is in respect of the 2013 year of account which closed at 31 December 2015.

Other performance indicators are shown on page 1.

# HAMPDEN CAPITAL PLC

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks to the company are limited to the value of its investments in its subsidiaries. The principal risks to its main subsidiaries are set out below.

#### **Hampden Agencies Limited (HAL)**

##### **Environmental Business Risk**

Most of the risks to HAL's future profitability and cash flows arise from the degree of its reliance on income from the Members for whom it acts. The risks to the level of fees and profit commission receivable from each Member's participation are largely governed by the future size and profitability of the syndicates on which they are able to participate. If the results of the syndicates are not considered adequate by Members their support and underwriting at Lloyd's may reduce, together with the future income of HAL. Losses suffered by syndicates may reduce the capital available to Members to support them in the future. In such circumstances, to avoid a reduction in their overall capacity, existing Members will need to find additional capital to support a given level of underwriting. In addition, if losses are suffered, Members may cease underwriting altogether.

A key discipline within its business is to consider the risk exposure and portfolio weighting of Members' portfolios, along with the related capital requirement. The Lloyd's Capital Test calculation ensures that a sufficient level of assets, required to support Members' underwriting exposures (current and committed), are in place. The Members' ability to provide said capital in support of their demonstrated risk appetite is a firmly embedded discipline, as is the importance of the preservation of capital in order to take advantage of favourable market conditions and of opportunities to support syndicates.

The 2014 account has closed with an average profit for HAL Members of 14.5%, against a market average of 10.9%. The 2015 and 2016 years of account solvency return is an overall surplus, meaning that the average Hampden Member is in a good position with regard to the Capital Test and the release of 2014 account profits.

HAL is dependent on those Members for whom it acts continuing to underwrite at Lloyd's. It is also dependent on the Managing Agents, specifically those providing special purpose arrangement support opportunities, continuing to accept third party capital on the syndicates they manage. Of equal importance are new syndicate opportunities and HAL's ability to source them. Weakening market conditions may limit the opportunity to bring in new Members, or make it more difficult for existing Members to retain their capacity, and this could affect the future income stream of HAL.

The extent to which Members for whom HAL acts are exposed to the fortunes of a relatively small number of syndicates is also significant.

The effect of the proposed withdrawal of the United Kingdom from the European Union is not fully known but is not expected to have a significant impact on HAL.

##### **Market Business Risks**

The syndicates on which the Members participate are exposed to a number of risks which can affect their overall performance. These include insurance risk, reinsurance risk, liquidity risk, regulatory and operational risk, currency risk, investment and interest rate risk.

These specific risks are managed and controlled by the respective Managing Agents and are outside the direct control of HAL. HAL manages the risks faced by the syndicates by monitoring their performance through an effective syndicate research department. HAL seeks to ensure Members have a balanced portfolio of syndicates on which they participate.

##### **Financial Instrument Risks**

HAL has established a risk and financial management framework whose primary objectives are to protect HAL from events that hinder the achievement of HAL's objectives. These aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

# HAMPDEN CAPITAL PLC

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### **Finance Risks**

HAL is faced with investment risk, liquidity risk and interest rate risk with regard to the investment of the available funds within its custody. HAL mitigates these risks by investing its surplus funds in short-term readily realisable fixed interest products, usually money market deposits, with major banks.

Hampden Agencies Ltd has internal controls in place, including the segregation of duties, in order to protect its assets.

### **Regulatory and Operational Risks**

HAL, as a Members' Agent, is subject to continuing supervision and approval by Lloyd's and the Financial Conduct Authority. The risk of this approval being removed is mitigated by monitoring and complying fully with all requirements in relation to a Lloyd's Members' Agent. In addition minimum levels of available funds are required to be maintained by HAL. The risk of failing to meet this requirement is mitigated by monitoring the assets held and ensuring that a reasonable margin in excess of the requirements is maintained.

The capital to support each Members' syndicate participation for past, present and future years is subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's, including market conditions and the underlying syndicate performance. The requirements can fluctuate from one year to the next which may restrict the volume of underwriting each Member is able to support. In addition the gradual shift to catastrophe exposed business is increasing the capital requirements for Members. This may result in a scaling back of their involvement in underwriting which could affect the future income of HAL.

HAL maintains systems and controls to ensure operational risks are minimised. There is close involvement of all the directors in the key decision making, including syndicate selection, providing further control over operational risks. The exposure of Members is continuously monitored in order to ensure they have a balanced portfolio of risk.

HAL could also be affected by changes to the regulatory regime, which may result in extra costs, as well as higher capital requirements, reducing the capacity that Members of Lloyd's can underwrite on syndicates.

### **Audit and Risk Committee**

HAL operates an Audit and Risk Committee which meets regularly and comprises the non-executive directors. It reviews the risk register of HAL and its internal controls, and any reports from HAL's external auditors. The committee is chaired by Sarah Wilton and is attended by executive directors as observers.

### **Nomina Plc**

Nomina Plc attracts business because of its strong reputation in the market. If its reputation was affected adversely, it could result in a loss of business. Its directors seek to mitigate this risk by monitoring the quality of services that it provides and by the use of specialists where necessary. The limited liability vehicles for whom Nomina acts are exposed to a number of the risks referred to above which could lead them to cease underwriting and ultimately reduce Nomina's income in the longer-term.

### **Hampden Insurance Partners**

The company owns two thirds of the share capital of Hampden Insurance Partners Management (Cayman) Limited which is the management company of the Hampden Insurance Partners (HIP) investment in underwriting vehicles at Lloyd's. HIP provides support for three funds which have an interest in underwriting vehicles in Lloyd's. The company's contribution is 6.06% of the initial fund and US\$1.819 million has been contributed, primarily for Funds at Lloyd's, to support underwriting for 2017.



# HAMPDEN CAPITAL PLC

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### Hampden Insurance Partners *(continued)*

	<u>HIP I (\$)*</u>	<u>HIP II (\$)</u>	<u>HIP III (\$)</u>	<u>Total (\$)</u>
Committed Capital	53,763,441	26,315,790	10,204,082	90,283,312
Capital Drawn to 31 December 2016	30,029,249	15,589,786	3,433,419	49,052,453
<b>Uncalled capital</b>	<b>23,734,192</b>	<b>10,726,004</b>	<b>6,770,663</b>	<b>41,230,859</b>
<i>% Called to 31 December 2016</i>	<i>55.85%</i>	<i>59.24%</i>	<i>33.65%</i>	<i>54.33%</i>

\*Includes Hampden Capital's 6.0606% interest outside of Fund structure.

### Hampden Syndicate Services

During early 2016, the Board reviewed the options available to private capital in the Lloyd's market and how this was likely to develop in the future. The business also co-commissioned a report entitled 'The Future of Private Capital at Lloyd's: A Review' which published its findings in July 2016. In researching and contributing to this work the board decided that the best way for the Company to contribute to the further long term future of private capital at Lloyd's was to set up a syndicate structure. The syndicate would be a quota-share, reinsurance syndicate, which would offer diversity in terms of classes underwritten and sufficient scale over time to offer significant opportunity within the Lloyd's market.

From this work a syndicate business plan was formulated and underwriter identified. The Lloyd's approval processes were obtained in order for Verto Syndicate 2689 to commence underwriting from 1 January 2017. Due to the unusual nature of the syndicate the approval process was truncated, consequently despite best efforts the plan was split into a 1 January and later start date for the remainder of the proposed book. Unfortunately for the underwriting 2017 year, the second part of the book was delayed to a full year plan starting 1st January 2018, due to the capital requirements imposed.

With a full underwriting team in place for the latter half of 2017, we expect a full underwriting year in 2018 and remain optimistic that the syndicate will provide opportunity and scale for our client's capital at Lloyd's.

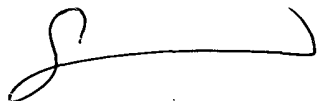
### Staff and environmental matters

The operations of the group are reliant on key staff. The directors believe that its human resources policies, remuneration and benefit packages are appropriate to recruit and retain such staff.

Whilst the directors do not consider that the group has a major environmental impact, staff are encouraged to have regard to the impact on the environment in the conduct of their business affairs.

HAL is part of the Lloyd's Community Programme involving the placing of pre-university students in work placements for 10 weeks. It is also involved in student mentoring, assisting in inner city schools and other community projects. The company allows staff the time to take part in this work, and encourages them to do so.

Signed on behalf of the directors



Hampden Legal Plc  
Company Secretary

Approved by the directors on 8 June 2016

---

**HAMPDEN CAPITAL PLC**  
**DIRECTORS REPORT**  
**YEAR ENDED 31 DECEMBER 2016**

---

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

**DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY**

The directors who served the company during the year were as follows:

T P C Oliver  
H R Cleaver  
N L Crawford-Smith  
J R H Evans  
J E H Francis  
Viscount Hugh Garmoyle  
E H Gilmour  
C G C Oliver  
N P Wentworth-Stanley  
A T Wood

The directors with beneficial interests in the shares of the parent company were as follows:

	At 31 December 2016	At 1 January 2016 or later date of appointment
J R H Evans	73,000	73,000
J E H Francis	12,500	12,500
N P Wentworth-Stanley	80,198	80,198
N L Crawford-Smith	1,000	1,000

T P C Oliver and C G O Oliver are directors of Hampden Holdings Limited, the company's ultimate parent company.

The Register of Directors' Shareholdings maintained by the company does not include details of any shareholdings in other group companies of directors who are also directors of the company's ultimate parent company, Hampden Holdings Limited. T P C Oliver's and C G C Oliver's interests (if any) in the shares of the ultimate parent company are disclosed in the annual report of that company.

Directors' interests in contracts of significance are shown in note 28.

During the year the group maintained liability insurance for its directors and officers.

**POLICY ON THE PAYMENT OF CREDITORS**

It is the group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the terms, it is the group's policy that payment is made accordingly.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £6,247,486. Particulars of dividends paid are detailed in note 15 to the financial statements.

**FUTURE DEVELOPMENTS**

Details of future developments are provided in the strategic report on pages 4 to 7 of the financial statements.

---

# HAMPDEN CAPITAL PLC

## DIRECTORS REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### FINANCIAL INSTRUMENTS

Details in relation to the financial risk management objectives and policies are disclosed within the principal risks and uncertainties heading on the strategic report on pages 4 to 7 of the financial statements.

### DONATIONS

During the year the company made the following contributions:

	2016	2015
	£	£
Charitable	<u>32,856</u>	<u>37,574</u>

### DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 prepared the financial statements in accordance with applicable laws and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (effective September 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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

# HAMPDEN CAPITAL PLC

## DIRECTORS REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### PROVISION OF INFORMATION TO THE AUDITOR

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

### AUDITOR

PKF Littlejohn LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



Hampden Legal Plc  
Company Secretary

Approved by the directors on 8 June 2017

# HAMPDEN CAPITAL PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMPDEN CAPITAL PLC

YEAR ENDED 31 DECEMBER 2016

---

We have audited the financial statements of Hampden Capital Plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. 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), including FRS 102 (effective September 2015) 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

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.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

**HAMPDEN CAPITAL PLC**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMPDEN**  
**CAPITAL PLC** *(continued)*  
**YEAR ENDED 31 DECEMBER 2016**

---

**OPINION ON OTHER MATTER 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 the 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 and the Directors' Report.

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

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



Carmine Papa (Senior Statutory Auditor)

For and on behalf of  
PKF Littlejohn LLP,  
Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

14 June 2017

**HAMPDEN CAPITAL PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>TURNOVER</b>	<b>4</b>	<b>25,706,482</b>	<b>25,732,979</b>
Administrative expenses		(19,107,729)	(17,409,304)
Other operating income	<b>5</b>	<b>1,375,425</b>	<b>301,971</b>
<b>OPERATING PROFIT</b>	<b>6</b>	<b>7,974,178</b>	<b>8,625,646</b>
Income from interests in associates	<b>10</b>	<b>158,705</b>	<b>226,149</b>
Income from other fixed asset investments	<b>11</b>	<b>152,351</b>	<b>91,293</b>
Interest receivable	<b>12</b>	<b>72,932</b>	<b>72,186</b>
Revaluation of listed investment		<b>17,585</b>	<b>479,380</b>
Foreign currency retranslation		-	<b>8,747</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>8,375,751</b>	<b>9,503,401</b>
Taxation on ordinary activities	<b>13</b>	<b>(2,011,975)</b>	<b>(1,977,248)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>6,363,776</b>	<b>7,526,153</b>
Foreign currency retranslation		<b>38,235</b>	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>38,235</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,402,011</b>	<b>7,526,153</b>
Profit for the financial year attributable to:			
The owners of the parent company		<b>6,247,486</b>	<b>7,453,115</b>
Non-controlling interest		<b>116,290</b>	<b>73,038</b>
		<b>6,363,776</b>	<b>7,526,153</b>
Total comprehensive income for the year attributable to:			
The owners of the parent company		<b>6,259,761</b>	<b>7,453,115</b>
Non-controlling interest		<b>142,250</b>	<b>73,038</b>
		<b>6,402,011</b>	<b>7,526,153</b>

All the activities of the group are from continuing operations.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income Statement. Details of the results for the year for the company are disclosed in note 14.

The notes on pages 19 to 42 form part of these financial statements.

**HAMPDEN CAPITAL PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>CALLED UP SHARE CAPITAL NOT PAID</b>		9,883	9,883
<b>FIXED ASSETS</b>			
Tangible assets	16	1,172,244	1,401,837
Investments	17	5,303,559	6,625,175
		<u>6,475,803</u>	<u>8,027,012</u>
<b>CURRENT ASSETS</b>			
Debtors: due within one year	18	16,906,943	16,530,096
Debtors: due after more than one year	18	4,415,770	6,096,000
Cash at bank and in hand		8,315,300	4,653,423
		<u>29,638,013</u>	<u>27,279,519</u>
<b>CREDITORS: Amounts falling due within one year</b>	19	<u>11,558,569</u>	<u>11,955,815</u>
<b>NET CURRENT ASSETS</b>		<u>18,079,444</u>	<u>15,323,704</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		24,565,130	23,360,599
<b>CREDITORS: Amounts falling due after more than one year</b>	20	3,953,707	2,728,315
<b>PROVISION FOR LIABILITIES</b>			
Onerous contracts	22	–	269,357
<b>NET ASSETS</b>		<u>20,611,423</u>	<u>20,362,927</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	99,824	99,824
Profit and loss account	25	20,460,377	20,190,065
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY</b>		20,560,201	20,289,889
<b>NON-CONTROLLING INTEREST</b>		51,222	73,038
		<u>20,611,423</u>	<u>20,362,927</u>

These financial statements were approved by the board of directors and authorised for issue on 8 June 2017, and are signed on behalf of the board by:



H R Cleaver  
 Director

Company registration number: 04174389

The notes on pages 19 to 42 form part of these financial statements.



**HAMPDEN CAPITAL PLC**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>CALLED UP SHARE CAPITAL NOT PAID</b>		9,883	9,883
<b>FIXED ASSETS</b>			
Tangible assets	16	958,270	1,113,356
Investments	17	5,970,224	5,560,545
		<u>6,928,494</u>	<u>6,673,901</u>
<b>CURRENT ASSETS</b>			
Debtors: due within one year	18	1,696,489	1,959,923
Cash at bank and in hand		3,711,096	2,818,946
		<u>5,407,585</u>	<u>4,778,869</u>
<b>CREDITORS: Amounts falling due within one year</b>	19	8,926,967	7,265,920
<b>NET CURRENT LIABILITIES</b>		<u>3,519,382</u>	<u>2,487,051</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,418,995	4,196,733
<b>PROVISION FOR LIABILITIES</b>			
Deferred tax	22	123,336	78,541
<b>NET ASSETS</b>		<u>3,295,659</u>	<u>4,118,192</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	99,824	99,824
Profit and loss account	25	3,195,835	4,018,368
<b>SHAREHOLDERS FUNDS</b>		<u>3,295,659</u>	<u>4,118,192</u>

These financial statements were approved by the board of directors and authorised for issue on 8 June 2017, and are signed on behalf of the board by:



H R Cleaver  
 Director

Company registration number: 04174389

The notes on pages 19 to 42 form part of these financial statements.

**HAMPDEN CAPITAL PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interest £	Total £
<b>AT 1 JANUARY 2015</b>	99,824	18,726,400	18,826,224	–	18,826,224
Profit for the year	–	7,453,115	7,453,115	73,038	7,526,153
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	7,453,115	7,453,115	73,038	7,526,153
Dividends paid and payable 15	–	(5,989,450)	(5,989,450)	–	(5,989,450)
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	–	(5,989,450)	(5,989,450)	–	(5,989,450)
<b>AT 31 DECEMBER 2015</b>	99,824	20,190,065	20,289,889	73,038	20,362,927
Foreign currency retranslation	–	12,275	12,275	25,960	38,235
Profit for the year	–	6,247,486	6,247,486	116,290	6,363,776
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	6,259,761	6,259,761	142,250	6,402,011
Dividends paid and payable 15	–	(5,989,449)	(5,989,449)	(164,066)	(6,153,515)
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	–	(5,989,449)	(5,989,449)	(164,066)	(6,153,515)
<b>AT 31 DECEMBER 2016</b>	99,824	20,460,377	20,560,201	51,222	20,611,423

The notes on pages 19 to 42 form part of these financial statements.

**HAMPDEN CAPITAL PLC**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total £
<b>AT 1 JANUARY 2015</b>	99,824	1,874,854	1,974,678
Profit for the year	—	8,132,964	8,132,964
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	8,132,964	8,132,964
Dividends paid and payable      15	—	(5,989,450)	(5,989,450)
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	—	(5,989,450)	(5,989,450)
<b>AT 31 DECEMBER 2015</b>	99,824	4,018,368	4,118,192
Profit for the year	—	5,166,916	5,166,916
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	5,166,916	5,166,916
Dividends paid and payable      15	—	(5,989,449)	(5,989,449)
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	—	(5,989,449)	(5,989,449)
<b>AT 31 DECEMBER 2016</b>	99,824	3,195,835	3,295,659

The notes on pages 19 to 42 form part of these financial statements.

**HAMPDEN CAPITAL PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	6,363,776	7,526,153
<i>Adjustments for:</i>		
Depreciation of tangible assets	443,745	304,119
Share of loss from interests in associates	(158,705)	(226,149)
Income from fixed asset investments	(152,351)	(91,293)
Other interest receivable and similar income	(72,932)	(72,186)
(Gains)/Loss on disposal of tangible assets	(2,600)	10,544
Accruals	–	922,775
Revaluation of listed investment	(17,585)	(479,380)
Foreign currency translation gain	38,235	(8,747)
Provisions	(269,357)	269,357
Tax on profit on ordinary activities	2,011,975	1,977,248
<i>Changes in:</i>		
Trade and other debtors	(101,899)	(2,224,974)
Trade and other creditors	623,775	893,282
Cash generated from operations	<u>8,706,077</u>	<u>8,800,749</u>
Tax paid	(1,570,753)	(2,204,053)
Net cash from operating activities	<u>7,135,324</u>	<u>6,596,696</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(214,152)	(1,355,059)
Proceeds from sale of tangible assets	2,600	–
Acquisition of interests in associates and joint ventures	(2,002,094)	(1,343,695)
Proceeds from cash deposits	3,500,000	1,600,000
Proceeds from sale of investments	–	387,722
Dividends received	107,517	323,592
Income from investments in ArchOver Limited	44,834	12,701
Foreign currency translation gain	–	8,747
Interest received	72,932	76,794
Net cash (used in)/from investing activities	<u>1,511,637</u>	<u>(289,198)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(6,153,515)	(5,989,450)
Increase/(decrease) in loans from group companies	(69,890)	(116,332)
Increase/(decrease) in loans to group companies	1,238,321	(1,226,469)
Net cash (used in)/from financing activities	<u>(4,985,084)</u>	<u>(7,332,251)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>3,661,877</u>	<u>(1,024,753)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,653,423</u>	<u>5,678,176</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>8,315,300</u>	<u>4,653,423</u>

The notes on pages 19 to 42 form part of these financial statements.

**HAMPDEN CAPITAL PLC**  
**GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

---

**1. GENERAL INFORMATION**

Hampden Capital Plc is a public limited company incorporated in England. The address of its registered office and principal place of business is disclosed on page 1, the officers and professional advisors page.

As noted within the strategic report on pages 4 to 7 of the financial statements, the company is the holding company for a number of subsidiaries which specialise in providing services to investors in the Lloyd's insurance market.

The principal activity of the Hampden Capital group is the provision of services to private capital members of the Lloyd's insurance market.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (effective September 2015) - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

**Going concern**

The income of the Group is mainly derived from a fee agreed with each client in advance, together with profit commission which is received on the closure of each profitable underwriting year. Fee income is also generated from the provision of administrative services to Lloyd's corporate vehicles. These are based on agreements which are signed by every client before they start underwriting at Lloyd's. Projections made by the management of the group show that this income, and the related cash flows, will be sufficient to cover the costs of administering the group for at least the next two years. The directors do not consider that the group has any issues with regard to being able to continue to trade as a going concern and therefore continues to prepare the financial statements on a going concern basis.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES *(continued)*

#### **Consolidation**

The group financial statements incorporate the financial statements of the company, and its subsidiary undertakings, as at 31 December each year. As set out in note 17 to the financial statements, certain subsidiary undertakings are not consolidated.

The profits and losses of subsidiary undertakings that are trading are consolidated from the date of acquisition to the date of disposal. Subsidiaries that have not traded in the period are not consolidated. Uniform accounting policies are used for all Group companies. Profits and losses on intra-group transactions are eliminated on consolidation.

#### **Non-controlling interest**

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interest consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the Non-controlling interest are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

#### **Revenue recognition**

Turnover (excluding VAT) represents management fees from Lloyd's Namecos (accounted for on an accruals basis) together with agency and service fees, profit commission, winding up fees and amounts chargeable to clients for the provision taxation services which are measured at the fair value of the consideration received or receivable and are accounted for as follows:

Agency and service fees receivable under agency agreements with Members of Lloyd's are recognised when the contractual right to them is established, but only to the extent that the group's relevant obligations under those agreements have been performed.

Profit commission arising from agency agreements with Members of Lloyd's is recognised when the contractual right to it is established, but only to the extent that a reliable estimate can be made. Such estimates are made with reference to market reports on a prudent basis that reflects the level of uncertainty involved. Profit commission is included net of any commission sharing arrangements.

Winding-up fees receivable under agency agreements with Members of Lloyd's are recognised when the contractual right to them is established and to the extent that the group's relevant obligations under those agreements have been performed.

Amounts chargeable to clients for the provision of taxation services is recognised at the point where the right to consideration is obtained. The excess of the rights to consideration over invoiced amounts is included in accrued income.

Revenue that has been credited in the books of a subsidiary, but not yet recognised as income in accordance with the policies described above, is credited to deferred income under creditors in the statement of financial position.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES *(continued)*

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

A net deferred tax asset is regarded as recoverable and therefore recognised, only when it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted by the statement of financial position date.

#### **Operating lease agreements**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The company now operates from premises at 40 Gracechurch Street. The lease for the premises has been taken by Hampden Capital Plc and all premises costs are met directly by Hampden Capital Plc with the proportion that relates to Hampden Agencies Limited, Hampden Tax Consultants Limited and Nomina Plc being recharged to the companies based on their usage of the premises.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency), as such, the results and statement of financial position are presented in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest pound unless otherwise stated.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES *(continued)*

#### **Impairment of non-financial and financial assets**

At each period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, with the impairment recognised immediately in the statement of income and retained earnings.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	over period of the lease (15 years)
Fixtures and fittings	-	over period of the lease (15 years)
Computer and office equipment	-	3 or 4 years

#### **Investments in associates**

Investments in associates are accounted for using the equity method of accounting.

Associates are all entities over which the group has significant influence but no control, generally accompanying a shareholding between 20% and 50% of the voting rights. The group's share of its associates' post acquisition profits after tax is recognised in the group income statement as income from participating interests, and its share of movement in associates' net assets is reflected in the investment's carrying value in the Group statement of financial position.

#### **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

#### **Provisions and contingencies**

Provisions and contingencies are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions and contingencies are recognised as a liability in the statement of financial position and the amount is included as an expense.

Provisions and contingencies are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision or a contingency is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.



# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

---

#### 2. ACCOUNTING POLICIES *(continued)*

##### **Employee benefits**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Financial instruments**

The company and group has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 (effective September 2015) to all of its' financial instruments.

##### *Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 2. ACCOUNTING POLICIES *(continued)*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Related party transactions**

The company has passed surplus funds to a related group company for the purposes of investment in short term deposits. These amounts have been included in amounts owed by group undertakings in debtors. These amounts are repayable on demand. All other inter-company transactions are settled regularly and are carried out on a commercial basis.

#### **Operating expenses**

Operating expenses are charged to the statement of financial position as they are incurred.

#### **Liquid resources**

Deposits not qualifying as cash and current asset investments which are readily disposable are included as liquid resources for the purpose of preparing the cash flow statement.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Distributions to equity holders**

Dividends and other distributions to company's members are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's members. These amounts are recognised in the statement of changes in equity.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 3. CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

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

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

The critical area where an assumption is required to be made is the estimate of underwriting profits of Syndicates supported by Lloyd's Members for whom a subsidiary company acts, and the profit commission that will be earned from such profits. A 10% variation in the estimated profit of the 2015 underwriting account would have the net impact shown below on the company's results. The 10% variation is a reasonable expected variation in view of the uncertainty of the assumptions.

The main exposure of the company is its investment in external businesses, principally Helios Underwriting Plc, Saltus Partners LLP and Capital Holdings Limited. The total cost of investment in these companies at 31 December 2016 was £2,401,256. In addition the company has contributed £1,408,000 towards peer to peer lending across the ArchOver Limited platform, which is protected by insurance.

The investment in Saltus LLP is included at cost as there is not enough information to allow for it to be given a fair value. The value for Nomina No. 1253 has been adjusted to reflect the value ascribed to the company in a valuation that was undertaken at 31 December 2016. The funds provided to support underwriting by this Lloyd's limited liability vehicle in 2016 (amounting to £1,048,143) have been included in investments but they are at risk if it makes losses.

	2016	2015
	£	£
Underwriting profits – variance of 10%	<u>448,300</u>	<u>618,100</u>

#### 4. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Members' Agency	21,068,217	21,379,713
Nameco Administration	3,788,961	3,524,755
Taxation Services	301,870	280,270
Hampden Insurance Partners Management	547,434	548,241
	<u>25,706,482</u>	<u>25,732,979</u>

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 4. TURNOVER *(continued)*

Disclosure of the pre-tax profit / (loss) and analysis of net assets / (liabilities) by segment is as follows:

	2016 Pre-tax profit / (loss) £	2016 Net assets / (liabilities) £	2015 Pre-tax profit / (loss) £	2015 Net assets / (liabilities) £
Members' Agency	7,005,129	18,167,956	8,291,029	18,135,289
Nameco Administration	801,702	1,765,863	716,760	1,618,924
Taxation Services	61,695	103,439	50,129	54,004
Income from Participating Interest	158,705	421,043	226,149	262,338
Hampden Insurance Partners Management	348,520	101,900	219,334	219,334
	<u>8,375,751</u>	<u>20,560,201</u>	<u>9,503,401</u>	<u>20,289,889</u>

All turnover is derived within the United Kingdom, with the exception of the participating interest which is derived in Guernsey, Hampden Insurance Partners Management (Cayman) Limited which is derived in the Cayman Islands, and £49,620 (2015: £43,015) of taxation services.

Members' Agency represents the combined profit and net assets of Hampden Agencies Ltd and Hampden Capital Plc as the majority of the work of the parent company enhances the underwriting opportunities for clients of the Members' Agency.

#### 5. OTHER OPERATING INCOME

	2016 £	2015 £
Other operating income	<u>1,375,425</u>	<u>301,971</u>

Other operating income is comprised of fees from the sale of limited liability vehicles, and other Lloyd's related work, and charges totalling £50,000 (2015: £50,000) to other group companies for the provision of accommodation and other services. Charges are made to other group companies in accordance with service level agreements with those companies.

#### 6. OPERATING PROFIT

Operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	443,745	304,119
Loss on disposal of tangible assets	(2,600)	10,544
Foreign exchange differences	(34,904)	(5,182)
Auditors remuneration – audit of the financial statements	23,500	23,175
Auditors remuneration – audit of subsidiary financial statements	66,325	63,155
Auditors remuneration – all other services	49,998	42,925
Staff costs (excluding pension expense below) (note 7)	11,103,486	11,097,139
Pensions – defined contribution plans	423,406	518,799
Operating lease costs	<u>694,897</u>	<u>639,729</u>

#### Auditor's remuneration

In addition, the auditors have charged a subsidiary company £119,000 (2015: £100,000) in connection with the audit of Lloyd's limited liability vehicles for which the subsidiary company provides administration services.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 7. STAFF COSTS

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No	2015 No
Members agency service	62	62
Nameco administration	10	10
Taxation services	2	2
	74	74

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	9,790,491	9,887,996
Social security costs	1,312,995	1,209,143
Pensions – defined contribution plans	423,406	518,799
	11,526,892	11,615,938

Of the wages and salary figure above, £3,448,936 (2015: £4,038,547) relates to profit sharing bonus (including amounts not yet allocated to staff and directors).

#### 8. DIRECTORS REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	2,339,598	2,163,830
Company contributions to defined contribution pension schemes	37,533	61,665
	2,377,131	2,225,495

The number of directors who accrued benefits under company pension schemes was as follows:

	2016 No	2015 No
Defined contribution schemes	3	3

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	562,744	479,306
Company contributions to defined contribution pension schemes	8,078	26,850
	570,822	506,156

#### 9. KEY MANAGEMENT PERSONNEL

The directors are considered to be the only key management personnel of the company and details of their remuneration are disclosed in note 8 above.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 10. INCOME FROM INTERESTS IN ASSOCIATES

	2016	2015
	£	£
Investment income - share of associated company results	<u>158,705</u>	<u>226,149</u>

#### 11. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2016	2014
	£	£
Investment income - dividends - external	59,425	12,701
Other investment income	92,926	78,592
	<u>152,351</u>	<u>91,293</u>

#### 12. INTEREST RECEIVABLE

	2016	2015
	£	£
Interest on loans and receivables	17,220	5,000
Interest on cash and cash equivalents	55,712	67,186
	<u>72,932</u>	<u>72,186</u>

#### 13. TAXATION ON ORDINARY ACTIVITIES

##### Major components of tax expense

	2016	2015
	£	£
<b>Current tax:</b>		
UK corporation tax on profits for the year	2,022,966	2,173,990
Adjustments in respect of prior periods	(177,267)	(298,880)
Total current tax	<u>1,845,699</u>	<u>1,875,110</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	166,276	102,138
<b>Taxation on ordinary activities</b>	<u>2,011,975</u>	<u>1,977,248</u>

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 13. TAXATION ON ORDINARY ACTIVITIES *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>8,375,751</u>	<u>9,503,401</u>
Profit on ordinary activities by rate of tax	1,675,150	1,924,439
Adjustment to tax charge in respect of prior periods	(177,267)	(298,880)
Effect of expenses not deductible for tax purposes	362,526	472,808
Effect of capital allowances and depreciation	14,835	(20,196)
Effect of revenue exempt from tax	(73,775)	(65,527)
Other timing differences	(69,844)	(40,459)
Fair value gain / (loss) on listed investment	44,795	(97,074)
Group relief	114,074	–
Changes in deferred tax asset at future tax rate of 19% (2015: 20%)	<u>121,481</u>	<u>102,138</u>
Tax on profit on ordinary activities	<u>2,011,975</u>	<u>1,977,249</u>

##### Factors that may affect future tax expense

The decrease in the standard rate of corporation tax is caused by the impact of the reductions in the UK tax rate as follows:

From 1 April 2014 to 31 March 2015	21%
From 1 April 2015 to 31 March 2016	20%

During 2015, the government announced legislation setting the corporation tax main rate at 19% with effect from 1 April 2017 and furthermore to 18% from 1 April 2020. Finance Act 2016, further reduced the main rate of corporation tax to 17% with effect from 1 April 2020. As a result of the change, the relevant deferred tax balances have been measured using the effective rate of 19% that will apply in the UK.

#### 14. PROFIT FOR THE YEAR OF THE PARENT COMPANY

The profit for the financial year of the parent company was £5,166,916 (2015: £8,132,964).

#### 15. DIVIDENDS

	2016	2015
	£	£
Paid during the year:		
Dividends on equity shares, 60p (2015: 60p) per share	<u>5,989,449</u>	<u>5,989,450</u>

## HAMPDEN CAPITAL PLC

### GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

#### YEAR ENDED 31 DECEMBER 2016

#### 16. TANGIBLE ASSETS

Group	Leasehold improvements £	Fixtures and fittings £	Equipment £	Total £
<b>COST</b>				
At 1 January 2016	735,363	334,029	2,274,989	3,344,381
Additions	13,796	57,246	143,110	214,152
Disposals	-	-	(2,600)	(2,600)
<b>At 31 December 2016</b>	<u>749,159</u>	<u>391,275</u>	<u>2,415,499</u>	<u>3,555,933</u>
<b>DEPRECIATION</b>				
At 1 January 2016	14,388	9,297	1,918,859	1,942,544
Charge for the year	108,314	128,585	206,846	443,745
Disposals	-	-	(2,600)	(2,600)
<b>At 31 December 2016</b>	<u>122,702</u>	<u>137,882</u>	<u>2,123,105</u>	<u>2,383,689</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2016</b>	<u>626,457</u>	<u>253,393</u>	<u>292,394</u>	<u>1,172,244</u>
At 31 December 2015	<u>720,975</u>	<u>324,732</u>	<u>356,130</u>	<u>1,401,837</u>
Company	Leasehold improvements £	Fixtures and fittings £	Equipment £	Total £
<b>COST</b>				
At 1 January 2016	735,363	334,029	70,123	1,139,515
Additions	13,796	57,246	42,548	113,590
Disposals	-	-	-	-
<b>At 31 December 2016</b>	<u>749,159</u>	<u>391,275</u>	<u>112,671</u>	<u>1,253,105</u>
<b>DEPRECIATION</b>				
At 1 January 2016	14,388	9,297	2,474	26,159
Charge for the year	108,314	128,585	31,777	268,676
Disposals	-	-	-	-
<b>At 31 December 2016</b>	<u>122,702</u>	<u>137,882</u>	<u>34,251</u>	<u>294,835</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2016</b>	<u>626,457</u>	<u>253,393</u>	<u>78,420</u>	<u>958,270</u>
At 31 December 2015	<u>720,975</u>	<u>324,732</u>	<u>67,649</u>	<u>1,113,356</u>



## HAMPDEN CAPITAL PLC

### GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

#### YEAR ENDED 31 DECEMBER 2016

#### 17. INVESTMENTS

Group	Cash deposits £	Associate undertakings £	Unlisted investments £	Listed investments £	Total £
<b>COST</b>					
At 1 January 2016	3,500,000	287,110	1,333,386	1,529,450	6,649,946
Additions	–	–	1,702,094	300,000	2,002,094
Disposals	(3,500,000)	–	–	–	(3,500,000)
Change in valuation	–	158,705	25,195	(7,610)	176,290
<b>At 31 December 2016</b>	<u>–</u>	<u>445,815</u>	<u>3,060,675</u>	<u>1,821,840</u>	<u>5,328,330</u>
<b>PROVISIONS</b>					
At 1 January 2016 and 31 December 2016	–	(24,771)	–	–	(24,771)
<b>NET BOOK VALUE</b>					
At 31 December 2016	–	421,044	3,060,675	1,821,840	5,303,559
At 31 December 2015	<u>3,500,000</u>	<u>262,339</u>	<u>1,333,386</u>	<u>1,529,450</u>	<u>6,625,175</u>
Company	Cash deposits £	Group & associates undertakings £	Unlisted investments £	Listed investments £	Total £
<b>COST</b>					
At 1 January 2016	1,000,000	1,722,480	1,333,386	1,529,450	5,585,316
Additions	–	–	1,092,094	300,000	1,392,094
Disposals	(1,000,000)	–	–	–	(1,000,000)
Change in valuation	–	–	25,195	(7,610)	17,585
<b>At 31 December 2016</b>	<u>–</u>	<u>1,722,480</u>	<u>2,450,675</u>	<u>1,821,840</u>	<u>5,994,995</u>
<b>PROVISIONS</b>					
At 1 January 2016 and 31 December 2016	–	(24,771)	–	–	(24,771)
<b>NET BOOK VALUE</b>					
At 31 December 2016	–	1,697,709	2,450,675	1,821,840	5,970,224
At 31 December 2015	<u>1,000,000</u>	<u>1,697,709</u>	<u>1,333,386</u>	<u>1,529,450</u>	<u>5,560,545</u>

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 17. INVESTMENTS *(continued)*

#### The company - subsidiary undertakings:

Details in respect of group undertakings can be found within note 31 of the accounts.

#### The group and company - associate undertakings:

The group and company have a 49% interest in Capital Holdings Limited, a Guernsey registered company and its wholly owned subsidiary Hampden Insurance Guernsey PCC Limited, a Guernsey registered insurance company. Both companies prepare their accounts to 31 December.

The group's share of the following items in the income statement and statement of financial position of the associate undertaking is as follows:

	2016	2015
	£	£
Turnover	14,671,909	13,465,060
Profit before tax	158,705	226,149
Current assets	72,294,806	59,668,685
Current liabilities	71,860,146	59,392,738

#### The group and company - listed:

The company holds 1,214,560 ordinary 10p shares, at market value of £1,821,840 (2015: £2,039,266), in Helios Underwriting Plc (Helios), a company listed on the Alternative Investment Market (AIM). The group and company's interest in Helios is 8.32%. Helios provides limited liability direct investment in the Lloyd's insurance market. The cost of the shares held at 31 December 2016 was £1,314,560 (2015: £1,014,560).

The value of the shares in Helios Underwriting Plc has been included at fair value, based on the listed price at 31 December 2016. The fair value included in these accounts is £1,821,840 (2015: £1,529,450).

#### The group - unlisted:

The group and company have a 3.59% interest in Saltus Partners LLP, a specialist investment manager.

The group and company have a 6% interest in Nomina (No. 1253) Limited, a Lloyd's underwriting vehicle that commenced underwriting with effect from 1 January 2015. They also have a 6% interest in HIP Bermuda Reinsurance 1 Limited whose capital supports the underwriting on Nomina (No. 1253) Limited and Aegis Electric & Gas International 5 Limited. So far US\$1.819 million has been committed to this investment which is mainly to provide Funds at Lloyd's to support the underwriting.

The group and company also have a 66.7% interest in Hampden Insurance Partners Management (Cayman) Limited which provides management services to underwriting vehicles. The accounts of this company are not subject to an audit.

At 31 December 2016 a subsidiary undertaking owned 319 (2015: 314) Lloyd's Namecos. These Lloyd's Namecos have all ceased underwriting, had all previous syndicate participations closed, have no significant assets and liabilities, and in many cases are dormant. In addition, under the terms of the agreement with Lloyd's regarding the provision of services to these Lloyd's Namecos, the group has no authority to incur any liability or cost or enter in any contract or other arrangement in respect of each Nameco without Lloyd's express prior approval in writing. In view of the lack of control and significant influence over the financial and operating policies of these Namecos, and their immateriality to the group, the results of these Lloyd's Namecos have not been consolidated in these financial statements.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 17. INVESTMENTS *(continued)*

Occasionally amounts may be due to these companies from their existence prior to being acquired by the group. Where this occurs the first call on any monies received will be the Lloyd's Central Fund, if this has been used to settle liabilities of the company. If there is no requirement to refund the monies to the Lloyd's Central Fund, or other parties, then they are credited to income in the group.

The company owns Hampden Bermuda Holdings Limited and has incurred costs relating to the registration of the company with the regulatory authorities in Bermuda. Hampden Bermuda Holdings Limited has not yet commenced trading and has not been consolidated in these accounts.

#### 18. DEBTORS

Debtors falling due within one year are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	677,040	370,670	–	9
Amounts owed by group undertakings	–	1,238,321	440,454	1,248,852
Deferred tax asset (note 21)	183,476	349,752	–	–
Prepayments and accrued income	15,168,899	13,663,468	50,830	32,061
Other debtors	877,528	907,885	1,205,205	679,001
	<u>16,906,943</u>	<u>16,530,096</u>	<u>1,696,489</u>	<u>1,959,923</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Prepayments and accrued income	<u>4,415,770</u>	<u>6,096,000</u>	–	–

Prepayments and accrued income include accrued profit commission of £14,780,000 (2015: £13,204,824) due in less than one year and £4,398,000 (2015: £6,096,000) due in over one year.

#### 19. CREDITORS: Amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	406,496	899,082	315,281	498,585
Amounts owed to group undertakings	382	96,272	7,139,164	6,183,303
Accruals and deferred income	8,891,714	9,027,943	1,122,675	292,341
Corporation tax	1,863,683	1,588,737	–	–
Social security and other taxes	262,848	245,630	216,425	211,647
Sundry creditors	133,446	98,151	133,422	80,044
	<u>11,558,569</u>	<u>11,955,815</u>	<u>8,926,967</u>	<u>7,265,920</u>

## HAMPDEN CAPITAL PLC

### GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

#### YEAR ENDED 31 DECEMBER 2016

**20. CREDITORS: Amounts falling due after more than one year**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accruals and deferred income	<u>3,953,707</u>	<u>2,728,315</u>	<u>–</u>	<u>–</u>

**21. DEFERRED TAX**

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in debtors (note 18)	183,473	349,752	–	–
Included in provisions (note 22)	–	–	<u>(123,336)</u>	<u>(78,541)</u>
	<u>183,476</u>	<u>349,752</u>	<u>(123,336)</u>	<u>(78,541)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	(40,571)	49,338	(96,383)	(11,955)
Unused tax losses	34,572	36,392	34,572	36,392
Other timing differences	251,000	367,000	–	–
Fair value adjustment on listed investment	<u>(61,525)</u>	<u>(102,978)</u>	<u>(61,525)</u>	<u>(102,978)</u>
	<u>183,476</u>	<u>349,752</u>	<u>(123,336)</u>	<u>(78,541)</u>

During the year ending 31 December 2016, a balance of £29,425 is expected to reverse as a result of the reversal of temporary timing differences in respect of decelerated capital allowances and also in relation to the profit commission when using the future main rate of corporation tax of 19%.

Deferred tax has been calculated using the main rate of tax of 19% (2015: 20%) given that the company continues to pay corporation tax at the main rate.

There are no expiry dates in respect of the above timing differences, unused tax losses and unused tax credits.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 22. PROVISIONS FOR LIABILITIES

Group	Onerous contracts £
At 1 January 2016	269,357
Additions	-
Movement in the year	<u>(269,357)</u>
At 31 December 2016	<u>-</u>

Full provision was recognised in the financial statements for the year ended 31 December 2015 for the costs of the company's premises at 85 Gracechurch Street, up to the point at which the lease ceased. Where rental and related costs continued into 2016 they were also recognised in the year ended 31 December 2015. In addition a provision was made to meet the costs of dilapidations.

£

Company	Deferred tax (note 21) £
Transfer from debtors	78,541
Movement in year	<u>44,795</u>
At 31 December 2016	<u>123,336</u>

#### 23. EMPLOYEE BENEFITS

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £423,406 (2015: £518,799).

The company operates a number of defined contribution schemes but only those that qualify for auto-enrolment are used for new members of staff. The assets of the schemes are held separately in independently administered funds. The charge for the year, as disclosed above and in note 6, represents contributions payable by the group to the funds during the year.

#### 24. CALLED UP SHARE CAPITAL

##### Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £0.01 each	<u>9,982,416</u>	<u>99,824</u>	<u>9,982,416</u>	<u>99,824</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows:

	2016 £	2015 £
Ordinary shares	<u>9,883</u>	<u>9,883</u>

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

#### 25. RESERVES

Called-up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This distributable reserve records retained earnings and accumulated losses.

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Balance brought forward	20,190,065	18,726,400	4,018,368	1,874,854
Profit for the financial year	6,247,486	7,453,115	5,166,916	8,132,964
Foreign currency translation	12,275	—	—	—
Equity dividends paid	(5,989,449)	(5,989,450)	(5,989,449)	(5,989,450)
	<u>20,460,377</u>	<u>20,190,065</u>	<u>3,195,835</u>	<u>4,018,368</u>

For further details of reserves movements during the year, please see the consolidated statement of changes in equity on pages 16 and the company statement of changes in equity on page 17.

#### 26. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	726,110	118,769	726,110	—
Later than 1 year and not later than 5 years	3,630,550	3,630,550	3,630,550	3,630,550
Later than 5 years	5,445,825	6,171,935	5,445,825	6,171,935
	<u>9,802,485</u>	<u>9,921,254</u>	<u>9,802,485</u>	<u>9,802,485</u>

#### 27. CONTINGENCIES

Disputes arise from time to time between the company and individual Members of Lloyd's and their advisers, in the ordinary course of business. Disputes have arisen this year but no material costs to the company have resulted and, therefore, the directors believe that no provision in respect of such matters is required in the financial statements for the year ended 31 December 2016.

#### 28. RELATED PARTY TRANSACTIONS

Certain directors hold shares in quoted Lloyd's companies with which a subsidiary has Lloyd's sub-agency agreements.

A subsidiary acts for E H Gilmour and Viscount Hugh Garmoye, and acted for N P Wentworth-Stanley up to 13 March 2015, in respect of their underwriting membership of Lloyd's as owners of limited liability underwriting vehicles. Reduced rates of fee and no profit commission are charged for these agency arrangements.

J R H Evans, a director of a subsidiary (Nomina Plc) is a director of the Namecos. Nomina charges a management fee to the Namecos, for all of the costs of basic administration of £2,900 per Nameco. In 2016 the total fees levied on this basis to companies of which Mr Evans is a director totalled £2,100,550 (2015: £1,967,813).

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

---

#### 28. RELATED PARTY TRANSACTIONS *(continued)*

T P C Oliver and C G C Oliver are directors of Hampden Holdings Limited, whose subsidiary companies include Hampden Legal Plc which has provided services to Nomina Plc in return for a fee agreed by the directors on a commercial basis. T P C Oliver, H R Cleaver and J R H Evans are also directors of Nomina Plc.

The following amounts have been charged by Hampden Holdings Limited subsidiary companies in respect of work carried out for the company and its subsidiaries, and for the Lloyd's corporate vehicles administered by Nomina Plc:

Hampden Legal Plc: £1,039,388 (2015: £1,080,389) for company secretarial and legal services. Hampden Insurance Holdings Limited: £277,836 (2015: £152,000) for executive support and disaster recovery services. ST Hampden Limited: £8,395 (2015: £12,472) for taxation and accountancy services. Lloyds Club Limited: £3,900 (2015: £6,996) for services.

Amounts due to and from subsidiaries of Hampden Holdings Limited by group companies at 31 December 2016 totalled £382 (2015: £96,272) and £Nil (2015: £1,238,321) respectively.

During the year the Hampden Capital group contributed £909,000 (2015: £499,000) towards the crowdfunding platform of Archover Limited, a fellow subsidiary of the Hampden Holdings Limited group.

The following amounts have been charged by Hampden Holdings Limited subsidiary companies in respect of group relief:

Hampden Plc: £35,858 (2015: £16,441), Hampden Insurance Holdings £272,963 (2015: £421,370), Hampden Holdings Limited £285,037 (2015: £148,242).

During the year the Group sold fixed assets of £1,100 (2015: Nil) to subsidiaries of Hampden Holdings Limited.

As set out in the Directors Report, certain Directors held shares in the Company from which they receive dividends. Subsidiary companies have provided interest free season ticket loans to two directors. The amounts outstanding at 31 December 2016, and the maximum outstanding during the year, were as follows:

	<b>Current year</b>	<b>Prior year</b>	<b>Maximum outstanding in the year</b>
N L Crawford-Smith	£3,711	£3,183	£4,536
A T Wood	£4,728	£4,684	£4,728

No other contracts of significance subsisted during or at the end of the financial year, in which a director was materially interested, except that premiums under a directors and officers liability insurance policy were paid by subsidiaries.

Jeremy Evans and Alistair Wood have an interest, through underwriting vehicles that they own, in underwriting through the HIP scheme that is administered by Hampden Insurance Partners Management (Cayman) Limited.

Viscount Hugh Garmoye has a small interest in, and chairs meeting of the partners of, Saltus Partners LLP.

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

### 29. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is Hampden Holdings Limited, a company registered in England and Wales. Copies of the consolidated financial statements can be obtained from:

Hampden House  
Great Hampden  
Great Missenden  
Buckinghamshire  
HP16 9RD

### 30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr T P C Oliver.

### 31. SUBSIDIARY UNDERTAKINGS

The following companies are the subsidiary undertakings. Unless otherwise stated the company or a direct subsidiary holds 100% of the equity share capital of the companies listed. All companies are incorporated in England and Wales unless otherwise stated. The registered office for all companies unless otherwise stated is 5<sup>th</sup> Floor, 40 Gracechurch Street, London, England, EC3V 0BT.

Name of investment	Principal activity
Hampden Agencies Limited	Lloyd's members' agent
Nomina Plc	Lloyd's Nameco administrator
Nomina Services Limited*	Lloyd's Nameco administrator
Hampden Tax Consultants Limited	Taxation services
Hampden Syndicate Services Limited	Management services
Hampden Insurance Partners Management (Cayman) Limited <sup>1</sup>	66.7% Cayman Islands Management services
Hampden Bermuda Holdings Limited <sup>2</sup>	100% Bermuda Dormant

\*held by Nomina Plc

<sup>1</sup>The registered office for this company is c/o Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, P.O Box 1348, Grand Cayman KY1-1108, Cayman Islands.

<sup>2</sup>The registered office for this company is 141 Front Street, Hamilton, Bermuda



# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 31. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales.

Gracechurch UTG Limited	Gracechurch UTG No 53 Limited
Gracechurch UTG No 1 Limited	Gracechurch UTG No 54 Limited
Gracechurch UTG No 2 Limited	Gracechurch UTG No 55 Limited
Gracechurch UTG No 3 Limited	Gracechurch UTG No 56 Limited
Gracechurch UTG No 4 Limited	Gracechurch UTG No 57 Limited
Gracechurch UTG No 5 Limited	Gracechurch UTG No 58 Limited
Gracechurch UTG No 6 Limited	Gracechurch UTG No 59 Limited
Gracechurch UTG No 7 Limited	Gracechurch UTG No 60 Limited
Gracechurch UTG No 8 Limited	Gracechurch UTG No 61 Limited
Gracechurch UTG No 9 Limited	Gracechurch UTG No 62 Limited
Gracechurch UTG No 10 Limited	Gracechurch UTG No 63 Limited
Gracechurch UTG No 11 Limited	Gracechurch UTG No 64 Limited
Gracechurch UTG No 12 Limited	Gracechurch UTG No 65 Limited
Gracechurch UTG No 13 Limited	Gracechurch UTG No 66 Limited
Gracechurch UTG No 14 Limited	Gracechurch UTG No 67 Limited
Gracechurch UTG No 15 Limited	Gracechurch UTG No 68 Limited
Gracechurch UTG No 16 Limited	Gracechurch UTG No 69 Limited
Gracechurch UTG No 17 Limited	Gracechurch UTG No 70 Limited
Gracechurch UTG No 18 Limited	Gracechurch UTG No 71 Limited
Gracechurch UTG No 19 Limited	Gracechurch UTG No 72 Limited
Gracechurch UTG No 20 Limited	Gracechurch UTG No 73 Limited
Gracechurch UTG No 21 Limited	Gracechurch UTG No 74 Limited
Gracechurch UTG No 22 Limited	Gracechurch UTG No 75 Limited
Gracechurch UTG No 23 Limited	Gracechurch UTG No 76 Limited
Gracechurch UTG No 24 Limited	Gracechurch UTG No 77 Limited
Gracechurch UTG No 25 Limited	Gracechurch UTG No 78 Limited
Gracechurch UTG No 26 Limited	Gracechurch UTG No 79 Limited
Gracechurch UTG No 27 Limited	Gracechurch UTG No 80 Limited
Gracechurch UTG No 28 Limited	Gracechurch UTG No 81 Limited
Gracechurch UTG No 29 Limited	Gracechurch UTG No 82 Limited
Gracechurch UTG No 30 Limited	Gracechurch UTG No 83 Limited
Gracechurch UTG No 31 Limited	Gracechurch UTG No 84 Limited
Gracechurch UTG No 32 Limited	Gracechurch UTG No 85 Limited
Gracechurch UTG No 33 Limited	Gracechurch UTG No 86 Limited
Gracechurch UTG No 34 Limited	Gracechurch UTG No 87 Limited
Gracechurch UTG No 35 Limited	Gracechurch UTG No 88 Limited
Gracechurch UTG No 36 Limited	Gracechurch UTG No 89 Limited
Gracechurch UTG No 37 Limited	Gracechurch UTG No 90 Limited
Gracechurch UTG No 38 Limited	Gracechurch UTG No 91 Limited
Gracechurch UTG No 39 Limited	Gracechurch UTG No 92 Limited
Gracechurch UTG No 40 Limited	Gracechurch UTG No 93 Limited
Gracechurch UTG No 41 Limited	Gracechurch UTG No 94 Limited
Gracechurch UTG No 42 Limited	Gracechurch UTG No 95 Limited
Gracechurch UTG No 43 Limited	Gracechurch UTG No 96 Limited
Gracechurch UTG No 44 Limited	Gracechurch UTG No 97 Limited
Gracechurch UTG No 45 Limited	Gracechurch UTG No 98 Limited
Gracechurch UTG No 46 Limited	Gracechurch UTG No 99 Limited
Gracechurch UTG No 47 Limited	Gracechurch UTG No 100 Limited
Gracechurch UTG No 48 Limited	Gracechurch UTG No 101 Limited
Gracechurch UTG No 49 Limited	Gracechurch UTG No 102 Limited
Gracechurch UTG No 50 Limited	Gracechurch UTG No 103 Limited

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 31. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales.

Gracechurch UTG No 51 Limited	Gracechurch UTG No 104 Limited
Gracechurch UTG No 52 Limited	Gracechurch UTG No 105 Limited
Gracechurch UTG No 106 Limited	Gracechurch UTG No 169 Limited
Gracechurch UTG No 107 Limited	Gracechurch UTG No 170 Limited
Gracechurch UTG No 108 Limited	Gracechurch UTG No 171 Limited
Gracechurch UTG No 109 Limited	Gracechurch UTG No 172 Limited
Gracechurch UTG No 111 Limited	Gracechurch UTG No 173 Limited
Gracechurch UTG No 112 Limited	Gracechurch UTG No 174 Limited
Gracechurch UTG No 113 Limited	Gracechurch UTG No 175 Limited
Gracechurch UTG No 114 Limited	Gracechurch UTG No 176 Limited
Gracechurch UTG No 115 Limited	Gracechurch UTG No 177 Limited
Gracechurch UTG No 116 Limited	Gracechurch UTG No 178 Limited
Gracechurch UTG No 117 Limited	Gracechurch UTG No 179 Limited
Gracechurch UTG No 118 Limited	Gracechurch UTG No 180 Limited
Gracechurch UTG No 119 Limited	Gracechurch UTG No 181 Limited
Gracechurch UTG No 120 Limited	Gracechurch UTG No 182 Limited
Gracechurch UTG No 121 Limited	Gracechurch UTG No 183 Limited
Gracechurch UTG No 123 Limited	Gracechurch UTG No 200 Limited
Gracechurch UTG No 124 Limited	Gracechurch UTG No 201 Limited
Gracechurch UTG No 126 Limited	Gracechurch UTG No 202 Limited
Gracechurch UTG No 127 Limited	Gracechurch UTG No 203 Limited
Gracechurch UTG No 128 Limited	Gracechurch UTG No 204 Limited
Gracechurch UTG No 129 Limited	Gracechurch UTG No 205 Limited
Gracechurch UTG No 130 Limited	Gracechurch UTG No 206 Limited
Gracechurch UTG No 133 Limited	Gracechurch UTG No 207 Limited
Gracechurch UTG No 134 Limited	Gracechurch UTG No 208 Limited
Gracechurch UTG No 135 Limited	Gracechurch UTG No 209 Limited
Gracechurch UTG No 136 Limited	Gracechurch UTG No 210 Limited
Gracechurch UTG No 137 Limited	Gracechurch UTG No 211 Limited
Gracechurch UTG No 138 Limited	Gracechurch UTG No 212 Limited
Gracechurch UTG No 139 Limited	Gracechurch UTG No 213 Limited
Gracechurch UTG No 140 Limited	Gracechurch UTG No 214 Limited
Gracechurch UTG No 141 Limited	Gracechurch UTG No 215 Limited
Gracechurch UTG No 142 Limited	Gracechurch UTG No 216 Limited
Gracechurch UTG No 143 Limited	Gracechurch UTG No 217 Limited
Gracechurch UTG No 144 Limited	Gracechurch UTG No 218 Limited
Gracechurch UTG No 145 Limited	Gracechurch UTG No 219 Limited
Gracechurch UTG No 146 Limited	Gracechurch UTG No 220 Limited
Gracechurch UTG No 147 Limited	Gracechurch UTG No 221 Limited
Gracechurch UTG No 148 Limited	Gracechurch UTG No 222 Limited
Gracechurch UTG No 149 Limited	Gracechurch UTG No 223 Limited
Gracechurch UTG No 150 Limited	Gracechurch UTG No 224 Limited
Gracechurch UTG No 151 Limited	Gracechurch UTG No 225 Limited
Gracechurch UTG No 152 Limited	Gracechurch UTG No 226 Limited
Gracechurch UTG No 153 Limited	Gracechurch UTG No 227 Limited
Gracechurch UTG No 154 Limited	Gracechurch UTG No 228 Limited
Gracechurch UTG No 155 Limited	Gracechurch UTG No 229 Limited
Gracechurch UTG No 156 Limited	Gracechurch UTG No 230 Limited
Gracechurch UTG No 157 Limited	Gracechurch UTG No 231 Limited
Gracechurch UTG No 158 Limited	Gracechurch UTG No 232 Limited
Gracechurch UTG No 159 Limited	Gracechurch UTG No 233 Limited

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2016

---

#### 31. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales.

Gracechurch UTG No 160 Limited	Gracechurch UTG No 234 Limited
Gracechurch UTG No 161 Limited	Gracechurch UTG No 235 Limited
Gracechurch UTG No 162 Limited	Gracechurch UTG No 236 Limited
Gracechurch UTG No 163 Limited	Gracechurch UTG No 237 Limited
Gracechurch UTG No 164 Limited	Gracechurch UTG No 238 Limited
Gracechurch UTG No 165 Limited	Gracechurch UTG No 239 Limited
Gracechurch UTG No 166 Limited	Gracechurch UTG No 240 Limited
Gracechurch UTG No 167 Limited	Gracechurch UTG No 241 Limited
Gracechurch UTG No 168 Limited	Gracechurch UTG No 242 Limited
Gracechurch UTG No 243 Limited	Gracechurch UTG No 293 Limited
Gracechurch UTG No 244 Limited	Gracechurch UTG No 294 Limited
Gracechurch UTG No 245 Limited	Gracechurch UTG No 295 Limited
Gracechurch UTG No 246 Limited	Gracechurch UTG No 296 Limited
Gracechurch UTG No 247 Limited	Gracechurch UTG No 297 Limited
Gracechurch UTG No 248 Limited	Gracechurch UTG No 298 Limited
Gracechurch UTG No 249 Limited	Gracechurch UTG No 299 Limited
Gracechurch UTG No 250 Limited	Gracechurch UTG No 300 Limited
Gracechurch UTG No 251 Limited	Gracechurch UTG No 301 Limited
Gracechurch UTG No 252 Limited	Gracechurch UTG No 302 Limited
Gracechurch UTG No 253 Limited	Gracechurch UTG No 303 Limited
Gracechurch UTG No 254 Limited	Gracechurch UTG No 304 Limited
Gracechurch UTG No 255 Limited	Gracechurch UTG No 305 Limited
Gracechurch UTG No 256 Limited	Gracechurch UTG No 306 Limited
Gracechurch UTG No 257 Limited	Gracechurch UTG No 307 Limited
Gracechurch UTG No 258 Limited	Gracechurch UTG No 308 Limited
Gracechurch UTG No 259 Limited	Gracechurch UTG No 309 Limited
Gracechurch UTG No 260 Limited	Gracechurch UTG No 310 Limited
Gracechurch UTG No 261 Limited	Gracechurch UTG No 311 Limited
Gracechurch UTG No 262 Limited	Gracechurch UTG No 125 Limited
Gracechurch UTG No 263 Limited	Gracechurch UTG No 131 Limited
Gracechurch UTG No 264 Limited	Gracechurch UTG No 313 Limited
Gracechurch UTG No 265 Limited	Gracechurch UTG No 314 Limited
Gracechurch UTG No 266 Limited	Gracechurch UTG No 315 Limited
Gracechurch UTG No 267 Limited	Gracechurch UTG No 317 Limited
Gracechurch UTG No 268 Limited	Gracechurch UTG No 318 Limited
Gracechurch UTG No 269 Limited	Gracechurch UTG No 319 Limited
Gracechurch UTG No 270 Limited	Gracechurch UTG No 320 Limited
Gracechurch UTG No 271 Limited	Gracechurch UTG No 321 Limited
Gracechurch UTG No 272 Limited	Gracechurch UTG No 322 Limited
Gracechurch UTG No 273 Limited	Gracechurch UTG No 323 Limited
Gracechurch UTG No 274 Limited	Gracechurch UTG No 324 Limited
Gracechurch UTG No 275 Limited	Gracechurch UTG No 326 Limited
Gracechurch UTG No 276 Limited	Gracechurch UTG No 327 Limited
Gracechurch UTG No 277 Limited	Gracechurch UTG No 328 Limited
Gracechurch UTG No 278 Limited	Gracechurch UTG No 329 Limited
Gracechurch UTG No 279 Limited	Gracechurch UTG No 330 Limited
Gracechurch UTG No 280 Limited	Gracechurch UTG No 331 Limited
Gracechurch UTG No 281 Limited	Gracechurch UTG No 332 Limited
Gracechurch UTG No 282 Limited	Gracechurch UTG No 333 Limited
Gracechurch UTG No 283 Limited	Gracechurch UTG No 312 Limited
Gracechurch UTG No 284 Limited	Gracechurch UTG No 325 Limited

# HAMPDEN CAPITAL PLC

## GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2016

---

### 31. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales.

Gracechurch UTG No 285 Limited  
Gracechurch UTG No 286 Limited  
Gracechurch UTG No 287 Limited  
Gracechurch UTG No 288 Limited  
Gracechurch UTG No 289 Limited  
Gracechurch UTG No 290 Limited

Gracechurch UTG No 291 Limited  
Gracechurch UTG No 292 Limited  
North American London Underwriters Limited  
S J L Ltd