



Hampden Capital Plc

Annual Report and Consolidated Financial Statements

For the year ended

31 December 2017

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HAMPDEN CAPITAL PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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HAMPDEN CAPITAL PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2017

The board of directors

T P C Oliver
J P Cavanagh
N L Crawford-Smith
J R H Evans
J E H Francis
Viscount Hugh Garmoye
E H Gilmour
C G C Oliver
G D Turner
N P Wentworth-Stanley
A T Wood

Company secretary Hampden Legal Plc

Registered office

5th Floor
40 Gracechurch Street
London
England
EC3V 0BT

Registered number 04174389 (England & Wales)

Registered Auditor

PKF Littlejohn LLP,
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Financial Record

	2017	2016	2015	2014	2013
	£000s	£000s	£000s	£000s	£000s
Profit for the year	4,329	6,247	7,453	6,688	5,124
Capital employed	18,900	20,560	20,290	18,826	17,129

HAMPDEN CAPITAL PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2017

I thought there would be some benefit in bringing an overview of the Hampden Capital Group's activities and performance during 2017, 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 1,120 Members (2016: 1,126 Members) at Lloyd's, and has direct influence over a capacity to underwrite of £2,289 million (2016: £2,048 million), which is being actively utilised in the underwriting syndicates.

The results for 2017 Financial Year have been reasonable. Due to the nature of the Lloyd's reporting cycle, I am able to say that the company's result for the year ended 31 December 2018 will be rather less buoyant, due to significant losses in the market in the 2017 underwriting year. At present it is not clear whether a profit will be made, although it is safe to say that the outcome will be close to break even.

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 2017, the company acted for 1,509 Clients (2016: 1,486 Clients). This company has had an excellent year in 2017, 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 2017.

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 £2.289 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

	2017 £m	2016 £m
Syndicate Assets		
Investments	2,457	1,661
Cash and Deposits	129	95
Overseas Deposits	191	115
Other assets	1,509	1,163
Total Syndicate Assets	4,286	3,034
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	1,715	1,588
Total funds	6,001	4,622
Nomina Clients		
Cash and Investments held by Clients	58	72
Total funds under the influence of the Hampden Capital Group	6,059	4,694

HAMPDEN CAPITAL PLC
CHAIRMAN'S STATEMENT *(continued)*
YEAR ENDED 31 DECEMBER 2017

With such significant sums, £6.059 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.

Annually Accounted Results	2017	2016
	£m	£m
Capacity of Syndicates in which HAL Clients Participate	<u>7,981</u>	<u>7,629</u>
Capacity of HAL clients	<u>1,658</u>	<u>1,494</u>
Gross Written Premiums	<u>1,702</u>	<u>1,475</u>
Net Earned Premiums	1,431	1,139
Net Claims	(932)	(601)
Net Operating Expenses	(609)	(489)
Return from Investments	52	27
Other Gains and Losses	39	50
Net Result	<u>(19)</u>	<u>126</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 2017 was 107.7%, which is better than the combined ratio of the Lloyd's market of 114.0%.

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 2017, considerable progress continued in two areas. The development of Hampden Insurance Partners (HIP) has built on its previous success, 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 attention continued to be devoted to the Syndicate which was launched in 2016, having been given approval to commence underwriting activities from January 2017. This Syndicate, and its associated Service Company (Hampden Syndicate Services Ltd) commenced activities in 2017. Further information in respect of the Syndicate's progress is given in the Strategic Report commencing on page 4.



T.P.C. Oliver
Chairman
8th June 2018

HAMPDEN CAPITAL PLC

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

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 1,120 clients (2016: 1,126) with underwriting capacity of £2,289 million (2016: £2,048 million) which represents over 8% of the capacity of the Lloyd's market.

Nomina Plc had over 1,500 limited-liability Lloyd's vehicles under management for 2017.

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 66 (2016: 64) staff.

Most syndicates underwriting at Lloyd's supported by Hampden Agencies Limited made a profit for the 2015 year of account, with the resulting profit commission due to the company being included in the accounts for this year. An underwriting profit, based on current estimates, is also expected for the 2016 year of account which will affect the profit commission that is included in the financial statements for 2017 and 2018.

KEY PERFORMANCE INDICATORS

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

	2017	2016	Change
Number of Lloyd's Members for whom HAL acts	1,120	1,126	-0.5%
Capacity of those Lloyd's Members (£Million)	£2,289	£2,048	+11.8%
No. of corporate member clients at year end (Nomina Plc)	1,509	1,486	+1.5%
Lloyd's result - closed year 2015:2014 (% of capacity)	6.2%	10.9%	
Corresponding result for Members underwriting through the Members' Agency	11.3%	14.5%	
Profit commissions (£000's)	£7,033	£13,083	-46.2%

The Lloyd's result reported in 2017 is in respect of the 2015 year of account which closed at 31 December 2017. The corresponding result reported in 2016 is in respect of the 2014 year of account which closed at 31 December 2016.

Other performance indicators are shown on page 1.

HAMPDEN CAPITAL PLC

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2017

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 our 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 2015 account has closed with an average profit for Hampden Agencies Limited Members of 11.3% against a market average of 6.2%. The 2016 and 2017 years of account solvency returns reflect the hurricane and wildfire losses that impacted upon them. The result is a solvency deficit within the Capital Test calculation, which for some Members has locked their 2015 profit into Lloyd's (within their funds held at Lloyd's) and in a small number of cases requires the provision of additional acceptable assets.

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. The rating environment, and in particular the increase in rates post the 2017 account losses, will likely be a significant influence on the maintenance of underwriting limits.

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 2017

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 any shift to more catastrophe exposed business would result in an increase in 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 CAPITAL PLC

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2017

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\$2.531 million has been contributed, primarily for Funds at Lloyd's, to support underwriting for 2017.

	<u>HIP I (\$)*</u>	<u>HIP II (\$)</u>	<u>HIP III (\$)</u>	<u>Total (\$)</u>
Committed Capital	53,763,441	36,842,105	10,204,082	100,809,628
Capital Drawn to 31 December 2017	48,523,654	33,632,447	8,681,263	90,837,364
Uncalled capital	5,239,787	3,209,658	1,522,819	9,972,264
<i>% Called to 31 December 2017</i>	<i>90.25%</i>	<i>91.29%</i>	<i>85.08%</i>	<i>90.11%</i>

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

Hampden Syndicate Services

Hampden Syndicate Services is the service company that oversees the performance and management of Verto syndicate 2689. Verto was established in January 2017 to provide improved access to global underwriting opportunities for private capital. Under Verto, Private Capital has access to business via proportional reinsurance contracts. Underwriting is sourced via Class of Business reinsurance treaties for Lloyd's and Non-Lloyd's business partners. Business may also be sourced via Whole Account Quota Share of partner Lloyd's syndicates sourced by Hampden.

2017 Year of Account

The 2017 results are based entirely upon a 2017 year of account contract with XL Group which, following guidance from Lloyd's, had been weighted in favour of their Syndicate 2003. From a total of \$77.4m of Gross Written Premium, \$60.2m was derived from this Syndicate. The balance of \$17.2m came from the rest of the XL Catlin Group (excluding Life business). Given that the Syndicate is the more catastrophe exposed part of the XL Catlin Group, it should come as no surprise to learn that although it represented 77.7% of the premium, almost 89% of Verto's major event losses of \$18.8m were derived from Syndicate 2003. Verto's calendar year result of a 152% combined ratio is forecast to produce a -29% return on capacity as the year of account earns out.

2018 Year of Account

Target premium for 2018 has been increased to \$143.9m. Verto submission premium at mid May stands at \$131.4m, which represents 91% of stamp capacity. The syndicate anticipates completing stamp capacity on property, specialty and casualty opportunities that will bind between now and July 1st. The Active Underwriter presently forecasts a year-end priced combined ratio of between 92-93%.

HAMPDEN CAPITAL PLC

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2017

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 8th June 2018

HAMPDEN CAPITAL PLC

DIRECTORS REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the group for the year ended 31 December 2017.

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	
J P Cavanagh	(appointed 28 th March 2018)
H R Cleaver	(resigned 1 st September 2017)
N L Crawford-Smith	
J R H Evans	
J E H Francis	
Viscount Hugh Garmoye	
E H Gilmour	
C G C Oliver	
G D Turner	(appointed 1 st September 2017)
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 2017	At 1 January 2017 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	<u>1,000</u>	<u>1,000</u>

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 29.

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 £4,329,345. Particulars of dividends paid are detailed in note 16 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 2017

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 group made the following contributions:

	2017	2016
	£	£
Charitable	<u>30,902</u>	<u>32,856</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, 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 2017

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 8th June 2018

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

OPINION

We have audited the financial statements of Hampden Capital Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and 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 the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

HAMPDEN CAPITAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMPDEN CAPITAL PLC *(continued)*

YEAR ENDED 31 DECEMBER 2017

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Carmine Papa (Senior Statutory Auditor)

For and on behalf of
PKF Littlejohn LLP,
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

11th June 2018

HAMPDEN CAPITAL PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	4	21,707,105	25,706,482
Administrative expenses		(18,424,420)	(19,107,729)
Other operating income	5	1,630,483	1,375,425
OPERATING PROFIT	6	4,913,168	7,974,178
Income from interests in associates	10	138,483	158,705
Income from other fixed asset investments	11	223,491	152,351
Interest receivable	12	88,576	72,932
Revaluation of listed investment		(151,820)	17,585
Revaluation of unlisted investment		(198,530)	
Interest payable and similar charges	13	(3,250)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,010,118	8,375,751
Taxation on ordinary activities	14	(499,680)	(2,011,975)
PROFIT FOR THE FINANCIAL YEAR		4,510,438	6,363,776
Foreign currency retranslation		(5,248)	38,235
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(5,248)	38,235
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,505,190	6,402,011
Profit for the financial year attributable to:			
The owners of the parent company		4,329,345	6,247,486
Non-controlling interest		181,093	116,290
		4,510,438	6,363,776
Total comprehensive income for the year attributable to:			
The owners of the parent company		4,329,490	6,259,761
Non-controlling interest		175,700	142,250
		4,505,190	6,402,011

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 15.

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Note	2017 £	2016 £
CALLED UP SHARE CAPITAL NOT PAID		-	9,883
FIXED ASSETS			
Tangible assets	17	916,994	1,172,244
Investments	18	8,507,353	5,303,559
		<u>9,424,347</u>	<u>6,475,803</u>
CURRENT ASSETS			
Debtors: due within one year	19	16,981,748	16,906,943
Debtors: due after more than one year	19	238,488	4,415,770
Cash at bank and in hand		5,381,130	8,315,300
		<u>22,601,366</u>	<u>29,638,013</u>
CREDITORS: Amounts falling due within one year	20	<u>9,217,711</u>	<u>11,558,569</u>
NET CURRENT ASSETS		<u>13,383,655</u>	<u>18,079,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,808,002</u>	<u>24,565,130</u>
CREDITORS: Amounts falling due after more than one year	21	3,836,643	3,953,707
PROVISION FOR LIABILITIES			
Deferred tax	23	16,718	-
NET ASSETS		<u><u>18,954,641</u></u>	<u><u>20,611,423</u></u>
CAPITAL AND RESERVES			
Called up share capital	25	99,824	99,824
Profit and loss account	26	18,800,417	20,460,377
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		<u>18,900,241</u>	<u>20,560,201</u>
NON-CONTROLLING INTEREST		<u>54,400</u>	<u>51,222</u>
		<u><u>18,954,641</u></u>	<u><u>20,611,423</u></u>

These financial statements were approved by the board of directors and authorised for issue on 8th June 2018, and are signed on behalf of the board by:



G D Turner
 Director

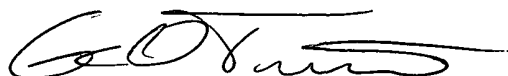
Company registration number: 04174389

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC
COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Note	2017 £	2016 £
CALLED UP SHARE CAPITAL NOT PAID		-	9,883
FIXED ASSETS			
Tangible assets	17	767,944	958,270
Investments	18	<u>6,109,735</u>	<u>5,970,224</u>
		6,877,679	6,928,494
CURRENT ASSETS			
Debtors: due within one year	19	5,160,814	1,696,489
Cash at bank and in hand		<u>1,627,050</u>	<u>3,711,096</u>
		6,787,864	5,407,585
CREDITORS: Amounts falling due within one year	20	<u>11,046,380</u>	<u>8,926,967</u>
NET CURRENT LIABILITES		<u>4,258,516</u>	<u>3,519,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,619,163	3,418,995
PROVISION FOR LIABILITIES			
Deferred tax	23	77,678	123,336
NET ASSETS		<u>2,541,485</u>	<u>3,295,659</u>
CAPITAL AND RESERVES			
Called up share capital	25	99,824	99,824
Profit and loss account	26	<u>2,441,661</u>	<u>3,195,835</u>
SHAREHOLDERS FUNDS		<u>2,541,485</u>	<u>3,295,659</u>

These financial statements were approved by the board of directors and authorised for issue on 8th June 2018, and are signed on behalf of the board by:



G D Turner
 Director

Company registration number: 04174389

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interest £	Total £
AT 1 JANUARY 2016	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
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	6,259,761	6,259,761	142,250	6,402,011
Dividends paid and payable	16	–	(5,989,449)	(164,066)	(6,153,515)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	–	(5,989,449)	(5,989,449)	(164,066)	(6,153,515)
AT 31 DECEMBER 2016	99,824	20,460,377	20,560,201	51,222	20,611,423
Foreign currency retranslation	–	145	145	(5,393)	(5,248)
Profit for the year	–	4,329,345	4,329,345	181,093	4,510,438
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	4,329,490	4,329,490	175,700	4,505,190
Dividends paid and payable	16	–	(5,989,450)	(172,522)	(6,161,972)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	–	(5,989,450)	(5,989,450)	(172,522)	(6,161,972)
AT 31 DECEMBER 2017	99,824	18,800,417	18,900,241	54,400	18,954,641

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Total £
AT 1 JANUARY 2016	99,824	4,018,368	4,118,192
Profit for the year	—	5,166,916	5,166,916
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	5,166,916	5,166,916
Dividends paid and payable 16	—	(5,989,449)	(5,989,449)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	(5,989,449)	(5,989,449)
AT 31 DECEMBER 2016	99,824	3,195,835	3,295,659
Profit for the year	—	5,235,276	5,235,276
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	5,235,276	5,235,276
Dividends paid and payable 16	—	(5,989,450)	(5,989,450)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	(5,989,450)	(5,989,450)
AT 31 DECEMBER 2017	99,824	2,441,661	2,541,485

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	4,510,438	6,363,776
<i>Adjustments for:</i>		
Depreciation of tangible assets	407,480	443,745
Share of loss from interests in associates	(138,483)	(158,705)
Income from fixed asset investments	(223,491)	(152,351)
Other interest receivable and similar income	(88,576)	(72,932)
Other interest payable and similar charges	3,250	-
(Gains)/Loss on disposal of tangible assets	-	(2,600)
Revaluation of listed investment	151,820	(17,585)
Revaluation of unlisted investment	198,530	-
Foreign currency translation gain	(5,248)	38,235
Provisions	-	(269,357)
Tax on profit on ordinary activities	499,680	2,011,975
<i>Changes in:</i>		
Trade and other debtors	7,648,243	(101,899)
Trade and other creditors	(926,368)	623,775
Cash generated from operations	12,037,275	8,706,077
Tax paid	(1,989,348)	(1,570,753)
Interest paid	(3,250)	-
Net cash from operating activities	<u>10,044,677</u>	<u>7,135,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(152,230)	(214,152)
Proceeds from sale of tangible assets	-	2,600
Acquisition of interests in associates and joint ventures	(1,455,661)	(2,002,094)
Proceeds from cash deposits	-	3,500,000
Acquisition of cash deposits	(2,500,000)	-
Proceeds from sale of investments	540,000	-
Dividends received	177,718	107,517
Income from loan investments	45,773	44,834
Interest received	88,576	72,932
Net cash (used in)/from investing activities	<u>(3,255,824)</u>	<u>1,511,637</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,161,972)	(6,153,515)
Increase/(decrease) in loans from group companies	158,308	(69,890)
Increase/(decrease) in loans to group companies	(3,719,359)	1,238,321
Net cash (used in)/from financing activities	<u>(9,723,023)</u>	<u>(4,985,084)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,934,170)</u>	3,661,877
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,315,300</u>	<u>4,653,423</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>5,381,130</u>	<u>8,315,300</u>

The notes on pages 21 to 44 form part of these financial statements.

HAMPDEN CAPITAL PLC

GROUP AND COMPANY - NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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 - '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 2017

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 18 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 2017

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 2017

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 2017

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 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 2017

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 2017

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 2017 was £2,259,436. In addition the company has contributed £1,487,000 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 2017. The funds provided to support underwriting by this Lloyd's limited liability vehicle in 2017 (amounting to £1,876,627) have been included in investments but they are at risk if it makes losses.

	2017	2016
	£	£
Underwriting profits – variance of 10%	24,000	448,300

4. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Members' Agency	16,909,796	21,068,217
Nameco Administration	3,792,168	3,788,961
Taxation Services	303,470	301,870
Hampden Insurance Partners Management	701,671	547,434
	<u>21,707,105</u>	<u>25,706,482</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

4. TURNOVER *(continued)*

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

	2017 Pre-tax profit / (loss) £	2017 Net assets / (liabilities) £	2016 Pre-tax profit / (loss) £	2016 Net assets / (liabilities) £
Members' Agency	3,584,033	16,764,517	7,005,129	18,167,956
Nameco Administration	739,214	1,360,825	801,702	1,765,863
Taxation Services	4,564	107,110	61,695	103,439
Income from Participating Interest	138,483	559,526	158,705	421,043
Hampden Insurance Partners Management	543,824	108,263	348,520	101,900
	<u>5,010,118</u>	<u>18,900,241</u>	<u>8,375,751</u>	<u>20,560,201</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 £57,972 (2016: £49,620) 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

	2017 £	2016 £
Other operating income	<u>1,630,483</u>	<u>1,375,425</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 (2016: £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:

	2017 £	2016 £
Depreciation of tangible assets	407,480	443,745
Loss on disposal of tangible assets	-	(2,600)
Foreign exchange differences	20,217	(34,904)
Auditors remuneration – audit of the financial statements	24,000	23,500
Auditors remuneration – audit of subsidiary financial statements	79,600	66,325
Auditors remuneration – all other services	47,000	49,998
Staff costs (excluding pension expense below) (note 7)	10,475,353	11,103,486
Pensions – defined contribution plans	428,789	423,406
Operating lease costs	<u>683,976</u>	<u>694,897</u>

Auditor's remuneration

In addition, the auditors have charged a subsidiary company £118,000 (2016: £119,000) 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 2017

7. STAFF COSTS

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

	2017 No	2016 No
Members agency service	54	52
Nameco administration	10	10
Taxation services	2	2
	<u>66</u>	<u>64</u>

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

	2017 £	2016 £
Wages and salaries	9,241,224	9,790,491
Social security costs	1,234,129	1,312,995
Pensions – defined contribution plans	428,789	423,406
	<u>10,904,142</u>	<u>11,526,892</u>

Of the wages and salary figure above, £1,854,195 (2016: £3,448,936) 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:

	2017 £	2016 £
Remuneration	2,106,400	2,339,598
Company contributions to defined contribution pension schemes	35,131	37,533
	<u>2,141,531</u>	<u>2,377,131</u>

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

	2017 No	2016 No
Defined contribution schemes	<u>4</u>	<u>3</u>

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

	2017 £	2016 £
Aggregate remuneration	483,777	562,744
Company contributions to defined contribution pension schemes	10,000	8,078
	<u>493,777</u>	<u>570,822</u>

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 2017

10. INCOME FROM INTERESTS IN ASSOCIATES

	2017	2016
	£	£
Investment income - share of associated company results	<u>138,483</u>	<u>158,705</u>

11. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2017	2016
	£	£
Investment income - dividends - external	223,491	59,425
Other investment income	-	92,926
	<u>223,491</u>	<u>152,351</u>

12. INTEREST RECEIVABLE

	2017	2016
	£	£
Interest on loans and receivables	61,508	17,220
Interest on cash and cash equivalents	27,068	55,712
	<u>88,576</u>	<u>72,932</u>

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Other interest payable and similar charges	<u>3,250</u>	<u>-</u>

14. TAXATION ON ORDINARY ACTIVITIES

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK corporation tax on profits for the year	593,821	2,022,966
Adjustments in respect of prior periods	(294,335)	(177,267)
Total current tax	<u>299,486</u>	<u>1,845,699</u>
Deferred tax:		
Origination and reversal of timing differences	<u>200,194</u>	<u>166,276</u>
Taxation on ordinary activities	<u>499,680</u>	<u>2,011,975</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

14. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>5,010,118</u>	<u>8,375,751</u>
Profit on ordinary activities by rate of tax	964,448	1,675,150
Adjustment to tax charge in respect of prior periods	(294,335)	(177,267)
Effect of expenses not deductible for tax purposes	556,196	362,526
Effect of capital allowances and depreciation	15,648	14,835
Effect of revenue exempt from tax	(473,108)	(73,775)
Other timing differences	(104,763)	(69,844)
Fair value gain / (loss) on listed investment	-	44,795
Group relief	(364,600)	114,074
Changes in deferred tax asset at future tax rate of 19% (2016: 19%)	<u>200,194</u>	<u>102,138</u>
Tax on profit on ordinary activities	<u>499,680</u>	<u>2,011,975</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 2015 to 31 March 2017	20%
From 1 April 2017 to 31 March 2018	19%

Finance Act 2016 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.

15. PROFIT FOR THE YEAR OF THE PARENT COMPANY

The profit for the financial year of the parent company was £5,235,276 (2016: £5,166,916).

16. DIVIDENDS

	2017 £	2016 £
Paid during the year:		
Dividends on equity shares, 60p (2016: 60p) per share	<u>5,989,450</u>	<u>5,989,449</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

17. TANGIBLE ASSETS

Group	Leasehold improvements £	Fixtures and fittings £	Equipment £	Total £
COST				
At 1 January 2017	749,159	391,275	2,415,499	3,555,933
Additions	-	3,606	148,624	152,230
Disposals	-	-	-	-
At 31 December 2017	<u>749,159</u>	<u>394,881</u>	<u>2,564,123</u>	<u>3,708,163</u>
DEPRECIATION				
At 1 January 2017	122,702	137,882	2,123,105	2,383,689
Charge for the year	74,916	131,123	201,441	407,480
Disposals	-	-	-	-
At 31 December 2017	<u>197,618</u>	<u>269,005</u>	<u>2,324,546</u>	<u>2,791,169</u>
NET BOOK VALUE				
At 31 December 2017	<u>551,541</u>	<u>125,876</u>	<u>239,577</u>	<u>916,994</u>
At 31 December 2016	<u>626,457</u>	<u>253,393</u>	<u>292,394</u>	<u>1,172,244</u>
Company	Leasehold improvements £	Fixtures and fittings £	Equipment £	Total £
COST				
At 1 January 2017	749,159	391,275	112,671	1,253,105
Additions	-	3,606	63,252	66,858
Disposals	-	-	-	-
At 31 December 2017	<u>749,159</u>	<u>394,881</u>	<u>175,923</u>	<u>1,319,963</u>
DEPRECIATION				
At 1 January 2017	122,702	137,882	34,251	294,835
Charge for the year	74,916	131,123	51,145	257,184
Disposals	-	-	-	-
At 31 December 2017	<u>197,618</u>	<u>269,005</u>	<u>85,396</u>	<u>552,019</u>
NET BOOK VALUE				
At 31 December 2017	<u>551,541</u>	<u>125,876</u>	<u>90,527</u>	<u>767,944</u>
At 31 December 2016	<u>626,457</u>	<u>253,393</u>	<u>78,420</u>	<u>958,270</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

18. INVESTMENTS

Group	Cash deposits £	Associate undertakings £	Unlisted investments £	Listed investments £	Total £
COST					
At 1 January 2017	–	445,815	3,060,675	1,821,840	5,328,330
Additions	2,500,000	–	1,455,561	–	3,955,561
Disposals	–	–	(540,000)	–	(540,000)
Change in valuation	–	138,583	(198,530)	(151,820)	(211,767)
At 31 December 2017	2,500,000	584,398	3,777,706	1,670,020	8,532,124
PROVISIONS					
At 1 January 2017 and 31 December 2017	–	(24,771)	–	–	(24,771)
NET BOOK VALUE					
At 31 December 2017	2,500,000	559,627	3,777,706	1,670,020	8,507,353
At 31 December 2016	–	421,044	3,060,675	1,821,840	5,303,559
Company		Group & associates undertakings £	Unlisted investments £	Listed investments £	Total £
COST					
At 1 January 2017		1,722,480	2,450,675	1,821,840	5,994,995
Additions		300	1,433,561	–	1,029,861
Disposals		–	(944,000)	–	(540,000)
Change in valuation		–	(198,530)	(151,820)	(350,350)
At 31 December 2017		1,722,780	2,741,706	1,670,020	6,134,506
PROVISIONS					
At 1 January 2017 and 31 December 2017		(24,771)	–	–	(24,771)
NET BOOK VALUE					
At 31 December 2017		1,698,009	2,741,706	1,670,020	6,109,735
At 31 December 2016		1,697,709	2,450,675	1,821,840	5,970,224

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

18. INVESTMENTS *(continued)*

The company - subsidiary undertakings:

Details in respect of group undertakings can be found within note 32 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:

	2017	2016
	£	£
Turnover	12,523,197	14,671,909
Profit before tax	138,483	158,705
Current assets	78,422,667	72,294,806
Current liabilities	77,859,945	71,860,146

The group and company - listed:

The company holds 1,214,560 ordinary 10p shares, at market value of £1,670,020 (2016: £1,821,840), 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 2017 was £1,314,560 (2016: £1,314,560).

The value of the shares in Helios Underwriting Plc has been included at fair value, based on the listed price at 31 December 2017. The fair value included in these accounts is £1,670,020 (2016: £1,821,840).

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 2017 a subsidiary undertaking owned 353 (2016: 319) 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 2017

18. 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.

19. DEBTORS

Debtors falling due within one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	244,245	677,040	4,246	–
Amounts owed by group undertakings	3,719,359	–	3,855,874	440,454
Deferred tax asset (note 22)	–	183,476	–	–
Prepayments and accrued income	11,843,370	15,168,899	245,190	50,830
Other debtors	1,174,774	877,528	1,055,504	1,205,205
	<u>16,981,748</u>	<u>16,906,943</u>	<u>5,160,814</u>	<u>1,696,489</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Prepayments and accrued income	<u>238,488</u>	<u>4,415,770</u>	<u>–</u>	<u>–</u>

Prepayments and accrued income include accrued profit commission of £11,196,579 (2016: £14,780,000) due in less than one year and £235,000 (2016: £4,398,000) due in over one year.

20. CREDITORS: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	745,663	406,496	576,946	315,281
Amounts owed to group undertakings	158,690	382	8,943,580	7,139,164
Accruals and deferred income	7,609,248	8,891,714	1,142,682	1,122,675
Corporation tax	173,821	1,863,683	–	–
Social security and other taxes	342,668	262,848	227,350	216,425
Sundry creditors	187,621	133,446	155,822	133,422
	<u>9,217,711</u>	<u>11,558,569</u>	<u>11,046,380</u>	<u>8,926,967</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

21. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accruals and deferred income	<u>3,836,643</u>	<u>3,953,707</u>	<u>–</u>	<u>–</u>

22. DEFERRED TAX

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in debtors (note 19)	–	183,476	–	–
Included in provisions (note 23)	<u>(16,718)</u>	<u>–</u>	<u>(77,678)</u>	<u>(123,336)</u>
	<u>(16,718)</u>	<u>183,476</u>	<u>(77,678)</u>	<u>(123,336)</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	3,247	(40,571)	(44,713)	(96,383)
Unused tax losses	34,572	34,572	34,572	34,572
Other timing differences	13,000	251,000	–	–
Fair value adjustment on listed investment	<u>(67,537)</u>	<u>(61,525)</u>	<u>(67,537)</u>	<u>(61,525)</u>
	<u>(16,718)</u>	<u>183,476</u>	<u>(77,678)</u>	<u>(123,336)</u>

During the year ending 31 December 2018, a balance of £32,933 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% (2016: 19%) 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 2017

23. PROVISIONS FOR LIABILITIES

Group	Deferred tax (note 22) £
Transfer from debtors	(183,473)
Movement in year	<u>200,191</u>
At 31 December 2017	<u>16,718</u>

Company	Deferred tax (note 22) £
At 1 January 2017	123,336
Movement in year	<u>(45,658)</u>
At 31 December 2017	<u>77,678</u>

24. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £428,789 (2016: £423,406).

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.

25. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	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:

	2017 £	2016 £
Ordinary shares	<u>-</u>	<u>9,883</u>

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

26. 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	
	2017	2016	2017	2016
	£	£	£	£
Balance brought forward	20,460,377	20,190,065	3,195,835	4,018,368
Profit for the financial year	4,329,345	6,247,486	5,235,276	5,166,916
Foreign currency translation	145	12,275	-	-
Equity dividends paid	(5,989,450)	(5,989,449)	(5,989,450)	(5,989,449)
	<u>18,800,417</u>	<u>20,460,377</u>	<u>2,441,661</u>	<u>3,195,835</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.

27. COMMITMENTS UNDER OPERATING LEASES

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	726,110	726,110	726,110	726,110
Later than 1 year and not later than 5 years	2,904,440	2,904,440	2,904,440	2,904,440
Later than 5 years	1,815,275	2,541,385	1,815,275	2,541,385
	<u>5,445,825</u>	<u>6,171,935</u>	<u>5,445,825</u>	<u>6,171,935</u>

28. 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 2017.

29. 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 Garmoyle, 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 2017 the total fees levied on this basis to companies of which Mr Evans is a director totalled £2,322,903 (2016: £2,100,550).

HAMPDEN CAPITAL PLC

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

YEAR ENDED 31 DECEMBER 2017

29. 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 Holdings Limited: £120,000 (2016: £120,000) for management services. Hampden Legal Plc: £1,028,044 (2016: £1,039,388) for company secretarial and legal services. Hampden Insurance Holdings Limited: £161,737 (2016: £157,836) for executive support and disaster recovery services. ST Hampden Limited: £Nil (2016: £8,395) for taxation and accountancy services. Lloyds Club Limited: £1,438 (2016: £3,900) for services.

Amounts due to and from subsidiaries of Hampden Holdings Limited by group companies at 31 December 2017 totalled £158,590 (2016: £382) and £3,719,559 (2016: £Nil) respectively.

During the year the Hampden Capital group contributed £1,023,000 (2016: £909,000) 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: £14,401 (2016: £35,858), Hampden Insurance Holdings £346,877 (2016: £272,963), Hampden Holdings Limited £495,319 (2016: £285,037).

During the year the Group sold fixed assets of £Nil (2016: £1,100) 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 2017, and the maximum outstanding during the year, were as follows:

	Current	Prior	Maximum
	year	year	outstanding
			in the year
N L Crawford-Smith	£3,358	£3,711	£5,036
A T Wood	£4,816	£4,728	£4,816

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 Garmoyle 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 2017

30. 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

31. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr T P C Oliver.

32. 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 5th Floor, 40 Gracechurch Street, London, England, EC3V 0BT. All dormant companies listed below qualify for audit exemption.

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 ¹	66.7%	Cayman Islands	Management services
Hampden Bermuda Holdings Limited ²	100%	Bermuda	Dormant
Hampden Bermuda Insurance Limited ²	100%	Bermuda	Dormant
Nameco (No 1315) Limited			Dormant
Nameco (No 1316) Limited			Dormant

*held by Nomina Plc

¹The 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.

²The 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 2017

32. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales. The companies listed below are considered immaterial to be included within the consolidated figures.

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 2017

32. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales. The companies listed below are considered immaterial to be included within the consolidated figures.

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 2017

32. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales. The companies listed below are considered immaterial to be included within the consolidated figures.

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 2017

32. SUBSIDIARY UNDERTAKINGS *(continued)*

The following subsidiaries are dormant companies incorporated in England and Wales. The companies listed below are considered immaterial to be included within the consolidated figures.

Gracechurch UTG No 285 Limited	Gracechurch UTG No 291 Limited
Gracechurch UTG No 286 Limited	Gracechurch UTG No 292 Limited
Gracechurch UTG No 287 Limited	North American London Underwriters Limited
Gracechurch UTG No 288 Limited	S J L Ltd
Gracechurch UTG No 289 Limited	Gracechurch UTG No 110 Limited
Gracechurch UTG No 290 Limited	Gracechurch UTG No 132 Limited
Gracechurch UTG No 316 Limited	Gracechurch UTG No 334 Limited
Gracechurch UTG No 335 Limited	Gracechurch UTG No 336 Limited
Gracechurch UTG No 337 Limited	Gracechurch UTG No 338 Limited
Gracechurch UTG No 339 Limited	Gracechurch UTG No 340 Limited
Gracechurch UTG No 341 Limited	Gracechurch UTG No 342 Limited
Gracechurch UTG No 343 Limited	Gracechurch UTG No 344 Limited
Gracechurch UTG No 345 Limited	Gracechurch UTG No 346 Limited
Gracechurch UTG No 347 Limited	Gracechurch UTG No 348 Limited
Gracechurch UTG No 349 Limited	Gracechurch UTG No 350 Limited
Gracechurch UTG No 351 Limited	Gracechurch UTG No 352 Limited
Gracechurch UTG No 353 Limited	Gracechurch UTG No 354 Limited
Gracechurch UTG No 355 Limited	Gracechurch UTG No 365 Limited
Jubilee Motor Policies Limited	Michael Griffith Underwriting Limited
Cassidy Capital Life Limited	Catlin (Five) Limited
Catlin (Four) Limited	Catlin (Three) Limited
Catlin (Two) Limited	Catlin Delta Limited
Catlin Epsilon Limited	Catlin Eta Limited
Catlin Zeta Limited	