

WHITE BEAR CAPITAL LIMITED

**CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017**

Registered Number: **10220701**
Registered Office: Foot Anstey LLP
Senate Court
Southernhay Gardens
Exeter
EX1 1NT

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

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WHITE BEAR CAPITAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Executive

John Anthony Lynch

21/09/2016

-

Peter David Scales

21/09/2016

-

Matthew James Stoate

08/06/2016

21/09/2016

Non executive

Adam George Beatty

16/11/2017

-

COMPANY SECRETARY

Tessa Helen Mijatovic

22/02/2017

-

Registered Office:

Foot Anstey LLP Senate Court,
Southernhay Gardens,
Exeter,
EX1 1NT

Trading Office:

7th Floor, 70 Mark Lane
London
EC3R 7NQ

Auditor:

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Formation of the business

White Bear Capital Limited was incorporated on 8 June 2016 and operates in the UK as the holding company of its wholly owned subsidiary, Blenheim Underwriting Limited (registration number: 10254215). Blenheim Underwriting Limited was previously called Blenheim Managing Agency Limited until 1 February 2017.

Purpose and principal activities of the Business

The White Bear Capital Limited Group was formed with the intention of providing underwriting services to Syndicate 5886, a new syndicate at Lloyd's, which commenced underwriting on 1 January 2017. The Syndicate is managed by Asta Managing Agency Limited ("Asta"). Blenheim Underwriting Limited ("Blenheim") was given Appointed Representative status (in accordance with section 39 of the Financial Services Markets Act 2000 "FSMA") by the Prudential Regulatory Authority ("PRA") on 16 December 2016. This means that, since this date, Blenheim has been able to provide certain Prescribed Regulated Activities (as defined in the FSMA) in respect of Syndicate 5886. These activities relate to insurance contracts and include underwriting services, claims handling services and administrative support to Syndicate 5886. These services are provided under a services agreement entered into with Asta.

The medium term aim of the Group is for Blenheim to become a Lloyd's managing agent in its own right and manage Syndicate 5886. The Group has therefore focussed on ensuring that the appropriate underwriting, claims and administration services are provided to Syndicate 5886 under Blenheim's authority as an appointed representative of Asta, whilst at the same time developing the business towards meeting the requirements of a Lloyd's managing agency. These requirements include having the requisite systems and procedures in place and meeting the minimum standards as set by Lloyd's.

Review of the business

Since 16 December 2016, White Bear Capital Limited's subsidiary, Blenheim Underwriting Limited, has provided underwriting services, claims handling services and administrative support to Syndicate 5886 in its capacity as an Appointed Representative to Asta. Syndicate 5886 commenced on 1 January 2017 with a stamp capacity of £150 million. The initial business plan for the 2017 Year of Account allowed for property treaty, direct property and two specialty lines of business to be written by the Syndicate. In the end, it was decided not to write one of the specialty classes. Blenheim recruited underwriting teams to write the remaining lines of business for Syndicate 5886 and there has been strong support from both clients and brokers.

In addition to recruiting underwriting teams, Blenheim also successfully recruited staff to support those underwriting teams. These include compliance, finance, IT, claims, exposure management, actuarial and administrative staff. As well as supporting the operations of the Syndicate, these employees will be building the requisite infrastructure, systems and processes of Blenheim in order for Blenheim to apply to become an independent Lloyd's managing agency in its own right.

The Group declared a profit after tax of £8.8 million for the period from its date of incorporation on 8 June 2016 to 30 June 2017. This result is set out in the Consolidated Statement of Comprehensive Income on Page 11 of these financial statements.

The Group's turnover is analysed in Note 3 of these financial statements and consists of override fees from Names participating on Syndicate 5886 and fees for expenses recharged to Syndicate 5886.

WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

Override fees from Names to Blenheim

Names participating on Syndicate 5886 have agreed to pay override fees to Blenheim. These fees are recognised when they are considered to be reasonably certain to be receivable.

Those Names with unlimited tenancy rights agreed to pay Blenheim an initial override fee by 31 December 2016. In addition, all Names (both with limited and unlimited tenancy rights) agreed to pay Blenheim override fees for the following five years on an instalment basis, although certain Names elected to pay all their instalments upfront.

For the financial period to 30 June 2017, the Group recognised the initial override fees received from Names with unlimited tenancy rights and fees received from certain Names with limited tenancy rights who elected to pay all their fees upfront. These amounted to circa £9.9m. In addition, the Group recognised £2.0m of the override fees being paid on an instalment basis and which were due by 30 June 2017.

Fees to Blenheim for expenses recharged to Syndicate 5886

Blenheim recharges expenses it incurs but which relate to Syndicate 5886 under a services agreement it has entered into with Asta. These fees are recognised as the expense is recognised.

Expenses & corporation tax

Expenses of £3.5m were incurred in the financial period, consisting mainly of employee and IT costs. Further analysis of employee costs are set out in Note 7. The Group was also subject to corporation tax of £2.2m on its profits.

Balance sheet

The consolidated balance sheet as at 30 June 2017 consisted mainly of cash and short term deposits of £8.7m and debtors of £2.8m, which mainly related to money owing from Syndicate 5886. The tax liability of £2.2m was outstanding as at 30 June 2017. All debtors and creditors are deemed to be current.

The Group's financial statements are relatively straightforward and there is a limit to the level of Key Performance Indicators that can be used, particularly in light of it being the Group's first year of trading. Nevertheless, monitoring the liquidity and underlying profitability of the business are considered essential and accordingly the following key performance indicators are used to do this:

Current Ratio (current assets / current liabilities)	4.3 x
EBITDA	£11,019k

The current ratio provides an indication of the current assets (less than one year) available to meet the current liabilities (less than one year). EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation and is a widely used indicator in business for assessing the underlying earnings of the business. The EBITDA for the period to 30 June 2017 should be considered in the context of some of the override fees being initial one-off fees as set out above.

WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

Principal risks and uncertainties

All businesses face risks and uncertainties. The Directors consider the following areas to be the principal risks and uncertainties of the Group:

Regulatory and compliance risk

Blenheim's approval as an Appointed Representative of Asta is subject to continuing approval by both Lloyd's and the PRA. Should this approval be revoked, Blenheim (and hence the Group) would be unable to provide any underwriting, claims handling or administrative services to the Syndicate. This risk is mitigated by the monitoring of, and full compliance with, all requirements in relation to Appointed Representatives.

In addition to the above, Blenheim's aim is to become an independent Lloyd's managing agent. To do this, Blenheim will need to ensure, and demonstrate, that it can meet all the regulatory requirements of a Lloyd's managing agent. Should this not be achieved, Blenheim will be unable to be an independent Lloyd's managing agent. This risk is mitigated by developing the necessary infrastructure (systems and reporting), implementing the necessary policies and procedures, and employing the relevant people to do this.

Operational risk

The Group is exposed to operational risk which may result in losses to the business due to factors such as inadequate systems, management failure, inadequate controls, fraud or human error. This risk is mitigated through a system of internal controls, regulatory compliance and directors operational oversight.

Liquidity risk

The Group manages its cash and funding requirements to ensure it has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The Group is exposed to credit risk from counterparties during the normal course of operations and counterparty exposure in respect of cash deposits held at financial institutions which have a minimum long term rating of A-. Counterparty exposures are monitored regularly.

Future development of the business

The Group continues to ensure that the appropriate underwriting services are provided to Syndicate 5886 under its authority as an Appointed Representative of Asta whilst, at the same time, developing the business towards meeting the requirements of a Lloyd's managing agency.

The insurance market has seen premium rates soften over the last few years as increasing amounts of capital have entered the market. The recent spate of losses in the Caribbean, Mexico and Mainland USA may have an impact on the market and the willingness of some participants to continue underwriting. This may impact the continued softening of premium rates, but it is too early at the moment to be certain of this.

The Group's underwriting teams will continue to develop their client and broker relationships and focus on writing business where it is believed to be profitable to do so.

WHITE BEAR CAPITAL LIMITED

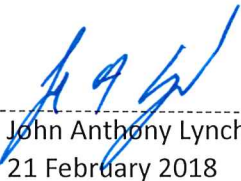
STRATEGIC REPORT FOR THE PERIOD FROM
8 JUNE 2016 TO 30 JUNE 2017

Continued

Future development of the business (*continued*)

The market has also seen various corporate transactions and other turmoil which have resulted in some talented individuals in the marketplace deciding they wish to leave their current employer and either set up their own business in the market or join a smaller business. This provides the Group with the opportunity of attracting these individuals (and their associated books of business) to the Group to the extent that the Group believes they would fit in with the lines of business it would wish to be associated with. We have already seen developments in this area in the last few months.

Approved by the Board and signed on its behalf by:



John Anthony Lynch
21 February 2018

WHITE BEAR CAPITAL LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM

8 June 2016 to 30 June 2017

The Directors of White Bear Capital Limited present their report together with the first annual financial statements for the financial period from incorporation on 8 June 2016 to 30 June 2017.

Information required in Directors' Report which is disclosed in the Strategic Report

Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" requires certain information to be disclosed in the Directors' Report. However, the Group has chosen, in accordance with s414C(11) of the Companies Act, to disclose the information relating to credit risk and liquidity risk in the Group's Strategic report on page 4 instead.

Future developments

The Directors aim for the Group to continue providing services to Syndicate 5886 for the foreseeable future and to develop the business such that that its subsidiary, Blenheim Underwriting Limited, is able to successfully apply to become a Lloyd's managing agent in its own right. Further details are set out in the Strategic report on pages 2 to 5.

Going concern basis

The Group has considered budgets and forecasts to determine financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and continue in operation existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Directors

The current Directors of the Company are shown on page 1. Other than Mr A G Beatty, all the Directors joined during the financial period under review. Mr A G Beatty was appointed a non-executive Director on 16 November 2017. Mr M J Stoate became a Director of the Company when it was formed on 8 June 2016 and resigned as a Director on 21 September 2016.

Dividends

No dividends in respect of the financial period to 30 June 2017 are recommended or proposed.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity was in force from inception of the Company. Directors' and Officers liability and Professional Indemnity insurance was purchased on 2 October 2017 and has been maintained since this date.

WHITE BEAR CAPITAL LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM

8 June 2016 to 30 June 2017

Continued

Auditor

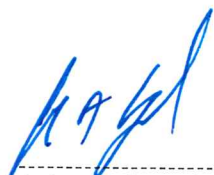
Each of the persons who is a Director at the date of approval of this report confirms that:

- (1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

Moore Stephens LLP were appointed as auditors on 15 May 2017. It is the intention of the Directors to reappoint Moore Stephens LLP as auditor for the forthcoming year.

Approved by the Board and signed on its behalf by:



John Anthony Lynch
21 February 2018

WHITE BEAR CAPITAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

WHITE BEAR CAPITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Opinion

We have audited the financial statements of White Bear Capital Limited for the period ended 30 June 2017 which are set out on pages 11 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

WHITE BEAR CAPITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Continued

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.



Rupert Livingstone, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
23 February 2018

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

	Notes	2017 £'000
Turnover	3	14,505
Administrative expenses		(3,486)
Operating profit	5	<u>11,019</u>
Interest receivable and similar income		8
Profit on ordinary activities before taxation		<u>11,027</u>
Tax on profit on ordinary activities	9	(2,181)
Profit for the financial period		<u>8,846</u>
Total comprehensive income for the financial period		<u>8,846</u>

All transactions are derived from continuing operations.

All gains and losses of the Group are reflected within the Income statement, there is no other comprehensive income.

The Notes on pages 16 to 23 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

	Called Up Share Capital £'000	Profit and Loss Account £'000	Total £'000
Opening Balance	-	-	-
Proceeds from the issue of shares	-	-	-
Total comprehensive income for the financial period	-	8,846	8,846
As at 30 June 2017	-	8,846	8,846

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

	Called Up Share Capital £'000	Profit and Loss Account £'000	Total £'000
Opening Balance	-	-	-
Proceeds from the issue of shares	-	-	-
Total comprehensive income for the financial period	-	76	76
As at 30 June 2017	-	76	76

Called up share capital represents the nominal value of shares that have been issued. On formation of the company on 8 June 2016, 2 ordinary shares of £1 were issued by the Company.

Profit and loss account represents all current and prior period retained profits and losses.

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30 June 2017 £'000
Current Assets		
Debtors - due within one year	11	2,791
Short term deposits		2,250
Cash		6,482
		<u>11,523</u>
Creditors		
Amounts falling due within one year	12	(2,677)
		<u>8,846</u>
Total Assets less current liabilities		<u>8,846</u>
Creditors		
Amounts falling due after more than one year		-
		<u>8,846</u>
Net Liabilities		<u>8,846</u>
Capital and Reserves		
Share Capital	13	-
Profit and loss account		8,846
		<u>8,846</u>
Equity Shareholders' funds		<u>8,846</u>

The financial statements were approved by the Board of Directors on 21 February 2018.

Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
21 February 2018

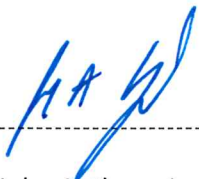
The Notes on pages 16 to 23 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30 June 2017 £'000
Fixed Assets		
Investment in Subsidiary	10	-
		<hr/>
		-
Current Assets		
Debtors - due within one year	11	23
Cash		81
		<hr/>
		104
Creditors		
Amounts falling due within one year	12	(28)
		<hr/>
Net current assets		76
Total Assets less current liabilities		76
Creditors		
Amounts falling due after more than one year		-
		<hr/>
Net assets		76
Capital and Reserves		
Share Capital	13	-
Profit and loss account		76
		<hr/>
Equity Shareholder's funds		76
		<hr/>

The financial statements were approved by the Board of Directors on 21 February 2018.
Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
21 February 2018

The Notes on pages 16 to 23 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

	Notes	2017 £'000
Profit on ordinary activities before taxation		11,027
Interest income		(8)
(Increase) in debtors		(2,509)
(Increase) in prepayments and accrued income		(282)
Increase in creditors		216
Increase in accrued expenses and deferred income		280
Net cash inflow from operating activities		8,724
Cash flows from investing activities		
Interest received		8
Cash placed on short term deposits		(2,250)
Net cash inflow from investing activities		(2,242)
Increase in cash and cash equivalents in the financial period		6,482
Cash and cash equivalents at 8 June 2016		-
Cash and cash equivalents at 30 June 2017		6,482

The Notes on pages 16 to 23 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

1. Company Information

White Bear Capital Limited (registered number 10220701) is a private company, limited by shares and incorporated in England and Wales. It was incorporated on 8 June 2016. The company's registered address is Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT. Its principal place of business is 7th Floor, 70 Mark Lane, London, EC3R 7NQ.

2. Basis of Preparation and Summary of Significant Accounting Policies

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 UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The group financial statements consolidate the financial statements of White Bear Capital Limited and its subsidiary undertaking, Blenheim Underwriting Limited, drawn up to 30 June 2017.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included either its own Profit and Loss Account or its own cash flow statement and related notes in these financial statements. The parent company's profit for the year was £76,000.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

- (a) The financial statements have been prepared on a going concern basis. The Directors' assessment of the going concern basis is discussed in the Directors' Report under the heading 'Going Concern Basis'.
- (b) All financial statements are presented in Pounds Sterling (£), being the functional and presentational currency of the Company.
- (c) Turnover includes override fees charged to Names that participated on Syndicate 5886 and fees charged to Syndicate 5886 for the provision of goods and services. The override fees are recognised when the fees are considered certain which is at the earlier of the amounts received or at 31 December when the syndicate list for the following year of account has been signed by the Names. Fees charged for the provision of goods and services are recognised at the same time as when the expense which is to be recharged to the Syndicate has been recognised.
- (d) Expenses are recognised on an accruals basis.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

2. Basis of Preparation and Summary of Significant Accounting Policies (*continued*)

- (e) Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference.

- (f) The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

- (g) Short term debtors are measured at transaction price, less any impairment. Short term creditors are measured at the transaction price.

3. Turnover

2017
£'000

Turnover comprises:

Members override income	11,907
Fee income	2,598
	<hr/>
	14,505

All turnover arises from business conducted in the United Kingdom.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

4. Interest Receivable and Similar Income 2017 £'000

Bank interest receivable	8
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5. Operating Profit 2017 £'000

Operating profit is stated after charging:

Auditor's remuneration for audit services:

Group

Audit of the group financial statements	10
Tax compliance services	7
	17

Company

Audit of the company financial statements	-
Tax compliance services	3
	3

The Company's subsidiary, Blenheim Underwriting Ltd, has incurred the audit fee of the Company.

6. Directors' Emoluments 2017 £'000

The emoluments and benefits of the Directors of the Company were:

Executive Directors

- Remuneration	225
- Pension contributions	-
- Other benefits	4
	229

2017 No.

Number of Directors that are members of a defined contribution scheme

-

Highest Paid Director

2017 £'000

The emoluments of the highest paid director were:

Aggregate emoluments and benefits (excluding any amounts in respect of contribution to pension schemes)	115
Amounts in respect of contributions to pension schemes	-
	115

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017 *Continued*

7. Employee Information	2017 £'000
Employment costs (including Directors):	
Wages and salaries	1,981
Employer's pension contributions (see note 8)	166
Employer's N.I. contributions	252
	<u>2,399</u>

All staff are employed by the Company's subsidiary, Blenheim Underwriting Limited. The monthly average number of persons working directly for the Group, including executive Directors, during the period was:

	2017 No.
Management	3
Underwriting and Claims	7
Operations and Administration	6
	<u>16</u>

The number of staff employed by the Group at 30 June 2017 was 32 (comprising 5 Management, 14 Underwriting and Claims and 13 Operations and Administration).

8. Pensions

A defined contribution scheme is in operation. Contributions are made by the Group and the employee is able to voluntarily make their own contributions to the scheme as well. Pension costs are fully expensed to the income statement as they become due. The pension cost charge for the financial period to the defined contribution scheme amounted to £166,000.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

9. Taxation	2017
The tax charge is based on the profit for the financial period and represents:	£'000
Current Tax	
UK Corporation tax	2,181
Adjustments in respect of previous periods	-
Total current tax	<u>2,181</u>

Factors affecting the tax charge for the financial period are set out below:

	2017
	£'000
Profit on ordinary activities before tax	11,027
Current tax at 19.75%	2,178
Expenses not deductible for tax purposes	3
	<u>2,181</u>

The UK government legislated during 2017 to reduce the main rate of corporation tax to 19% applicable from 1 April 2017, giving an effective tax rate of 19.75% for the financial period.

10. Investments	Consolidated	Company
	2017	2017
	£'000	£'000
Investment in subsidiary	<u>-</u>	<u>-</u>

At 30 June 2017, the Group and Company had interests in the following subsidiary:

Subsidiary	Type of share held	Proportion held (%)	Country of Incorporation	Nature of business
Blenheim Underwriting Limited	Ordinary	100%	UK	Appointed representative of a Lloyd's Managing Agent

Blenheim Underwriting Limited was originally called Blenheim Managing Agency Limited upon formation on 28 June 2016 and changed its name to Blenheim Underwriting Limited on 1 February 2017. Blenheim Underwriting Limited's registered office is at Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter. EX1 1NT.

The share capital of Blenheim Underwriting Limited is 1 Ordinary Share of £1.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

11. Debtors

	Consolidated	Company
	2017	2017
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,509	-
Corporation tax	-	-
Prepayments	207	21
Accrued Income	75	-
Intercompany	-	2
	<u>2,791</u>	<u>23</u>

Trade debtors includes balances owed by Syndicate 5886 and amounts owed in respect of overrider fees.

No amounts were falling due after more than one year.

12. Creditors

	Consolidated	Company
	2017	2017
	£'000	£'000
Amounts falling due within one year:		
Taxation and social security	187	-
Pension creditor	29	-
Corporation tax	2,181	-
Accruals and deferred income	280	28
	<u>2,677</u>	<u>28</u>

No amounts were falling due after more than one year.

13. Called up share Capital

	2017
	£'000
Called up, allocated and fully paid:	
200 Ordinary shares of £0.01 each	<u>-</u>

On 6 July 2017, the Company issued 800 A Ordinary shares, as a new share class, which were acquired by Nephila Holdings Ltd, a related party. The allocation of the 800 A Ordinary Shares represent 20% of the voting and economic rights of the Company.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

13. Called up share Capital (*continued*)

On 2 October 2017, the Company issued 100 B Ordinary shares, as a new share class, which were acquired by Estera Trust (Jersey) Ltd as trustee of the White Bear Capital Employee Benefit Trust. The allocation of the B Ordinary Shares represents 2% of the economic rights of the Company but have no voting rights.

On 16 November 2017, the Company issued an additional 1,140 Ordinary shares which were acquired by employees of the White Bear Capital Limited group. The total allocation of Ordinary Shares is now 1,340 which represents 80% of the voting rights and 78% of the economic rights of the Company.

Any profits available for distribution may be distributed amongst the holders of the Ordinary Shares, the A Ordinary Shares and the B Ordinary shares in the amounts as recommended by the Board pro rata and pari passu to the number of shares held as if the same constituted one class of share, subject to the A Ordinary Shares, as a class, receiving 20% in aggregate of each distribution made, and the B Ordinary Shares, as a class, receiving 2%.

14. Capital commitments

The Group and Company had no capital commitments at 30 June 2017.

15. Leasing commitments

The Group and Company had no operating lease commitments at 30 June 2017. Since this date, the Group's subsidiary, Blenheim Underwriting Limited, has entered into a sub-lease agreement to rent offices. Under this agreement, the lease runs to March 2030, although there is an option for the tenant to break the agreement in March 2025. The lessor also has an option to break the agreement in March 2025 but only if Blenheim Underwriting Limited fails certain prescribed financial tests.

The agreement includes an initial 31 month rent-free period at the start of the lease and a further 6 month rent free period from March 2025 if the break is not operated. The total commitment under this operating lease is £8,347,000.

16. Transactions with related parties

Key Management Personnel

The executive directors of White Bear Capital Limited are considered to be the Key Management Personnel of White Bear Capital Limited and the White Bear Capital Limited Group. Details of their remuneration is set out in Note 6.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 8 JUNE 2016 TO 30 JUNE 2017

Continued

16. Transactions with related parties (*continued*)

Ownership and related parties

The Company does not have a parent undertaking and the Directors consider that there is no ultimate controlling party.

As set out in Note 13, since 30 June 2017, Nephila Holdings Ltd purchased a 20% shareholding in White Bear Capital Limited. Nephila Holdings Ltd wholly owns Nephila 2357 Limited. Adam Beatty, a director of Nephila 2357 Limited, became a non-executive director of White Bear Capital Limited on 16 November 2017.

Nephila 2357 Limited is a Name participating on 32.6% of Syndicate 5886 for the 2017 Year of Account and paid overrider fees to Blenheim Underwriting Limited in the financial period to 30 June 2017 of £4,883,500 by virtue of their participation on the Syndicate. Since the year end, Nephila have increased their participation to 33.9% of Syndicate 5886 for the 2018 Year of Account.

Employee Share Ownership Trust

As set out in Note 13, since 30 June 2017, the Company issued 100 B Ordinary shares to Estera Trust (Jersey) Ltd as trustee of the White Bear Capital Employee Benefit Trust. All employees of the White Bear Capital Limited Group are potential beneficiaries, including Messrs Lynch and Scales.