



WHITE BEAR CAPITAL LIMITED

**CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

Registered Number: **10220701**
Registered Office: 7th Floor, 70 Mark Lane
London
EC3R 7NQ

White Bear

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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WHITE BEAR CAPITAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Executive

John Anthony Lynch

Peter David Scales

Non executive

Adam George Beatty (appointed 16/11/2017)

COMPANY SECRETARY

Tessa Helen Mijatovic

Registered Office and Trading Office:

7th Floor, 70 Mark Lane

London

EC3R 7NQ

Auditor:

Moore Stephens LLP (Resigned 01 February 2019)

BDO LLP (Appointed 01 April 2019)

150 Aldersgate Street

London

EC1A 4AB

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WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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). Since year end, it has also become the holding company of two new wholly owned subsidiaries - White Bear Corporate Services Ltd and White Bear Managers Ltd.

Purpose and principal activities of the Business

Blenheim Underwriting Limited ("Blenheim") was formed with the intention of providing underwriting services to Syndicate 5886, a syndicate at Lloyd's which commenced underwriting on 1 January 2017. The Syndicate is managed by Asta Managing Agency Limited ("Asta"). 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 an independent 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 to 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 and wrote property treaty, direct property and contingency business for the 2017 Year of Account. Blenheim recruited underwriting teams to write these lines of business for Syndicate 5886.

During the twelve month financial period ended 30 June 2018, the stamp capacity of Syndicate 5886 was pre-empted to £180 million for the 2018 Year of Account. This was to enable the build out of the lines of business written during 2017 and also allow for the addition of an Accident & Health account and a Specialty Treaty account. Blenheim recruited the underwriting personnel to write these two new accounts.

During the six month financial period ended 31 December 2018, Lloyd's approved the business plan of Syndicate 5886 for the 2019 Year of Account which included a pre-emption to £215 million. This was to enable the build out of the lines of business written during 2017 and 2018, particularly in relation to the Direct Property and new Specialty Treaty accounts.

Although no new underwriting teams were recruited in the six month financial period ended 31 December 2018, Blenheim has continued to build out the requisite infrastructure, systems and processes of the Company to support the existing business and also any future business of Syndicate 5886.

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WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018
Continued

Review of the business (continued)

In June 2018, Blenheim made an application to Lloyd's to seek "Approval in Principle" to become a Lloyd's managing agency. This application was considered by Lloyd's in July 2018 and deferred to a future date.

The Group declared a profit after tax of £0.8 million for the current six month financial period (£0.3 million for the prior financial year). This result is set out in the Consolidated Statement of Comprehensive Income on Page 13 of these financial statements.

The Group's turnover is analysed in Note 4 of these financial statements and consists of override fees from Names participating on Syndicate 5886 and fees for expenses recharged to Syndicate 5886.

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 six month financial period to 31 December 2018, the Group recognised £2.0m of the override fees (£2.1m for the twelve month financial year to 30 June 2018).

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 and amounted to £4.1m for the six month financial period to 31 December 2018 (£7.2m for the twelve month financial year to 30 June 2018). As the Syndicate grows, the level of services provided by the Group each month has increased resulting in additional monthly fees.

Other income

Blenheim receives fees as a consortium manager and these amounted to £14,000 for the six month financial period to 31 December 2018 (£nil for the twelve month financial year to 30 June 2018).

Expenses & corporation tax

Expenses of £5.1m were incurred in the six month financial period, consisting mainly of employee and IT costs. Further analysis of employee costs are set out in Note 9. The Group was also subject to corporation tax of £0.2m on its profits.

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WHITE BEAR CAPITAL LIMITED

STRATEGIC REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018 *Continued*

Review of the business (continued)

Balance sheet

The consolidated assets of the Group as at 31 December 2018 consisted of cash of £3.0m, debtors due within one year of £9.2m and some fixed assets. The liabilities of the Group consisted mainly of accruals and deferred income. 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. 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:

	Six Months Ended 31 December 2018	Twelve Months Ended 30 June 2018
Current Ratio (current assets / current liabilities)	5.4 x	5.6 x
EBITDA	£1,058k	£412k

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 six month period to 31 December 2018 is much higher than for the twelve month period to 30 June 2018. As noted earlier, the override fees are recognised when the fees are considered to be reasonably certain to be receivable. This is at 31 December of each year when the following year of account has been agreed with Names. Accordingly, the override fees for both the six month period to 31 December 2018 and the twelve month period to 30 June 2018 are very similar despite the financial period being of different lengths. This has been the main reason for the EBITDA for the six months ended 31 December being much higher than for the comparative period. Although the fees for expenses recharged to Syndicate 5886 are lower for the six months ended 31 December 2018, than the year ended 30 June 2018, this has no impact on the EBITDA as the expenses are recharged at cost.

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.

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STRATEGIC REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018
Continued

Principal risks and uncertainties (*continued*)

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.

Market risk

Britain was expected to exit the European Union on 29 March 2019 ("Brexit") and this deadline has now been extended to 31 October 2019. Accordingly, there is continued uncertainty as to how Brexit will occur and the subsequent impact from it.

Although the Group itself has no European income, it provides underwriting and claims services to Syndicate 5886 which does underwrite a small amount of EEA business and Brexit could therefore impact the income of the Syndicate. Lloyd's established an office in Brussels to help mitigate this risk for the Lloyd's market and the Group has used this platform where possible for transacting Syndicate 5886's EEA business.

Although the uncertainty surrounding Brexit has had no significant impact on the Group itself so far, it could yet be affected indirectly by Brexit, for example if the economy enters into recession. Accordingly, the Directors continue to monitor Brexit and its potential implications.

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STRATEGIC REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018
Continued

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. Despite the deferral by Lloyd's of the Group's application to seek "Approval in Principle" to become a Lloyd's managing agency, the Group continues to develop the business towards meeting the requirements of a Lloyd's managing agency.

Despite another wave of catastrophe losses during 2018 and another set of poor results in the market, the catastrophe market's response was once again lacklustre. While the syndicate continues to trade in a challenging market, there are signs of real improvement as an increasing number of competitors are now exiting or reducing their underwriting in certain classes of business. This is by no means a universally hard market, but there are significant areas of opportunity now evident to the selective underwriter.

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.

The market continues to see various corporate transactions and other turmoil resulting 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 it believes they would fit in with the lines of business it would wish to be associated with.

In line with this, since the year end, the Group formed two new subsidiaries - White Bear Managers Ltd and White Bear Corporate Services Ltd. White Bear Managers Ltd has been formed to provide insurance underwriting and advisory services and has applied to the FCA for the requisite approvals. White Bear Corporate Services Ltd has been formed as the group's payroll subsidiary.

In addition, since the year end, the Group has issued 265 ordinary shares to employees of the Group. Further details are set out in Note 15.

Approved by the Board and signed on its behalf by:



John Anthony Lynch
31 July 2019

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WHITE BEAR CAPITAL LIMITED

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

The Directors of White Bear Capital Limited present their report together with the six month period financial statements for the financial year from 1 July 2018 to 31 December 2018 (comparatives are for the twelve month period from 1 July 2017 to 30 June 2018).

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 5 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 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 6.

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. All the Directors held office during the financial period under review.

Dividends

No dividends in respect of the six month financial period to 31 December 2018 are proposed or recommended (twelve month period to 30 June 2018: £nil).

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.

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WHITE BEAR CAPITAL LIMITED

DIRECTORS' REPORT

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

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office. The Directors of White Bear Capital Limited intend to reappoint BDO LLP as the Company's auditors.

Approved by the Board and signed on its behalf by:



John Anthony Lynch

31 July 2019



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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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WHITE BEAR CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Opinion

We have audited the financial statements of White Bear Capital Limited (the "parent company") and its subsidiaries (the "group") for the period ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Statement of Consolidated Cash Flows, and the 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 FRS 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 the parent company's affairs as at 31 December 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 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 audit opinion.

Conclusions relating to going concern

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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WHITE BEAR CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Continued

Other information (continued)

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 period 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 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils website at: 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 company's member 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 member for our audit work, for this report, or for the opinions we have formed.



Rupert Livingstone, Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 01 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

		Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Turnover	4	6,110	9,351
Administrative expenses		(5,093)	(8,997)
Operating profit	7	<u>1,017</u>	<u>354</u>
Interest receivable and similar income	5	1	6
Interest payable and similar charges	6	-	(7)
Profit on ordinary activities before taxation		<u>1,018</u>	<u>353</u>
Tax on profit on ordinary activities	10	(232)	(70)
Profit for the financial period		<u>786</u>	<u>283</u>
Total comprehensive income for the financial period		<u>786</u>	<u>283</u>

All transactions are derived from continuing operations.

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

The period ended 31 December 2018 runs from 1 July 2018 to 31 December 2018.

The Notes on pages 18 to 28 form an integral part of these accounts.

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WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the six months ended 31 December 2018</i>				
Opening Balance	-	398	9,129	9,527
Proceeds from the issue of shares	-	-	-	-
Total comprehensive income for the financial period	-	-	786	786
As at 31 December 2018	-	398	9,915	10,313

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the twelve months ended 30 June 2018</i>				
Opening Balance	-	-	8,846	8,846
Proceeds from the issue of shares	-	398	-	398
Total comprehensive income for the financial year	-	-	283	283
As at 30 June 2018	-	398	9,129	9,527

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the six months ended 31 December 2018</i>				
Opening Balance	-	398	562	960
Proceeds from the issue of shares	-	-	-	-
Total comprehensive income for the financial period	-	-	(11)	(11)
As at 31 December 2018	-	398	551	949

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the twelve months ended 30 June 2018</i>				
Opening Balance	-	-	76	76
Proceeds from the issue of shares	-	398	-	398
Total comprehensive income for the financial year	-	-	486	486
As at 30 June 2018	-	398	562	960

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

Share premium account represents the premium paid for shares above their nominal value (net of any issue expenses).

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

The Notes on pages 18 to 28 form an integral part of these accounts.

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WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		31 December 2018 £'000	30 June 2018 £'000
	Notes		
Fixed Assets	11	<u>332</u>	<u>373</u>
		332	373
Current Assets			
Debtors - due within one year	13	9,233	6,948
Cash		<u>3,038</u>	<u>4,175</u>
		12,271	11,123
Creditors			
Amounts falling due within one year	14	(2,290)	(1,969)
		<u>9,981</u>	<u>9,154</u>
Net current assets			
		<u>10,313</u>	<u>9,527</u>
Total Assets less current liabilities			
Creditors			
Amounts falling due after more than one year		-	-
		<u>10,313</u>	<u>9,527</u>
Net Assets			
Capital and Reserves			
Share Capital	15	-	-
Share Premium	15	398	398
Profit and loss account		9,915	9,129
		<u>10,313</u>	<u>9,527</u>
Equity Shareholders' funds			

The financial statements were approved by the Board of Directors on 29 July 2019.
Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
31 July 2019

The Notes on pages 18 to 28 form an integral part of these accounts.

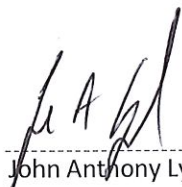
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WHITE BEAR CAPITAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		31 December 2018 £'000	30 June 2018 £'000
	Notes		
Fixed Assets			
Investment in Subsidiary	12	-	-
		<hr/>	<hr/>
		-	-
Current Assets			
Debtors - due within one year	13	865	863
Cash		98	107
		<hr/>	<hr/>
		963	970
Creditors			
Amounts falling due within one year	14	(14)	(10)
		<hr/>	<hr/>
Net current assets		949	960
		<hr/>	<hr/>
Total assets less current liabilities		949	960
Creditors			
Amounts falling due after more than one year		-	-
		<hr/>	<hr/>
Net assets		949	960
		<hr/> <hr/>	<hr/> <hr/>
Capital and Reserves			
Share Capital	15	-	-
Share Premium	15	398	398
Profit and loss account		551	562
		<hr/>	<hr/>
Equity Shareholder's funds		949	960
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 29 July 2019.
Signed on behalf of the Board of Directors:



John Anthony Lynch

Director

London

31 July 2019

The Notes on pages 18 to 28 form an integral part of these accounts.

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WHITE BEAR CAPITAL LIMITED

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Cash flows from Operating Activities		
Profit on ordinary activities before taxation	1,018	353
Depreciation on fixed assets	41	58
Interest income	(1)	(6)
Decrease/(Increase) in debtors	103	(3,212)
(Increase) in prepayments and accrued income	(2,389)	(945)
(Decrease)/Increase in creditors	(227)	303
Increase in accrued expenses and deferred income	317	1,101
Corporation taxes paid	-	(2,182)
Net cash (outflow) / inflow from operating activities	(1,138)	(4,530)
Cash flows from Investing Activities		
Purchase of property, plant and equipment	-	(431)
Interest received	1	6
Cash matured on short term deposits	-	2,250
Proceeds from share issue	-	398
Net cash inflow / (outflow) from investing activities	1	2,223
Cash and cash equivalents at beginning of year	4,175	6,482
(Decrease) in cash and cash equivalents in the financial period	(1,137)	(2,307)
	3,038	4,175

The Notes on pages 18 to 28 form an integral part of these accounts.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1. Company Information

White Bear Capital Limited (registered number 10220701) is a private company, limited by shares and incorporated in England and Wales. The company's registered address is 7th Floor, 70 Mark Lane, London, EC3R 7NQ. 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 31 December 2018.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included either its own statement of comprehensive income or its own statement of cash flows and related notes in these financial statements. The parent company's loss for the six month financial period was £11,000 (June 2018 profit for the twelve month financial period was £486,000).

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

These financial statements have been prepared for the six months ended 31 December 2018. The comparative period ended 30 June 2018 is for twelve months.

- (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.
- (e) Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

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

(f) Depreciation is charged on all fixed assets held so the original cost is written down to the estimated residual value over the period of their estimated useful economic lives. The depreciation is calculated over the following periods:

Leasehold premises - length of lease
Furniture, fixtures and fittings - 5 years
Computer and IT equipment - 3 years

(g) 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.

(h) 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.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

As referred to under the Statement of Directors' Responsibilities, the Directors are responsible for preparing the financial statements and are required to make judgements and estimates that are reasonable and prudent. These are considered to be adequately disclosed in these financial statements.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

4. Turnover	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Turnover comprises:		
Overrider fees	1,953	2,141
Consortium fees	14	-
Fees charged for provision of goods and services	4,143	7,210
	<u>6,110</u>	<u>9,351</u>

All turnover arises from business conducted in the United Kingdom.

5. Interest Receivable and Similar Income	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Bank interest receivable	<u>1</u>	<u>6</u>

6. Interest Payable and Similar Charges	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Interest payable on overdue tax	<u>-</u>	<u>7</u>

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

7. Operating Profit	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Operating profit is stated after charging:		
<i>Group</i>		
Depreciation of fixed assets	41	58
Operating lease	316	501
Auditor's remuneration for audit services	13	22
Auditor's remuneration for tax compliance services	9	15
<i>Company</i>		
Auditor's remuneration for audit services	3	3
Auditor's remuneration for tax compliance services	4	5

The Company's subsidiary, Blenheim Underwriting Ltd, incurred the audit fee of the Company for twelve month financial period ended 30 June 2018.

A proportion of the depreciation and operating lease are recharged to Syndicate 5886 and included within turnover in note 4.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

8. Directors' Emoluments	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
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The emoluments and benefits of the Directors of the Company were:

Executive Directors

Remuneration	225	450
Pension contributions	-	-
Other benefits	4	7
	<u>229</u>	<u>457</u>

Six Months Ended 31 December 2018 No.	Twelve Months Ended 30 June 2018 No.
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Number of Directors that are members of a defined contribution scheme	-	-
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Highest Paid Director

Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
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The emoluments of the highest paid director were:

Aggregate emoluments and benefits (excluding any amounts in respect of contribution to pension schemes)	113	229
Amounts in respect of contributions to pension schemes	-	-
	<u>113</u>	<u>229</u>

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

9. Employee Information	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Employment costs (including Directors):		
Wages and salaries	2,961	4,933
Employer's N.I. contributions	373	629
Employer's pension contributions	264	435
	<u>3,598</u>	<u>5,997</u>

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 statement of comprehensive income as they become due.

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:

	Six Months Ended 31 December 2018 No.	Twelve Months Ended 30 June 2018 No.
Management	5	5
Underwriting and Claims	18	16
Operations and Administration	27	19
	<u>50</u>	<u>40</u>

The number of staff employed by Blenheim Underwriting Limited at 31 December 2018 was 52 (comprising 5 Management, 19 Underwriting and Claims and 28 Operations and Administration).

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

10. Taxation	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
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The tax charge is based on the profit for the financial period and represents:

Current Tax		
UK Corporation tax	199	34
Adjustments in respect of previous periods	7	1
Total current tax	<u>206</u>	<u>35</u>
Deferred tax		
Origination and reversal of timing differences (see note 14)	(5)	35
Adjustments in respect of previous periods	31	-
Total deferred tax charge	<u>26</u>	<u>35</u>
Total tax on profit on ordinary activities	<u>232</u>	<u>70</u>

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

	Six Months Ended 31 December 2018 £'000	Twelve Months Ended 30 June 2018 £'000
Profit on ordinary activities before tax	<u>1,018</u>	<u>353</u>
Current tax at the standard rate in the UK of 19%	194	67
Effects of:		
Capital allowances lower/(higher) than depreciation	5	(35)
Movement in deferred tax at balance sheet rate	(5)	35
Expenses not deductible for tax purposes	-	2
Adjustment in respect of previous periods	38	1
	<u>232</u>	<u>70</u>

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

11. Fixed Assets

	Leasehold premises £'000	Furniture, fixtures & fittings £'000	Computer & IT equipment £'000	Total £'000
Cost				
At 30 June 2018	211	77	143	431
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2018	211	77	143	431
Depreciation				
At 30 June 2018	21	11	26	58
Charged in the period	14	8	19	41
Disposals	-	-	-	-
At 31 December 2018	35	19	45	99
Net Book Value				
At 30 June 2018	190	66	117	373
At 31 December 2018	176	58	98	332

12. Investments	Consolidated 31 December 2018 £'000	Consolidated 30 June 2018 £'000	Company 31 December 2018 £'000	Company 30 June 2018 £'000
Investment in subsidiary	-	-	-	-

At 31 December 2018, 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	Ordinary	100%	UK	Appointed representative of a Lloyd's Managing Agent

Blenheim Underwriting Limited's registered office is at 7th Floor, 70 Mark Lane, London, EC3R 7NQ. Since the year end the Company has formed two new subsidiaries - White Bear Corporate Services Ltd and White Bear Managers Ltd. Both subsidiaries are 100% owned by the Company and are incorporated in the UK.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

13. Debtors

Amounts falling due within one year:

	Consolidated	Consolidated	Company	Company
	31 December	30 June	31 December	30 June
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
Trade debtors	5,565	5,671	-	-
Other debtors	53	50	-	-
Prepayments	877	726	-	-
Accrued Income	2,738	501	-	-
Amounts owed by subsidiaries	-	-	865	863
	<u>9,233</u>	<u>6,948</u>	<u>865</u>	<u>863</u>

No amounts were falling due after more than one year.

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

14. Creditors

Amounts falling due within one year:

	Consolidated	Consolidated	Company	Company
	31 December	30 June	31 December	30 June
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
Taxation and social security	259	245	-	-
Trade creditors	34	275	-	-
Corporation tax	239	34	-	-
Deferred tax	61	35	-	-
Accruals and deferred income	1,697	1,380	14	10
	<u>2,290</u>	<u>1,969</u>	<u>14</u>	<u>10</u>

No amounts were falling due after more than one year.

Deferred tax relates to accelerated capital allowances. The movement in the year is set out in Note 10.

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

15. Called up Share Capital and Share Premium	31 December 2018 £'000	30 June 2018 £'000
Called up, allocated and fully paid:		
800 A Ordinary Shares of £0.01 each	-	-
100 B Ordinary Shares of £0.01 each	-	-
1,340 Ordinary Shares of £0.01 each	-	-
	-	-

On 1 July 2017, the Company had 200 Ordinary shares of £0.01 each in issue.

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 for a consideration of £200,000. The allocation of the 800 A Ordinary Shares represent 20% of the voting and economic rights of the Company.

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 for a consideration of £1. 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 for a consideration of £248,520. The total allocation of Ordinary Shares at 31 December 2018 was 1,340 which represented 80% of the voting rights and 78% of the economic rights of the Company.

Since the year end, the Company issued a further 265 Ordinary Shares which were acquired by employees of the White Bear Capital Limited Group for a consideration of £168,699. The total allocation of Ordinary Shares is now at 1,605 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%.

16. Capital Commitments

The Group had capital commitments for computer hardware of £454,000 at 31 December 2018 (30 June 2018: £nil).

White Bear

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Continued

17. Lease Commitments

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.

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Consolidated	Consolidated	Company	Company
	31 December	30 June	31 December	30 June
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
Within 1 year	-	-	-	-
2 to 5 years	2,400	1,957	-	-
Over 5 years	5,947	6,390	-	-
	<u>8,347</u>	<u>8,347</u>	<u>-</u>	<u>-</u>

18. Related Party Transactions

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 8.

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 15, since 6 July 2017, Nephila Holdings Ltd own 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, a Name participating on 34.2% of Syndicate 5886 for the 2019 Year of Account (33.9% for 2018 Year of Account) and whom Blenheim Underwriting Limited recognised override fees in the six month financial period to 31 December 2018 of £9,759 (twelve month financial period to 30 June 2018 of £157,487) by virtue of their participation on the Syndicate. No amounts were outstanding at the period end.

Employee Share Ownership Trust

As set out in Note 15, during the year ended 30 June 2018 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.