

ADVENT UNDERWRITING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



ADVENT UNDERWRITING LIMITED

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ADVENT UNDERWRITING LIMITED

DIRECTORS AND ADVISORS

Directors

T J Ambridge
W E Beveridge

H H Bohling
J Cloutier
N P Fitzgerald

I M Hewitt FCII
S P G Lee
N H H Smith

Chief Financial Officer
Resigned as of 31 December
2018
Non-Executive Director
Non-Executive Chairman
Resigned as of 31 December
2018
Director
Non-Executive Director
Non-Executive Director

Company Secretary

N M Ewing ACII

Registered Office

2nd Floor
2 Minster Court
London
United Kingdom
EC3R 7BB

Tel: 020 7743 8200
Fax: 020 7743 8299
Email: head.office@adventgroup.co.uk

www.adventgroup.co.uk

Bankers

Barclays Bank plc
One Churchill Place
London E14 5HP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Solicitors

Clyde & Co LLP
The St Botolph Building
138 Houndsditch
London
EC3A 7AR

Company Registration Number

1227004

ADVENT UNDERWRITING LIMITED

STRATEGIC REPORT

(all figures are presented in millions of Sterling unless otherwise stated)

The directors present their strategic report for the company for the year ended 31 December 2018.

Principal Activities and Review of the Business

On 11 July 2018, the Company's parent, Advent Capital (Holdings) LTD ("Advent" or "ACH") announced the integration of its profitable Lloyd's underwriting portfolios into other Fairfax UK affiliates, in response to the considerable strategic challenges facing Syndicate 780, in an extremely competitive market place, while placing the remaining parts of its portfolio into run off under the management of RiverStone Managing Agency Limited (RSMA). Syndicate 780 permanently ceased underwriting at the end of the 2018 year of Account (YOA) on 31 December 2018. As of 1 January 2019, the Company novated the Managing Agency contract for Syndicate 780 (Managing Agency Contract) to RSMA and ceased on-going operations.

Prior to 1 January 2019, the principal activity of the Company was that of a registered Lloyd's Managing Agent. The Company managed Syndicate 780 throughout 2018 and generated fee income from the Syndicate sufficient to cover its expense base. For 2018, the Company was charged a single management charge by Advent. The specific element of non-executive fees are identified, but the specific costs of employees or directors are not. The key management emoluments, as disclosed in Advent's financial statements, relate to the executive directors.

Results and Financial Position

The result for the financial year ended 31 December 2018, before taxation, amounted to a result of £nil (2017: £nil).

As at 31 December 2018, the total shareholder's funds amounted to £1.6 (2017: £1.6).

Key performance indicators ("KPIs")

The Company charges Syndicate 780 a management fee and is in turn charged a single management charge by Advent and the only relevant KPI is whether income received exceeds expenses Profit before Tax £Nil (2017: £Nil). For this reason, the Company's directors believe that further analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The development, performance and position of the Advent Group, which includes the Company, is discussed in the Business Review section of Advent's annual report and financial statements, which does not form part of these financial statements.

Risk Management

Overview

The Board of Directors is responsible for the oversight of the Company's systems of internal control, for reviewing their effectiveness at least annually and for reporting on the effectiveness of controls in the Company's Annual Report and Financial Statements. Executive Management is responsible for the implementation and satisfactory maintenance of systems of internal controls over financial reporting and for compliance with laws and regulations.

Every employee is responsible for internal control and is informed of their role through detailed job descriptions, policies, and procedures manuals and communications from senior management and the Board of Directors.

The Company's systems of internal control consist of a number of interrelated components as outlined below:

Control Environment

The control environment sets the tone of the business influencing the control consciousness of its Directors and employees, referred to as the "tone at the top". It provides structure and discipline for the other four components, incorporating factors such as integrity, ethical values, management's philosophy and operating style; assignment of authority and responsibility; employee competence; organisational structure; and the attention and direction provided by the Board of Directors.

The control environment is communicated to employees through the following key documents and policies approved by the Board:

- Corporate objectives and risk appetite
- Code of Business Conduct and Ethics
- Conduct policy
- Whistle Blower Policy
- Confidentiality and Trading Responsibilities regarding Fairfax
- Financial Crime Policy

As a small organisation, the Company's culture is hands-on with extensive interaction between directors, senior management and employees and one which takes pride in maintaining strong underwriting disciplines throughout the insurance cycle while acknowledging the potential volatility in short term results arising from catastrophe events.

Risk Assessment

The Company faces a variety of risks from both internal and external sources that require identification, assessment and management. Risk management is the process that enables a business to:

- Identify and understand the risks that it faces in the pursuit of its business objectives;
- Assess the risks against risk appetite;

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- Where possible and commercially desirable, reduce the probability and impact of those risks;
- Regularly review, monitor and report on those risks in order to take informed actions; and
- Ensure that any new risks, or changes to existing risks, are captured and assessed.

As the environment in which the Company is operating is constantly changing, the risk assessment process needs to be dynamic and updated on an on-going basis.

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The key risks, as assessed by the Company, are set out below:

- o **Key Staff** – the risk that the Company's operations may be adversely affected by management and key underwriter turnover.
- o **Operational** – The Company is exposed to a range of operational risks, some of which could have a direct financial impact such as:
 - o inaccurate management information (e.g. through staff error, inadequate processes or loss of IT systems);
 - o loss of office facilities (through fire, flood, terrorism, etc.);
 - o outsourcing issues;
 - o cyber events; and
 - o fraud.
- o **Regulatory** – The agency is regulated by the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's of London, and the Company is at risk of censure, fine or restriction of business if it fails to run the business in compliance with the applicable rules and regulations.

Ownership of risks and controls within the Company is clearly defined. The Risk Function coordinates an assessment of all risks through a quarterly risk review, carried out in line with policies and procedures, to ensure that risks remain relevant and up-to-date.

All risks have a risk appetite recommended by the Risk and Compliance Director to the Board of Directors for its approval. When any risk falls outside the Company's risk appetite, action plans are agreed, implemented and monitored. Risk mitigation actions have clearly defined owners and implementation timescales.

Control Activities

Control activities are the policies and procedures that are set by senior management to manage risk and support the delivery of the Company's objectives.

The Company maintains and updates policies and procedures addressing all key areas of the business.

Information, Communication and Key Performance Indicators

Appropriate information must be identified, captured and communicated in a form and timeframe that enables directors and employees to carry out their responsibilities. The Company has an established management information system for the production of operational, financial and compliance reports which allow the Executive Management and the Board to run and control the business.

The Company maintains pro-active channels of communication with all key stakeholders including existing and prospective clients, staff, brokers, reinsurers, the shareholder, and regulators.

Monitoring

Internal control systems need to be monitored to assess the quality of the system over time. The Company achieves this through a combination of day-to-day operational monitoring conducted by management, such as the review of exception and data quality reports, together with a comprehensive risk based internal audit programme.

The audit programme is risk focussed with the majority of the activity centred upon those areas which are considered to generate the largest risks namely underwriting, reinsurance and claims.

The Company believes it has implemented an effective system of internal control.

Approved by the Board on 14 February 2019 and signed by its order:



Ian M Hewitt FCII
Director
18 February 2019

ADVENT UNDERWRITING LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements for the year ended 31 December 2018.

Dividends

No dividend was paid during the year (2017: £Nil). On 2 January 2019, following novation of the Managing Agency Contract to RSMA, the AUL Board approved payment of a dividend of £1.2m through a reduction in amounts receivable from the parent company.

Future Developments

The Company novated the Managing Agency Contract to RSMA as of 1 January 2019 and ceased on-going operations.

Political and charitable donations

The company did not donate to any political party or charities in the year to 31 December 2018.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page two.

Advent Underwriting Limited (AUL) has provided an indemnity for its directors which is a qualifying third party indemnity provision for the purposes of Section 236 of the Companies Act 2006. The indemnity was in force during the financial year and also at the date of this report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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Approved by the Board and signed on its behalf by:

A handwritten signature in black ink that reads "Ian Hewitt". The signature is written in a cursive style with a horizontal line underneath the name.

I-M Hewitt FCII
Director
18 February 2019

Independent auditors' report to the members of Advent Underwriting Limited

Report on the audit of the financial statements

Opinion

In our opinion, Advent Underwriting Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Robert Cordock (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 February 2019

ADVENT UNDERWRITING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended 31 December 2018

(All amounts are shown in GBP millions, unless otherwise stated)

	Note	2018 £	2017 £
Turnover	4	5.0	5.0
Administrative expenses		(5.0)	(5.0)
Operating result before taxation		-	-
Tax on result	7	-	-
Result for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-
Retained Earnings at 1 January		1.1	1.1
Retained Earnings at 31 December		1.1	1.1

The result above is from continuing operations.

There is no material difference between the result on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The Notes to the Financial Statements on pages 11 to 15 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(All amounts are shown in GBP millions, unless otherwise stated)

	Note	2018 £	2017 £
Current Assets			
Debtors	8	1.6	4.2
Current Liabilities			
Creditors amounts falling due within one year	9	-	(1.8)
Net Current Assets			
		1.6	2.4
Creditors – amounts falling due after more than one year	10	-	(0.8)
Total Assets Less Liabilities			
		1.6	1.6
Called up share capital			
Share premium account	11	0.4	0.4
Profit and loss account		0.1	0.1
		1.1	1.1
Total Shareholder's Funds			
		1.6	1.6

The financial statements on pages 9 to 15 were approved by the Board of Directors on 14 February 2019 and signed on its behalf by:

T J Ambridge, FCPA, FCA

)
) Directors
)



I M Hewitt, FCII



Company Registration Number: 1227004

The Notes to the Financial Statements on pages 11 to 15 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Subsequent Events

The Company acted as Lloyd's Managing Agent for Syndicate 780 until 31 December 2018. As of 1 January 2019, the Company novated the Managing Agency contract for Syndicate 780 (Managing Agency Contract) to RSMA and ceased on-going operations.

The Company is a limited company incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 2 Minster Court, London, EC3R 7BB.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The Financial Statements are prepared on a going concern basis under the historical cost basis of accounting.

(b) Going Concern

The company's income is wholly derived through acting as Managing Agent for Lloyd's Syndicate 780. The ability of the company to meet its on-going financial obligations is therefore dependent on the status of Syndicate 780.

After making enquiries and following novation of the Managing Agency Contract as of 1 January 2019, the directors have a reasonable expectation that the company has adequate resources to discharge its liabilities. The company therefore continues to use the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, ACH, includes the company's cash flows in its own consolidated financial statements.

(d) Foreign currency

i) Functional and presentation currency

The company's functional and presentational currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using average exchange rates applicable for the period of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(e) Managing agency fees

Managing agency fees are charged as a flat fee. They are recorded in revenue over the period in which they are considered to be earned.

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NOTES TO THE FINANCIAL STATEMENTS

(f) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current or deferred tax liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(g) Employee benefits

i) Defined contribution pension plan

The Advent Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The company's expenses are charged by ACH as a single management charge. Individual components of this, such as pensions, are not specifically identified.

(h) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair-value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(i) 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.

(j) Distributions to equity holders

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

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NOTES TO THE FINANCIAL STATEMENTS

(all figures are presented in millions of GBP Sterling unless otherwise stated)

4. Turnover

	2018	2017
	£	£
Managing agency fees	5.0	5.0

Turnover is all derived within the United Kingdom and relates to services provided to Lloyd's Syndicate 780.

5. Result before taxation

The Company's audit fee has been borne by ACH and is included in the expense recharge to the Company from ACH.

6. Directors and Employees

The Company does not have any employees (2017: Nil).

At the direction of the Company, staff are employed by ACH to manage Syndicate 780. The Company is charged a single management charge by ACH. The specific element of Non-Executive fees are identified below, but the Company's share of the costs of employees are not.

	2018	2017
	£	£
Non-Executive Directors' emoluments		
Aggregate emoluments	0.1	0.1
Borne by the Company	0.1	0.1

The executive directors comprise the key management emoluments as disclosed in ACH's financial statements, including that of the highest paid director. The emoluments of Directors borne by ACH and partially recharged to the Company include the following amounts:

	2018	2017
	£	£
Executive Directors' emoluments		
Short term employee benefits	1.9	2.8
Post-employment benefits	0.0	0.1
Share-based payments	0.9	1.0
	<u>2.8</u>	<u>3.8</u>
Number of Directors with accrued benefits under money purchase schemes	4	4
Highest paid Director		
Emoluments (including benefits in kind, borne by the Company)	0.6	1.2
Contributions to money purchase pension schemes (borne by the Company)	-	-
	<u>0.6</u>	<u>1.2</u>

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NOTES TO THE FINANCIAL STATEMENTS

(all figures are presented in millions of GBP Sterling unless otherwise stated)

7. Tax on result

	2018 £	2017 £
Analysis of income tax (recovery) in the year		
Current Tax:		
UK Corporation tax on result for the year	-	-
Prior year adjustment	-	-
Group relief payment in year	-	-
Total current tax	<u>-</u>	<u>-</u>
Total tax on result	<u>-</u>	<u>-</u>
Factors affecting tax (recovery) for the year		
Result before taxation	<u>-</u>	<u>-</u>
Result multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	-	-
Effects of:		
Capital allowances in excess of depreciation	-	-
Prior year adjustment	-	-
Current tax (recovery) for year	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

(all figures are presented in millions of GBP Sterling unless otherwise stated)

8. Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Amounts owed by group undertakings	1.6	4.2
	<u>1.6</u>	<u>4.2</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Creditors amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	-	1.0
Accruals and deferred income	-	0.8
	<u>-</u>	<u>1.8</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Creditors amounts falling due after more than one year

	2018 £	2017 £
Accruals and deferred income	-	0.8
	<u>-</u>	<u>0.8</u>

11. Called up share capital

	2018 £	2017 £
Allotted and fully paid: 446,250 (2017: 446,250) Ordinary share of £1 each	0.4	0.4
	<u>0.4</u>	<u>0.4</u>

12. Related Party Transactions

The Company is a wholly owned subsidiary of ACH. The Company has taken advantage of the exemption in Financial Reporting Standard 102 paragraph 33.1A not to disclose transactions with entities that are part of the group.

13. Controlling Parties

The immediate parent undertaking is ACH. The ultimate parent undertaking and controlling party is Fairfax Financial Holdings Limited (Fairfax), a company incorporated in Canada.

Fairfax is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Fairfax are available from 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7. ACH is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of ACH can be obtained from 2nd Floor, 2 Minster Court, Mincing Lane, London EC3R 7BB.