



ARGENTA SYNDICATE MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 December 2018

Company registration number: 3632880



Argenta Syndicate Management Limited

**Financial Statements
For the year ended 31 December 2018**

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Argenta Syndicate Management Limited

Strategic Report

For the year ended 31 December 2018

The directors present their Strategic Report for Argenta Syndicate Management Limited ("ASML" or "the Company") for the year ended 31 December 2018.

The financial reporting framework that has been applied is United Kingdom Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Principal activity and review of the business

ASML was the managing agent throughout the year of Syndicate 2121. Since its inception in 2000, the syndicate's capacity has steadily increased to £340 million.

On 24 April 2018, ASML entered into an agreement to manage the affairs of Syndicate 6134, a new Special Purpose Arrangement ("SPA") that underwrites quota share reinsurance protections of Syndicate 2121. The SPA is sponsored and capitalised by the Hannover Re group, which may also introduce new business to Syndicate 2121 to be reinsured by the SPA. Syndicate 2121 will retain at least 10% of the business introduced by the sponsor.

Capacity under management

	2019 £million	2018 £million	2017 £million
Syndicate 2121	340	340	300
Syndicate 6134	35	27	-
	<u>375</u>	<u>367</u>	<u>300</u>

It is intended that the SPA will underwrite gross net premium in 2019 of £29.8 million across various classes of business within the underwriting capability of the host syndicate. Syndicate 2121 receives an overriding commission in respect of these arrangements. The quota share contracts are being underwritten on a funds withheld basis.

	2018 £000	2017 £000
Managed syndicate capacity at 1 January	367,000	300,000
Management fees	3,320	2,182
Profit commission	-	2,681
Profit before tax	1,934	572
Net assets solvency margin	2,749	2,595

ASML receives income principally from fees for managing syndicates and profit commission that may arise when managed syndicates release profits to supporting capital providers.

There was no profit commission in respect of Syndicate 2121 for the year ended 31 December 2018 (2017: £2,681,000, all of which was attributable to the 2015 year of account), as a result of the 2016 year of account closing with a small loss.

Argenta Syndicate Management Limited

Strategic Report (continued) For the year ended 31 December 2018

Result

The results of the Company for the year are shown on page 8. The profit on ordinary activities after taxation for the year amounted to £1,654,000 (2017: £1,753,000).

Principal risks and uncertainties

The Company does not enter into any hedging transactions. It has normal exposure to price, credit, liquidity and cash flow risks, arising from its trading activities as a managing agency, which are only conducted in sterling. These are actively monitored by the Board during the course of the year and action taken accordingly. The Company manages its cash and borrowing requirements to maximise investment income and minimise interest expense whilst ensuring that it has sufficient liquidity to meet the operational needs of its business.

Future developments

The principal areas of focus for the development of the agency's business relates to the managed syndicates. The strategic objective is to grow the syndicates subject always to market conditions.

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a series of loops and a final vertical stroke, positioned below the text 'BY ORDER OF THE BOARD'.

Mr A J Annandale
Director

22 May 2019

Argenta Syndicate Management Limited

Directors' Report For the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018. The Company registration number is 3632880.

Going concern

The Company has considerable financial resources and, as a consequence, the directors believe that it is well placed to manage its business risks successfully in the current market and economic environment.

After making enquiries, the directors have a reasonable expectation that the Company and its parent undertaking, Argenta Holdings Limited ("AHL"), have adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing reports and financial statements.

Dividend

On 22 May 2019 the directors proposed a final dividend for 2018 of £2,200,000 (2017: £1,300,000). On 16 November 2017 the Company proposed an interim dividend for 2017 of £4,000,000, no interim dividend was proposed for 2018.

Board of directors

The directors listed below have held office during the period from 1 January 2018, up to the date of this report, unless indicated otherwise.

Mr J L P Whiter	(Non-Executive Chairman)
Mr A J Annandale	(Managing Director)
Mr G K Allen	
Mr S Althoff	(Non-Executive Director)
Mr A E Grant	(Non-Executive Director)
Mr P Hunt	(Non-Executive Director)
Mr I M Maguire	
Mr N J Moore	
Mr G A Powell	(Non-Executive Director)
Mr M P Rowan	(Company Secretary)
Mr J Schäfermeier	(Non-Executive Director)
Mr D J Thompson	

No director had any interest in contracts or arrangements with the Company during the year other than directorship fees, salaries and other related remuneration.

Directors' and officers' insurance

The Company had directors' and officers' insurance in place during the year.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 UK GAAP, including FRS 102. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Argenta Syndicate Management Limited

Directors' Report (continued) For the year ended 31 December 2018

Directors' responsibilities statement (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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.

Disclosure of information to the auditor

Under the Companies Act 2006, we can confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- we have taken the steps that we ought to have taken as directors in order to make us aware of any relevant information and to establish that the Company's auditor is aware of that information.

Auditor

Ernst & Young LLP has signified its willingness to continue in office as the independent auditor to the Company and it is proposed that the appointment remains in force.

BY ORDER OF THE BOARD



Mr A J Annandale
Director

22 May 2019

Argenta Syndicate Management Limited

Independent Auditor's Report to the member of Argenta Syndicate Management Limited

We have audited the financial statements of Argenta Syndicate Management Limited for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 18, 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Argenta Syndicate Management Limited

Independent Auditor's Report to the member of Argenta Syndicate Management Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors' responsibilities statement set out on pages 4 and 5, 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 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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, 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 member those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Purrington (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 22 MAY 2019

Argenta Syndicate Management Limited**Statement of Comprehensive Income
For the year ended 31 December 2018**

		2018 £000	2017 £000
Continuing operations	Notes		
Turnover	3	3,322	4,866
Expenses		<u>(1,519)</u>	<u>(4,401)</u>
Operating profit	4	1,803	465
Interest receivable	7	<u>131</u>	<u>107</u>
Profit on ordinary activities before taxation		1,934	572
Taxation on profit on ordinary activities	8	<u>(280)</u>	<u>1,181</u>
Profit for the year attributable to the owner of the Company		<u>1,654</u>	<u>1,753</u>

There was no other comprehensive income attributable to the Company during the year.

The notes on pages 11 to 19 form an integral part of these financial statements

Argenta Syndicate Management Limited

Statement of Financial Position As at 31 December 2018

	Notes	2018 £000	2017 £000
Current assets			
Debtors	10	1,929	4,563
Cash at bank and in hand		<u>5,462</u>	<u>2,675</u>
		7,391	7,238
Current liabilities			
Creditors: amounts falling due within one year	11	<u>(3,542)</u>	<u>(3,743)</u>
Net current assets		<u>3,849</u>	<u>3,495</u>
Debtors: amounts falling due after one year	12	4,000	4,000
Creditors: amounts falling due after one year	13	<u>(300)</u>	<u>(300)</u>
Net assets		<u>7,549</u>	<u>7,195</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account		<u>7,449</u>	<u>7,095</u>
Shareholder's funds		<u>7,549</u>	<u>7,195</u>

The financial statements on pages 8 to 19 were approved and authorised for issue by the Board of directors on 22 May 2019 and signed on its behalf by:



Mr G K Allen
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

Argenta Syndicate Management Limited

Statement of Changes in Equity As at 31 December 2018

	Note	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2017		<u>100</u>	<u>14,842</u>	<u>14,942</u>
Profit and comprehensive income for the year		-	1,753	1,753
Dividends paid		-	(9,500)	(9,500)
At 31 December 2017		<u>100</u>	<u>7,095</u>	<u>7,195</u>
Profit and comprehensive income for the year		-	1,654	1,654
Dividends paid	15	-	(1,300)	(1,300)
At 31 December 2018		<u>100</u>	<u>7,449</u>	<u>7,549</u>

Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses of the Company.

The notes on pages 11 to 19 form an integral part of these financial statements.

Argenta Syndicate Management Limited

Notes to the financial statements For the year ended 31 December 2018

1. Accounting policies

General information

Argenta Syndicate Management Limited is a private company, limited by shares and registered in England and Wales. The address of its registered office and principal place of business is 5th Floor, 70 Gracechurch Street, London, EC3V 0XL. The principal activity of the Company is that of being a managing agent of Lloyd's syndicates.

These financial statements have been presented in Pounds Sterling as this is the Company's functional and presentational currency, being the primary economic environment in which the Company operates.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity particular disclosure exemptions, subject to certain conditions, (which have been complied with). In preparing the financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33: Related Party Disclosures;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4: Statement of Financial Position; and
- from presenting a statement of cash flows, as required by Section 7: Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated financial statements of AHL, the immediate holding company of the Company, advantage has been taken of the exemption not to provide:

- certain disclosures required by Section 11: Basic Financial Instruments and Section 12: Other Financial Instrument Issues.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the provision of services, net of sales-related taxes.

Management fees are receivable in the first year of any underwriting year of account and are recognised in the accounting period to which they relate as income over the period in which the services are performed.

Underwriting profit commission is recognised as income when the contractual right to receive it is established, but only to the extent that it can be estimated with sufficient reliability.

Other income relating to services rendered is recognised as income when the services are performed.

Interest income is recognised as interest accrues using the effective interest rate method.

Argenta Syndicate Management Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

Employee benefits

Retirement benefits

The Company participates in a group personal pension scheme operated by AHL, the assets of which are held separately from those of the Company in independently administered funds.

Contributions to the defined contribution pension scheme are charged to the profit or loss in the year to which the contributions relate, based on an apportionment of the costs incurred by the group in respect of the Company.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised for short-term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured 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. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income 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 differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash at bank and in hand, debtors and creditors. The Company has chosen to apply the provisions of Section 11: Basic Financial Instruments and Section 12: Other Financial Instrument Issues in full.

Argenta Syndicate Management Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

Financial assets – classified as basic financial instruments

Debtors

Debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Financial liabilities – classified as basic financial instruments

Creditors

Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

The Company's critical accounting judgements and key sources of estimation uncertainty are as follows:

(i) Recognition of management fees

The measurement and recognition of management fees required the directors to make judgements regarding the period in which the services are performed. In arriving at this view, the directors considered the scope and scale of activities associated with the role of the managing agent.

(ii) Recognition of underwriting profit commission

The measurement and recognition of profit commission required the directors to make judgements regarding the final profit position of the open years of account of the syndicates on which the Company earns profit commission. The actual profit commission received may vary from this estimate.

(iii) Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability, the directors consider factors such as the ageing of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

Argenta Syndicate Management Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

3. Turnover

An analysis of turnover by category is as follows:

	2018 £000	2017 £000
Management fees	3,320	2,182
Profit commission	-	2,681
Other services	2	3
	<u>3,322</u>	<u>4,866</u>

Turnover arises wholly within the United Kingdom.

4. Operating profit

	2018 £000	2017 £000
Operating profit is stated after charging:		
Salaries and associated expenses (Note 5)	1,321	4,168
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17	14

Fees paid to the Company's auditors for services other than the statutory audit of the Company are not disclosed in the Company's accounts since the Company's parent is required to disclose non-audit fees on a consolidated basis.

Expenses recharged to the managed syndicates during the year amounted to £15,643,000 (2017: £14,817,000).

5. Employee information

	2018 £000	2017 £000
Salaries and associated expenses net of amounts charged to managed syndicates:		
Remuneration (including directors' fees)	1,145	3,767
Social security costs	170	397
Pensions	6	4
	<u>1,321</u>	<u>4,168</u>
	2018 Number	2017 Number
Average number of persons employed by ASML during the year and working on the affairs of both the Company and the managed syndicates:		
Administration & finance	12	14
Underwriting	26	25
Underwriting support	25	24
Claims	10	9
	<u>73</u>	<u>72</u>

The staff numbers exclude employees providing services by way of a cross charge from other group companies.

Argenta Syndicate Management Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

6. Directors' emoluments

Remuneration disclosed below relates to amounts paid during the year to directors who are remunerated specifically for their services to the Company and is net of amounts charged to managed syndicates.

	2018 £000	2017 £000
Aggregate remuneration	1,835	1,609
Company pension contributions	<u>2</u>	<u>2</u>
	<u>1,837</u>	<u>1,611</u>

During the year three directors (2017: three) were accruing benefits under a defined contribution scheme.

Directors' remuneration includes amounts paid to the highest paid director. This is outlined below and relates specifically to services to the Company.

	2018 £000	2017 £000
Aggregate remuneration	<u>604</u>	<u>574</u>
	<u>604</u>	<u>574</u>

7. Interest receivable

	2018 £000	2017 £000
Investment income	22	18
Loan interest	108	89
Deposit interest	<u>1</u>	<u>-</u>
	<u>131</u>	<u>107</u>

In April 2016, ASML agreed to advance a loan to Argenta Underwriting Asia Pte Ltd (AUA) of £4,000,000. This loan is subordinated to the claims of the unsubordinated creditors of AUA and bears interest at the rate of LIBOR + 2%.

Argenta Syndicate Management Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

8. Taxation on profit on ordinary activities

a) Analysis of charge in the year

	2018 £000	2017 £000
Current tax:		
United Kingdom corporation tax credit/(charge) on profit for the year	-	1,126
Adjustment in respect of prior years	2	(254)
Total current tax credit/(charge)	2	872
Deferred tax:		
Origination and reversal of timing differences	(281)	314
Effect of decreased tax rate on opening liability	(1)	(5)
Total deferred tax (note 9)	(282)	309
Total tax credit/(charge)	(280)	1,181

b) Factors affecting the tax charge for the year

Tax on profit on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,934	572
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(367)	(110)
Effects of:		
Expenses not deductible for tax purposes	(1)	-
Group relief claimed	87	-
Share-based payments	-	1,508
Adjustment in respect of prior years	2	(254)
Rate differences on carry back	-	42
Effect of decreased tax rate on opening liability/other differences	(1)	(5)
Total tax credit/(charge)	(280)	1,181

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in October 2015 and took effect from 1 April 2017. A further reduction from 19% to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020. Deferred tax balances at the reporting date are measured at these reduced rates (2017: 20%, 19% and 17%).

Argenta Syndicate Management Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

9. Deferred taxation

	2018 £000	2017 £000
At 1 January	344	35
Credit to profit or loss in the year	(282)	309
At 31 December	62	344
The deferred tax asset at 31 December is made up of:		
Group losses	-	295
Deferred bonus payments	62	49
	62	344

The deferred tax asset expected to reverse in 2019 is £41,000. This relates to timing differences on bonus payments.

10. Debtors

<i>Amounts falling due within one year</i>	2018 £000	2017 £000
Amounts due from other group undertakings	66	34
Amounts due from managed syndicates	720	630
Profit commission receivable	-	2,681
Prepayments and accrued income	-	1
Corporation tax debtor	844	711
Deferred taxation (note 9)	62	344
Other debtors	237	162
	1,929	4,563

Amounts due from the group undertakings and managed syndicates are unsecured, interest free and are repayable on demand.

11. Creditors

<i>Amounts falling due within one year</i>	2018 £000	2017 £000
Amounts owed to parent undertaking	899	652
Amounts owed to other group undertakings	132	-
Accruals and deferred income	2,511	3,090
Other creditors	-	1
	3,542	3,743

Amounts owed to the parent undertaking are unsecured, interest free and are repayable on demand.

Argenta Syndicate Management Limited

Notes to the financial statements (continued)

For the year ended 31 December 2018

12. Debtors

<i>Amounts falling due after more than one year</i>	2018 £000	2017 £000
Amounts due from other group undertakings	<u>4,000</u>	<u>4,000</u>

In April 2016, ASML agreed to advance a loan to AUA of £4,000,000. This loan is subordinated to the claims of the unsubordinated creditors of AUA but is otherwise repayable on demand and bears interest at the rate of GBP LIBOR + 2%.

13. Creditors

<i>Amounts falling due after more than one year</i>	2018 £000	2017 £000
Amounts owed to parent undertaking	<u>300</u>	<u>300</u>

On 30 September 2004, AHL made an interest free subordinated loan to the Company. The loan was made to enable the Company to satisfy the Lloyd's Agency minimum fixed capital requirement. The loan is subordinated to all other creditors of the Company and is repayable only if and when all such creditors have been paid or satisfied in full and with the prior written consent of the Council of Lloyd's.

14. Called up share capital

	2018 Number	2018 £000	2017 Number	2017 £000
Issued and fully paid				
Non-voting 'A' ordinary shares of £1 each	100,000	100	100,000	100
Voting 'B' ordinary shares of £0.01 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
	<u>100,100</u>	<u>100</u>	<u>100,100</u>	<u>100</u>

Ordinary shares with voting rights entitle shareholders to one vote per share. Voting shareholders have no rights to receive dividends or assets upon the winding up of the Company. Non-voting shareholders have the right to receive dividends and assets upon the winding up of the Company.

15. Dividends

The results of the Company are shown on page 8. The profit on ordinary activities after taxation for the year amounted to £1,654,000 (2017: £1,753,000).

	2018 £000	2017 £000
Dividends paid	<u>1,300</u>	<u>9,500</u>

During the year the Company paid a final dividend of £1,300,000 for the year ended 31 December 2017 after an interim dividend of £4,000,000 was paid during 2017. The directors propose a final dividend of £2,200,000 for 2018.

Dividends proposed after the reporting date are not included as a liability in the statement of financial position.

Argenta Syndicate Management Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

16. Related parties

The Company has taken advantage of the exemption conferred by Section 33: Related Party Disclosures not to disclose transactions entered into between two or more wholly owned members of the Group.

17. Operating leases

The Company had no outstanding commitments (2017: £nil) for future minimum lease payments under non-cancellable operating leases as at the reporting date.

18. Parent undertaking

The Company's immediate parent company is Argenta Holdings Limited, a company registered in England and Wales. The results of the Company are consolidated in the Financial Statements of Argenta Holdings Limited, which can be obtained from 70 Gracechurch Street, London, EC3V 0XL.

The Company's ultimate controlling party is Haftpflichtverband der Deutschen Industrie V.a.G, a company registered in Germany.