

# Liberty Specialty Markets Limited

Annual Report and Financial Statements  
31 December 2017

Registered number: 9023400

THURSDAY



A21 \*A7911BA0\* #207  
28/06/2018  
COMPANIES HOUSE

# Contents

---

	<b>Page</b>
Directors and Administration	1
Strategic Report	2
Directors' Report	4
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Financial Position	12
Notes to the Financial Statements	13

## **Directors and Administration**

### **Directors**

N J Davenport	Director
J A R Dunn	Director
M Moore	Director

### **Company Secretary**

R White

### **Registered Office**

20 Fenchurch Street  
London  
EC3M 3AW

### **Company Registration Number**

9023400

### **Registered Auditor**

Ernst & Young LLP  
25 Churchill Place  
London, E14 5EY

# Strategic Report

## Principal activity and review of the business

Liberty Specialty Markets Limited (the Company) continued its principal activity as an employing entity and expense processing administrator on behalf of the Liberty Specialty Markets Group of companies.

The profit after taxation for the year is £1.0m (2016: £2.84m). The Company did not pay a dividend during the year, nor do the Directors propose payment of a dividend for the year ended 31 December 2017.

The Company's key financial and other performance indicators during the year were as follows:

	2017	2016
	£000	£000
Turnover from continuing operations	112,243	151,260
Operating profit before tax	3,950	3,677
Net current assets	6,996	6,010
	No.	No.
Average staff number	676	685

During the year the Company seconded employees to affiliates Liberty Managing Agency Limited (LMAL), as managing agent for Lloyd's Syndicate 4472, and to Liberty Mutual Insurance Europe Limited (LMIE).

Turnover constitutes staff salary costs recharged to affiliated entities, service fees received in respect of seconded staff and fees charged for payment processing services.

## Principal Risks and Uncertainties

The principal risk categories and uncertainties facing the Company arise from two sources:

- 1) The Company is dependent on other members of the group, principally LMAL, as managing agent for Lloyd's Syndicate 4472, and LMIE, for its turnover in terms of human resources and expense administration service fees received. As such, risks that are inherent to the operation of other group members also impact the Company. These are outlined in the financial statements of each entity, copies of which can be obtained from the registered office of this Company.
- 2) Risks resulting from its own activities. The activities of the Company itself give rise to certain risks which are outlined below:

### Credit Risk

Credit risk is the risk of financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations. The principal source of credit risk arises from the inability of fellow group companies to meet their contractual obligations if they become due.

Credit risk is mitigated through controls encompassing due diligence and continued monitoring to ensure the appropriate selection of counterparties and Board risk appetites to prevent inappropriate credit risk concentrations.

### Liquidity Risk

Liquidity risk is the probability of loss arising from situations where the company either has insufficient cash to meet its financial obligations or is required to sell assets below their fair value to meet cash demands.

Liquidity risk is mitigated through the use of asset-liability modelling and through the maintenance of a diversified and appropriately liquid portfolio of assets.

# Strategic Report (continued)

## Principal Risks and Uncertainties (continued)

### Operational Risk

Operational risk is the risk of loss to the company resulting from the inadequate or failed internal processes, people and systems, or from external events. Operational risk also includes reputational risk and conduct risk.

Operational risk is mitigated through the use of the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls.

### Other Risks

Group risk is the risk of loss to the company arising from its membership of both Liberty Mutual Group and Liberty Specialty Markets.

Group risk is mitigated through the monitoring of Liberty Mutual Group's financial strength and business strategy developments. In addition, the chairman of any committee reviewing risk information ensures that due attention is given to each legal entity within Liberty Specialty Markets, even in times of stress to one entity.

Strategic risk is the risk of loss to the company arising from key business decisions, improper implementation of decisions or lack of responsiveness to industry changes.

Strategic risk is mitigated through the development and implementation of the Company's strategy and through controls relating to the development of new business opportunities.

## Significant events during the reporting period and up to the date of the report

On 23rd June 2016, through a referendum, the UK voted to leave the EU and on 29th March 2017, Article 50 of the Lisbon Treaty was triggered by the UK Government commencing the process of formal negotiation between the UK and the EU on the UK's exit which is expected to occur during a two year period. A high degree of uncertainty exists around what the terms of the UK's relationship with the EU will be and whether any benefits of the current four freedoms of the EU will remain.

In order to continue to support our current and potential future offerings within Europe, Liberty Specialty Markets (LSM) is assessing the various options available which would enable LSM to continue to operate within the EU. The Brexit strategy has been designed to accommodate whichever circumstances pertain after March 2019, whether this is a full UK exit or interim transitional arrangements.



**J A R Dunn**

Director

14 June 2018

Company registration number: 9023400

20 Fenchurch Street

London

EC3M 3AW

## Directors' Report

The Directors have pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2017.

### Directors and Directors' Interests

The current Directors are listed on page 1. Directors who held office between 1 January 2017 and the date of signing the financial statements were:

N J Davenport	Director	Appointed 2 May 2014
N J Metcalf	Director	Resigned 21 September 2017
M Moore	Director	Appointed 13 October 2017
J A R Dunn	Director	Appointed 2 May 2014

According to the Register of Directors' Interests, no Director had any beneficial interest in the issued share capital of the Company or related companies at any time during the period.

J Cassidy	Company Secretary	Resigned 31 March 2018
R White	Company Secretary	Appointed 1 April 2018

### Going Concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the Directors have considered the information contained in the financial statements, the Company's latest business plan and the Company's current solvency calculations. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Future Developments

The Company continued provision of human resources and expense administration services to the Liberty Specialty Markets Group of companies, and will continue to provide these services into the foreseeable future. It is expected that the level of services provided will grow as the activities of the wider group are expanded.

### Charitable Contributions

There were GBP 107,883 (2016: GBP8,579) charitable donations made during the year under review.

### Disabled Employees

The Company gives full consideration to employment applications from disabled persons where the applicant's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job requirement. Opportunities are available to disabled employees for training, career development and promotion as outlined in the Company's Equal Opportunities Policy.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training and any adjustments to working conditions to achieve this aim.

### Employee Involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of providing employees with information about the organisation including key challenges and business performance has been continued through the fortnightly, firm wide staff email communications made by the President and Managing Director.

Regular meetings are held between management and employees to allow a free flow of information and ideas.

## Directors' Report (continued)

Employees are encouraged to contribute to the overall success of the organisation, which is consistent with the Company's remuneration policy, where variable pay is determined partly on individual performance and partly on the performance of the business.

### Disclosure of Information to Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquires of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Appointment of Auditors

Ernst & Young LLP are deemed to be reappointed in accordance with an elective resolution made under Section 485 of the Companies Act 2006. Consequently, the Company has dispensed with the requirement to hold an Annual General Meeting and re-appoint the auditors. Ernst & Young LLP have expressed their willingness to continue in office and so have been invited to do so.

Approved by the Board of Directors and signed on behalf of the Board by:



**J A R Dunn**  
Director  
14 June 2018  
Company registration number: 9023400

20 Fenchurch Street  
London  
EC3M 3AW

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company for the period. In preparing the financial statements, the directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Independent Auditor's Report

to the shareholder of Liberty Specialty Markets Limited

## Opinion

We have audited the financial statements of Liberty Specialty Markets Limited for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 10, 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 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 2017 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.

# Independent Auditor's Report (continued)

## 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.

## 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 page 6, 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.

## Independent Auditor's Report (continued)

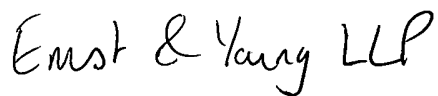
### Auditor's responsibilities for the audit of the financial statements

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



**Angus Millar (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

14 June 2018

## Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	2	112,243	151,260
Administrative expenses	3	(108,293)	(147,583)
<b>Profit on ordinary activities before tax</b>		<b>3,950</b>	<b>3,677</b>
Tax on profit on ordinary activities	5	(2,964)	(840)
<b>Total comprehensive income</b>		<b>986</b>	<b>2,837</b>

The amounts above are in respect of continuing operations. There are no other components of comprehensive income.

The notes on pages 13 to 19 form part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total £000
<b>2017</b>			
At 1 January 2017	100	5,910	6,010
Profit of the year	-	986	986
<b>At 31 December</b>	<b>100</b>	<b>6,896</b>	<b>6,996</b>

	Called up share capital £000	Profit and loss account £000	Total £000
<b>2016</b>			
At 1 January 2016	100	3,073	3,173
Profit of the year	-	2,837	2,837
<b>At 31 December</b>	<b>100</b>	<b>5,910</b>	<b>6,010</b>

The notes on pages 13 to 19 form part of these financial statements.

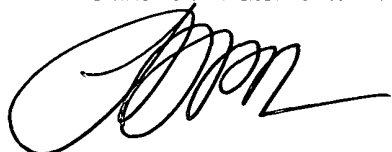
# Statement of Financial Position

at 31 December 2017

	Notes	2017 £000	2016 £000
<b>Current assets</b>			
Debtors - amounts falling due within one year	6	96,799	108,473
Deferred tax asset	5	6,005	
Cash in bank and in hand		9,193	13,726
<b>Total assets</b>		<b>111,997</b>	<b>122,199</b>
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	7	105,001	116,189
<b>Net current assets</b>		<b>6,996</b>	<b>6,010</b>
<b>Capital and reserves</b>			
Called up share capital	8	100	100
Profit and loss account		6,896	5,910
<b>Total reserves</b>		<b>6,996</b>	<b>6,010</b>

The notes on pages 13 to 19 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:



**J A R Dunn**  
Director  
14 June 2018  
Company registration number: 9023400

20 Fenchurch Street  
London  
EC3M 3AW

# Notes to the Financial Statements

for the year ended 31 December 2017

## 1. Accounting Policies

### 1.1. Statement of compliance

The Company is a limited liability company incorporated in England and Wales, registered office detailed on page 1. The financial statements cover those of the individual entity and are prepared as at, and for the year ended, 31 December 2017.

The financial statements have been prepared in compliance with FRS 102, being the applicable UK GAAP accounting standards.

The financial statements are prepared under the historical cost convention.

### 1.2. Basis of preparation

The financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 14 June 2018.

The financial statements are prepared in Pound Sterling which is the presentation and functional currency of the Company and rounded to the nearest £'000.

### 1.3. Significant accounting policies

#### 1.3.1. Cash and cash equivalents

The Company has applied Part 1 *General Rules and Formats of Schedule 2* to the Regulations as per FRS 102.7.20A whereby cash on the balance sheet includes only cash and balances at central banks and loans and advances to banks repayable on demand.

A statement of cash flows has not been presented as the Company is a qualifying entity. Its cash flows are included within the consolidated cash flow statement of Liberty International Holdings LLC.

#### 1.3.2. Financial liabilities

The Company's financial liabilities consist of intercompany balances and trade payables.

All financial liabilities are recognised initially at fair value. Intercompany balances are repayable on demand and are typically settled within one year. Intercompany balances are subsequently measured at amortised cost should they remain unsettled over a year. A financial liability is derecognised when the obligation under the liability is discharged or expires.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2017

## Significant accounting policies (continued)

### 1.3.3. Fee and commission income

Turnover constitutes staff salary costs recharged to affiliated entities, service fees received in respect of seconded staff, and fees charged for payment processing services. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

### 1.3.4. Administrative expenses

Administrative expenses and payables represent expenses incurred by the Company on an accrual basis.

### 1.3.5. Pension benefits

Employees joining on or after 1 January 2002 became members of the Company defined contribution pension schemes. Contributions to the defined contribution scheme are recognised in the income statement in the period in which they become payable

### 1.3.6. Foreign currency

The Company adopted Sterling as its presentational and functional currency based on a detailed assessment.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions, or an appropriate average rate.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date. Non-monetary items denominated in a foreign currency, measured at fair value are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined.

Exchange differences are recorded in the Profit and Loss Account.

### 1.3.7. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is recognised either in other comprehensive income or directly in equity as appropriate.

Current or deferred taxation assets and liabilities are not discounted.

#### *Current tax*

Current tax liabilities are measured at the amount of corporate income tax expected to be paid to or recovered from taxation authorities in respect of the 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 at the balance sheet date.



# Notes to the Financial Statements (continued)

for the year ended 31 December 2017

## Significant accounting policies (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### 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. 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 at the balance sheet date and that are expected to apply to the reversal of the timing difference.

## 2. Turnover

Turnover is attributable to the Company's principal activity as human resource and expense administration service provider to the Liberty Specialty Markets Group of UK companies.

	2017	2016
	£000	£000
Staff cost recharged to affiliated entities	104,462	142,333
Expenses administration service fee	2,810	2,851
Human resource service fee	4,971	6,076
	<b>112,243</b>	<b>151,260</b>

## 3. Administrative expenses

Administrative expenses include the following:

	2017	2016
	£000	£000
Auditor's remuneration - audit services	20	20
Directors' remuneration - costs retained by the Company	15	249
Directors' pension - defined contribution scheme (included above)	-	2

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Staff costs and directors remuneration

#### 4.1. Staff number and costs

The Company employed the majority of the staff which were seconded to the Liberty Specialty Markets group of companies. Staff costs are recharged to the various entities, retaining the Company's staff cost to administrate the Company and service the various group entities. Underwriting staff costs recharged to underwriting entities are included in the technical account of the various entities as a component of underwriting expenses.

The average total number of persons employed by the Company (including Directors) subject to full- or part-time secondments to affiliates during the period, analysed by category, was as follows:

	2017 No.	2016 No.
Administrative	432	442
Claims	61	61
Underwriting	183	182
	<b>676</b>	<b>685</b>

The aggregate payroll costs of total staff employed by the Company (including Directors) for the period, were as follows:

	2017 £000	2016 £000
Wages and salaries	92,671	124,845
Social security costs	9,083	15,078
Other pension costs	4,281	5,518
	<b>106,035</b>	<b>145,441</b>

#### 4.2. Directors' remuneration

	2017 £000	2016 £000
Emoluments	15	249
Defined benefit contribution scheme	-	2
Highest paid directors' remuneration	12	135
	<b>2017 No.</b>	<b>2016 No.</b>

Directors' membership to defined benefit contribution scheme	2	2
--	---	---

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 5. Taxation

#### 5.1. Tax on profit on ordinary activities

	2017 £000	2016 £000
<b>Current taxation:</b>		
UK corporation tax at 19.25% (2016: 20%) - current year	2,779	741
UK corporation tax - adjustment in respect of prior years	6,190	99
<b>Deferred taxation</b>		
Unpaid remuneration - current year	(1,414)	-
Adjustments in respect of prior years	(4,591)	-
<b>Tax on profit on ordinary activities</b>	<b>2,964</b>	<b>840</b>

#### 5.2. Factors affecting the tax expense for the year

The effective tax rate for the year is higher (2016: higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2017 £000	2016 £000
<b>Profit on ordinary activities before tax</b>	<b>3,950</b>	<b>3,677</b>
Profit on ordinary activities multiplied by standard rate of UK corporation tax in the UK of 19.25% (2016: 20%)	761	735
Expenses not deductible for tax purposes	417	6
Deferred tax at rates other than the standard rate for the year	187	-
Deferred tax over-provided in previous years	(4,591)	-
Tax (over)/under provided in previous years	6,190	99
<b>Tax expense for the year</b>	<b>2,964</b>	<b>840</b>

Deferred tax assets are recognised at the substantively enacted rate, at the balance sheet date. A reduction in the UK corporation rate from 20% to 19% took effect from 1 April 2017.

There will be a further reduction in the UK tax rate to 17% from 1 2020. The deferred tax balance at 31 December 2017 reflects the enacted tax rate, where relevant. There has been no material impact to the deferred tax balances as a result of these rate changes.

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

	2017 £000	2016 £000
Unpaid remuneration	6,005	-
<b>Deferred tax asset / (liability) at the end of the year</b>	<b>6,005</b>	<b>-</b>

The deferred tax asset is too uncertain to predict when it will reverse, and therefore the amount expected to unwind over the 12 month period following the balance sheet date is unknown.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 5.2. Factors affecting the tax expense for the year (continued)

	2017 £000	2016 £000
Deferred tax asset / (liability) at start of the year	-	-
Deferred tax (expense) / income for the year	1,414	-
Deferred tax (over-) / under- provided in previous years	4,591	-
<b>Deferred tax asset / (liability) at the end of the year</b>	<b>6,005</b>	<b>-</b>

### 6. Debtors - amounts falling due within one year

	2017 £000	2016 £000
Amounts due from group undertakings	93,331	105,576
Other debtors	3,468	2,897
	<b>96,799</b>	<b>108,473</b>

### 7. Creditors - amounts falling due within one year

	2017 £000	2016 £000
Corporation tax due	9,659	1,070
Amounts due to group undertakings	8,718	29,034
Accruals	86,624	86,085
	<b>105,001</b>	<b>116,189</b>

Materially all of the corporation tax due above is in relation to group relief due to group undertakings.

### 8. Called up share capital

	2017 £000	2016 £000
<b>Authorised, issued and fully paid</b>		
100,000 ordinary shares of £1 each	100	100

### 9. Related Parties

As a qualifying entity, the Company has elected to take advantage of the exemption from the requirements of FRS 102, Section 33 Related Party Transactions paragraph 1A and paragraph 7, to not disclose related party transactions with key management personnel and related party transactions with wholly owned subsidiaries of Liberty International Holdings Incorporated (DE).

## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

### **10. Ultimate parent company**

The ultimate parent Company is Liberty Mutual Holding Company Inc. of Boston, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A. a Company incorporated in the United States of America. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a Company incorporated and registered in the U.S.A.

The immediate parent Company of Liberty Specialty Markets Limited is Liberty UK and Europe Holdings Limited.

Copies of the group accounts of Liberty International Holdings Incorporated and of Liberty Mutual Holding Company Inc. of Boston are available from the companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A.