

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**


DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

20 FEBRUARY 2017

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**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

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**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

DIRECTORS

E. F. André

I. Caroussis

Appointed in January 2017

M. Bottiglieri

B. C. Goulandris

G. A. Gratsos

T.S. Huxley

C. R. Kendall

S. Laskaridis

Appointed in November 2016

M. F. Lykiardopulo

Chairman

M. Nomikos

S. Palios

P. Pappas

M. G. Pateras

T. A. Stafilopatis

Tan Chin Hee

Y. T. Triphyllis

M. R. Wade

G. D. Weston

G. Woodford

Zhang Lanshui

D.J Evans

Appointed in September 2016

Company Secretary

K.P. Halpenny

Auditors

Moore Stephens LLP

150 Aldersgate Street

London EC1A 4AB

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The Association carries on the business of mutual insurance of its Members against legal costs and expenses as defined in the Rules of the Association.

Under a revised agreement dated 31 December 2015, the Association reinsures 90 per cent of its business with The United Kingdom Defence Insurance Association (Isle of Man) Limited ("UKDIA").

The number of ships entered in the Association at the year end on 20 February 2017 was 3,843 (3,029 owned and 814 chartered), compared with 3,935 ships (3,042 owned and 893 chartered) on 20 February 2016, an overall decrease of 2%.

FINANCIAL REVIEW

As shown in the Association's Income and Expenditure Account on page 7, the year ended with a surplus on the technical account of £0.54 million (2016: £0.73 million surplus). After investment income, exchange gains/losses and taxation, there was an overall surplus for the year of £0.68 million (2016: £0.21 million surplus). The increase in surplus was mainly caused by a reduction in the 90% quota share reinsurance premium.

The surplus for the year led to a rise in the Association's accumulated Income and expenditure account reserves (shown on the Balance Sheet of the Association, set out on page 8) from a surplus of £3.38 million at 20 February 2016 to a surplus of £4.06 million at 20 February 2017.

The Association's gross claims reserves at 20 February 2017 were £33.28 million (2016: £28.94 million), an overall increase of £4.34 million in the year which was mostly offset by an increase in the Association's reinsurance claims reserves.

The reserves at 20 February 2017, together with calls made on Members after that date, are available and, in the opinion of the Directors, meet the Association's outgoings and the legal costs and other expenses of the Association's business.

The Association's approach to financial risk management and a review of the principal risks and uncertainties is disclosed in note 4 of the financial statements.

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



K. P. Halpenny
Secretary

27 April 2017

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Financial Statements of the Association for the year ended 20 February 2017.

DIRECTORS

The Directors who held office during the year are listed on page 1.

In accordance with the Articles of Association, all the Directors retire at the forthcoming Annual General Meeting to be held on 21 September 2017 and will be eligible for re-election.

MEETINGS OF DIRECTORS

The Directors met on five occasions during the year under review, in order to fulfil the general and specific responsibilities entrusted to them by the Members under the Rules and under the Memorandum and Articles of Association. At these meetings the Directors received and discussed written and oral reports and recommendations from the Managers on calls and other policy matters.

A substantial portion of each meeting involved the consideration of Members' cases in which the Association's support was requested for court or arbitration proceedings, the Directors considering 39 major cases during the year. The Managers also considered a substantial number of requests for support in proceedings under the authority delegated to them by the Directors and reports on those cases were presented to the Board at each meeting. Of all the cases formally considered by the Board, 90% received a significant measure of support from the Association, illustrating the importance attached by both Board and Managers to the Association being supportive of its Members whenever the circumstances render that possible.

The work of the Association remains substantial with approximately 2,578 case files open as at 20 February 2017. The Managers continue to advise and support Members who are involved with disputes and are frequently able to help them reach satisfactory terms of settlement without proceedings.

Likely future developments that may affect the Association include insolvencies of operators including bunker suppliers as further discussed in note 2(e) to the Financial Statements and the impact of Brexit on the Association's future European business activities. The Board of Directors and the Managers are currently considering potential future options after which an appropriate strategy will be formulated.

The Board of Directors has effected a Directors' and Officers' Liability Insurance policy to indemnify the Directors and Officers of the Association against loss arising from any claim against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of the Association. The insurance also covers the Association's loss when it is required or permitted to indemnify the Directors or Officers pursuant to common law, statute, or the Articles of Association. The cost of the insurance is met by the Association and is included in net operating expenses.

AUDITOR

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

REPORT OF THE DIRECTORS (Continued)

A resolution to reappoint Moore Stephens LLP as the Association's auditor will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT DISCLOSURES

The Association's financial instruments comprise its financial investments, cash, and various items arising directly from operations such as insurance and other debtors, technical provisions and creditors. The main risks arising from these financial instruments are credit risk, market risk, and insurance risk. The Association's approach to management of these risks is disclosed in note 4 of the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and Report of the Directors 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 laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 and profit or loss of the Association for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association 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 Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



K. P. Halpenny
Secretary

27 April 2017

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

We have audited the financial statements of The United Kingdom Freight Demurrage and Defence Association Limited for the year ended 20 February 2017 which are set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 20 February 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.

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNITED KINGDOM
FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION 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 the directors' report.

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

- adequate accounting records have not been kept, 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; or



Alexander Barnes, *Senior Statutory Auditor*
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

28 April 2017

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

INCOME AND EXPENDITURE ACCOUNT

Year ended 20 February 2017

	Note	2017 £'000	2016 £'000
Technical Account			
Gross premiums written		18,282	18,446
Outward reinsurance premiums	5	(14,944)	(15,898)
Agreed discount on outward reinsurance premiums		6,873	5,957
		<u>10,211</u>	<u>8,505</u>
Claims incurred net of reinsurance	17	(5,434)	(4,183)
Net operating expenses	7	(4,239)	(3,589)
Balance on the technical account		<u>538</u>	<u>733</u>
Non Technical Account			
Balance on the technical account		538	733
Investment income	10	17	25
Exchange gains / (losses)		131	(548)
Surplus on ordinary activities before tax		<u>686</u>	<u>210</u>
Tax on ordinary activities	16	(2)	(4)
Surplus on ordinary activities after tax and transferred to reserves		<u>684</u>	<u>206</u>

All activities represent continuing activities.

The notes on pages 11 to 26 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 20 February 2017

	Note	2017 £'000	2016 £'000
Surplus on ordinary activities after tax		684	206
Other comprehensive income			
Amounts recycled into surplus		1,464	398
Fair value losses		<u>(1,670)</u>	<u>(713)</u>
		<u>(206)</u>	<u>(315)</u>
Total comprehensive income / (loss) for the year		<u>478</u>	<u>(109)</u>

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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BALANCE SHEET


20 February 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Investments			
Other financial investments	12	6,888	3,418
Derivative financial instruments	13	91	9
Reinsurers' share of technical provisions	17	30,004	26,092
Debtors	14	921	2,456
Cash and cash equivalents		919	648
Total assets		<u>38,823</u>	<u>32,623</u>
RESERVES			
Income and expenditure account		4,064	3,380
Hedging reserve		(949)	(743)
Total reserves		<u>3,115</u>	<u>2,637</u>
LIABILITIES			
Technical provisions	17	33,276	28,939
Derivative financial instruments	13	1,048	752
Creditors	15	1,384	295
Total liabilities		<u>35,708</u>	<u>29,986</u>
Total liabilities and reserves		<u>38,823</u>	<u>32,623</u>

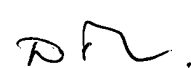
The financial statements of The United Kingdom Freight Demurrage and Defence Association Limited, registration number 00501877, were approved by the Board of Directors and authorised for issue on 27 April 2017. They were signed on its behalf by:

Directors

M. F. Lykiardopulo 

E. F. And 

Managers

D. J. Evans 

The notes on pages 11 to 26 form an integral part of these financial statements.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

STATEMENT OF CHANGES IN RESERVES

Year ended 20 February 2017

	Attributable to members		£'000
	£'000	£'000	
	Income and expenditure account	Hedging reserve	Total
Balance at 20 February 2015	3,174	(428)	2,746
Surplus for the year	206	-	206
Other comprehensive loss for the year	-	(315)	(315)
Total comprehensive income (loss) for the year	206	(315)	(109)
Balance at 20 February 2016	3,380	(743)	2,637
Surplus for the year	684	-	684
Other comprehensive loss for the year	-	(206)	(206)
Total comprehensive income (loss) for the year	684	(206)	478
Balance at 20 February 2017	4,064	(949)	3,115

The notes on pages 11 to 26 form an integral part of these Financial Statements.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

CASH FLOW STATEMENT

Year ended 20 February 2017

	2017	2016
	£'000	£'000
Operating activities		
Calls and premiums received	18,812	18,447
Reinsurance premium paid	(7,065)	(9,986)
Claims paid	(14,251)	(13,786)
Reinsurance recoveries received	10,802	9,525
Acquisition costs	(873)	(796)
Operating expenses paid	(3,418)	(2,767)
Interest and dividends received	17	25
Taxation paid	(41)	(63)
Net cash provided by operating activities	<u>3,983</u>	<u>599</u>
Investing activities		
Purchase of investments	(7,936)	(11,411)
Sale of investments	<u>4,470</u>	<u>10,673</u>
Net cash used in investing activities	<u>(3,466)</u>	<u>(738)</u>
Net increase / (decrease) in cash and cash equivalents	<u>517</u>	<u>(139)</u>
Cash and cash equivalents at the beginning of the year	648	816
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(246)</u>	<u>51</u>
Cash and cash equivalents at the end of the year	<u><u>919</u></u>	<u><u>648</u></u>

The notes on pages 11 to 26 form an integral part of these Financial Statements.

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Constitution

The Association is incorporated in England as a company limited by guarantee and not having a share capital.

In the event of the Association's liquidation the net assets of the Association are to be distributed in proportion to the amount of contributions paid by Members during the preceding six years.

2 Accounting Policies

(a) Accounting disclosures

The financial statements are prepared on an annual basis under the historical cost convention as modified to include certain items at fair value, and in accordance with Financial Reporting Standard ("FRS") 102 - Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and FRS 103 - Insurance contracts issued by the Financial Reporting Council.

The functional currency of the Association is considered to be pounds sterling because that is the currency of the primary economic environment in which the Association operates. This has been selected on the basis that materially all of the Association's claims and expenses are paid in pound sterling, and the Association's main reinsurance contract with UKDIA is denominated in pound sterling.

(b) Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting difference is treated as unrealised. The costs of investments are translated into sterling at the rate applicable for the date on which they were purchased.

Revenue transactions are translated into sterling at the rate applicable for the date on which they took place.

Differences between closing exchange rates and the rates applying to outstanding forward currency contracts are also recognised. All exchange gains/losses other than on forward exchange contracts that are designated and qualify as hedges (see 2(g)), whether realised or unrealised have been included in the Income and Expenditure Account for the year.

(c) Gross premiums written

Calls and premiums are net of return premiums and continuity credits and are the total receivable for the whole period of cover provided by the contracts incepting during the accounting period together with any adjustments in respect of prior accounting periods. Continuity credits represent a reduced premium amount for longstanding Members and are recognised as part of the related premium amount. There are no unearned premiums as all policies expire on or before the balance sheet date.

(d) Outward reinsurance premiums

Outward reinsurance premiums are the total payable in respect of excess of loss and quota share reinsurances for the period to which the relevant contracts relate. Quota share reinsurance

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Accounting Policies (Continued)

premiums are subject to an override commission in the form of an agreed discount, the rate of which for each policy year is agreed with UKDIA.

The agreed discount is recognised in the income and expenditure amount when corresponding reinsurance premiums are recognised.

(e) Claims

These are the legal costs and expenses of the Members covered by the Association. They include all claims incurred during the year, whether paid, estimated or unreported, together with internal claims, management costs and future claims management costs and adjustments for claims outstanding from previous years.

A forecast of unreported claims is based on the estimated ultimate cost of claims arising out of events which have occurred before the end of the accounting period but have not yet been reported. The Directors' estimate for these future claims is based on the estimate of unreported claims on each policy year. The estimates are calculated by comparing the pattern of claims payments and estimates in current policy years with earlier policy years, and then projecting the outcomes of the more recent years.

The Association utilises a variety of actuarial techniques to determine its ultimate liability which include development factor methods, Bornhuetter-Ferguson methods and a bootstrapping methodology. These techniques assume that the future will be broadly similar to the past.

The Association assesses at the end of each reporting period whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the entire deficiency is recognised in the Income and Expenditure Account.

Whilst the Directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Any differences between the provisions and subsequent settlements are dealt with in the technical accounts of later years.

Due to market conditions claims exposure in 2014 has been affected by insolvencies of operators including bunker suppliers. These claims may be subject to a higher degree of uncertainty than is normal for the Association as the events can lead to multiple claims which may involve various types of litigation. The ultimate settlement cost may not be apparent until some years after the relevant insolvency event.

The Association enters into reinsurance contracts in the normal course of business in order to limit potential losses arising from certain exposures. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract.

(f) Other financial investments

The Association has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation and disclosure of its financial assets. Investments in short term deposit funds and the foreign exchange security deposit are designated in the Balance Sheet at fair value through profit and loss. Fair value is calculated using the bid price at the close of business on the balance sheet

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Accounting Policies (Continued)

date. Those purchased in foreign currencies are translated into sterling on the date of purchase. The fair value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

(g) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges of a highly probable forecast transaction is recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in the Income and Expenditure Account. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised directly in the income and expenditure account.

Amounts accumulated in reserves are recycled to surplus in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in Other Comprehensive Income and is recognised when the forecast transaction is ultimately recognised in the Income and Expenditure Account.

However, when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Other Comprehensive Income is immediately transferred to the Income and Expenditure Account.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(i) Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and include Members' contributions, claims deductibles recoverable from Members and reinsurance receivables. Debtors are carried at cost less impairment. Debtors are reviewed for impairment as part of an impairment review.

(j) Investment income

This comprises income received during the year adjusted in respect of interest receivable at the year end, and profits and losses on the sale of investments and gains and losses on closed forward currency contracts.

The unrealised gains and losses on the movement in the fair value of the investments are included in the non-technical account. No transfer is made of the investment returns from the non-technical account to the technical account, as this is not considered appropriate.

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Accounting Policies (Continued)

(k) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102 section 29.

3 Critical accounting estimates and judgements

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Association uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. For further detail refer to note 2(e).

4 Financial Risk Management

The Association is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are: market risk, credit risk, insurance risk, liquidity risk and operational risk.

The Board and Managers have sought to establish and embed risk management procedures within the Association through a Compliance manual, an internal quality management system and a risk management framework which considers and logs potential risks and how they are to be managed. The Board monitors the development and operation of risk management policies and controls in place to mitigate risk through a governance structure which includes an internal audit function and various committees.

The Association manages the risks relating to the operations of the Association through internal risk reports which analyse exposures by degree and magnitude of risk.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates, affecting both the value of the Association's investments and, in the case of exchange rates, its premium income and liabilities. The Association has a policy in place to manage its exposure to its investments, and this is monitored by regular reports from the investment managers to the Association's Board of Directors.

Due to the Association's revenue being materially received in US Dollars, the Association has implemented a hedging strategy whereby the Association uses forward contracts to mitigate the

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

potential currency risk on its future premium income. Forward currency contracts have been designated as hedging instruments and the Association regards its future premium income as a highly probable forecast transaction and has designated it as a hedged item under hedge accounting requirements. This relationship has been designated by the Association as cash flow hedges and is monitored by the Association's Board of Directors. In addition, the Association utilises an investment mandate that matches the currency of its assets and liabilities.

The profile of the Association's assets and liabilities, categorised by settlement currency, at their translated carrying amount, is set out below. Certain amounts may depend on a different underlying currency.

As at 20 February 2017	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
Short term deposit funds	2,488	1,454	-	3,942
Foreign exchange security deposit	2,520	426	-	2,946
Derivative financial instruments	20,442	(21,399)	-	(957)
Reinsurers' share of technical provisions	20,456	5,694	3,854	30,004
Debtors	143	756	22	921
Cash and cash equivalents	271	555	93	919
Technical provisions	(23,090)	(5,821)	(4,365)	(33,276)
Creditors	(1,264)	(63)	(57)	(1,384)
	<u>21,966</u>	<u>(18,398)</u>	<u>(453)</u>	<u>3,115</u>

As at 20 February 2016	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
Short term deposit funds	1,330	577	-	1,907
Foreign exchange security deposit	1,511	-	-	1,511
Derivative financial instruments	12,925	(13,668)	-	(743)
Reinsurers' share of technical provisions	17,954	4,853	3,285	26,092
Debtors	1,278	1,152	26	2,456
Cash and cash equivalents	148	596	(96)	648
Technical provisions	(20,256)	(4,962)	(3,721)	(28,939)
Creditors	(130)	(160)	(5)	(295)
	<u>14,760</u>	<u>(11,612)</u>	<u>(511)</u>	<u>2,647</u>

A 5 per cent strengthening of the following currencies against sterling would be estimated to have increased/(decreased) the surplus before tax and reserves at the year-end by the following amounts:

	Effect on surplus after tax £'000
As at 20 February 2017	
Dollar	(945)
Euro	<u>(23)</u>
As at 20 February 2016	
Dollar	(640)
Euro	<u>(26)</u>

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

A 5 per cent weakening of these currencies against the Sterling would have an equal and opposite effect.

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Association's objective is to reduce credit risk through the risk management techniques discussed below.

The Association's exposure primarily relates to amounts recoverable from reinsurance contracts, debtors and bank balances. Exposure to reinsurance counterparties is mitigated by the Association placing its external reinsurances with counterparties rated A- or better. On its 90% reinsurance programme, the Association has the benefit of a legal charge in the form of a fixed charge debenture over UKDIA's assets which mitigate the Association's exposure to Reinsurers' share of technical provisions. Exposure to debtors, which is mainly in respect of calls and premium contributions, is spread over a large number of Members and counterparties, which mitigates the risk. Exposure to bank balances, however, is more concentrated, with two main counterparties and the risk is mitigated by placing funds surplus to normal operational requirements in money market funds and other investments.

The following tables provide information regarding aggregate credit risk exposure for financial assets with external credit ratings.

The credit rating bands are provided by independent ratings agencies:

As at 20 February 2017	AAA	AA - A	BBB	Not rated / not readily available	Total
	£'000	£'000	£'000	£'000	£'000
Short term deposit funds	3,942	-	-	-	3,942
Foreign exchange security deposit	-	426	2,520	-	2,946
Derivative financial instruments	-	11	(968)	-	(957)
Reinsurers' share of technical provisions	-	555	-	29,449	30,004
Debtors	-	-	-	921	921
Cash and cash equivalents	-	919	-	-	919
Total assets subject to credit risk	3,942	1,911	1,552	30,370	37,775

As at 20 February 2016	AAA	AA - A	BBB	Not rated / not readily available	Total
	£'000	£'000	£'000	£'000	£'000
Short term deposit funds	1,907	-	-	-	1,907
Foreign exchange security deposit	-	-	1,511	-	1,511
Derivative financial instruments	-	-	(743)	-	(743)
Reinsurers' share of technical provisions	-	472	-	25,620	26,092
Debtors	-	-	-	2,456	2,456
Cash and cash equivalents	-	1,045	-	(398)	647
Total assets subject to credit risk	1,907	472	1,814	27,678	31,870

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

Insurance risk

The Association's risk can arise from:

1. fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
2. unexpected claims arising from a single source;
3. inaccurate pricing of risks when underwritten;
4. inadequate reinsurance protection;
5. inadequate reserves.

The objective of the Association's insurance risk management process is to support the execution of effective underwriting, reinsurance and reserving strategies which are agreed and monitored by the Association's Board.

The Association establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions the assumptions made and actuarial techniques employed are reviewed in detail by management.

The Association considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

The Association only provides legal expenses cover to its Members and as a result, no further concentration analysis of risks by cover has been performed.

Some results of sensitivity testing are set out below, showing the impact on surplus after tax, of an increase and decrease in loss ratios gross and net of reinsurance. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred.

	2017 £'000	2016 £'000
Increase in loss ratio by 5 percentage points		
Gross	(914)	(922)
Net	<u>(91)</u>	<u>(92)</u>
Decrease in loss ratio by 5 percentage points		
Gross	914	922
Net	<u>91</u>	<u>92</u>

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

Liquidity risk

The Association manages this risk by the use of liquid investments and its ability to call upon its quota share reinsurer, UKDIA, in the event of a significant outflow of funds. The Association also has the benefit of a legal charge in the form of a debenture over UKDIA's investments and other assets.

The following table provides a maturity analysis of the Association's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost:

As at 20 February 2017	Within 1 year	1 to 5 years	Over 5 years	Total
Assets and liabilities	£'000	£'000	£'000	£'000
Short term deposit funds	3,942	-	-	3,942
Foreign exchange security deposit	2,946	-	-	2,946
Derivative financial instruments	(991)	34	-	(957)
Reinsurers' share of technical provisions	19,899	8,495	1,610	30,004
Debtors	921	-	-	921
Cash and cash equivalents	919	-	-	919
Technical provisions	(22,069)	(9,421)	(1,786)	(33,276)
Creditors	(1,384)	-	-	(1,384)
Total	<u>4,183</u>	<u>(892)</u>	<u>(176)</u>	<u>3,115</u>

As at 20 February 2016	Within 1 year	1 to 5 years	Over 5 years	Total
Assets and liabilities	£'000	£'000	£'000	£'000
Short term deposit funds	1,907	-	-	1,907
Foreign exchange security deposit	1,511	-	-	1,511
Derivative financial instruments	(746)	3	-	(743)
Reinsurers' share of technical provisions	17,202	8,659	231	26,092
Debtors	2,456	-	-	2,456
Cash and cash equivalents	648	-	-	648
Technical provisions	(19,078)	(9,605)	(256)	(28,939)
Creditors	(295)	-	-	(295)
Total	<u>3,605</u>	<u>(943)</u>	<u>(25)</u>	<u>2,637</u>

Operational Risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Association has engaged Thomas Miller Defence Limited as managers to document all key processes and controls in a procedural manual. This manual is embedded into the organisation and available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function which is directed and reviewed by the Audit and Risk Committee. A human resource manual including all key policies have also been documented.

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

Capital Management

The Association maintains capital, comprising of surplus and reserves, consistent with the Association's risk appetite and the regulatory requirements. Under the Solvency 2 regime introduced on 1 January 2016, the Association has been approved by its regulator a capital benefit associated with the Association's ability to make a contingency call to its Members.

The Association continues to be regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA"). Under the new Solvency 2 regime the Association is obliged to assess and maintain the amount of capital required to meet the risks that it faces based on a 99.5 per cent confidence level of solvency. Throughout the period the Association complied with the regulators capital requirements.

Limitation of the sensitivity analyses

The sensitivity analyses above show the impact of a change in one input assumption with other assumptions remaining unchanged. In reality, there is normally correlation between the change in certain assumptions and other factors which would potentially have a significant impact on the effect noted above.

Fair value estimations

In accordance with section 34 of FRS 102, as a financial institution, the Association applies the requirements of paragraph 11.27 of FRS 102. This requires, for financial instruments held at fair value in the balance sheet, disclosure of fair value measurements by level of the following fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (that is, prices) or indirectly (that is, derived from prices)

Level 3 – Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs)

The below table presents the Association's assets measured at fair value by level of the fair value hierarchy:

As at 20 February 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Short term deposit funds	3,942	-	-	3,942
Foreign exchange security deposit	2,946	-	-	2,946
Derivative financial instruments	-	(957)	-	(957)
Cash and cash equivalents	919	-	-	919
Total	<u>7,807</u>	<u>(957)</u>	<u>-</u>	<u>6,850</u>
As at 20 February 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Short term deposit funds	1,907	-	-	1,907
Foreign exchange security deposit	1,511	-	-	1,511
Derivative financial instruments	-	(743)	-	(743)
Cash and cash equivalents	648	-	-	647
Total	<u>4,066</u>	<u>(743)</u>	<u>-</u>	<u>3,322</u>

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Financial Risk Management (Continued)

Financial instruments

Below table provides an analysis of the Association's financial assets and liabilities by class of recognition:

	2017 £'000	2016 £'000
Financial assets measured at fair value through profit and loss	<u>7,807</u>	<u>4,066</u>
Financial assets measured at amortised cost	<u>921</u>	<u>2,456</u>
Net financial liabilities measured at fair value through other comprehensive income	<u>(957)</u>	<u>(743)</u>
Financial liabilities measured at amortised cost	<u>(1,384)</u>	<u>(295)</u>

5 Outward Reinsurance Premiums

	2017 £'000	2016 £'000
Excess loss premium	(402)	(400)
90%-quota share premium	<u>(14,542)</u>	<u>(15,498)</u>
	<u>(14,944)</u>	<u>(15,898)</u>

The 90% quota share reinsurance premium is subject to a discount which is agreed on an annual basis with the reinsurance quota share provider, UKDIA.

6 Gross Claims Paid

	Note	2017 £'000	2016 £'000
Legal costs and expenses		(10,424)	(10,312)
Claims handling costs:			
Management fee	8	(3,937)	(3,119)
Other expenses	7	<u>(249)</u>	<u>(266)</u>
		<u>(14,610)</u>	<u>(13,697)</u>

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7	Net Operating Expenses	Note	2017 £'000	2016 £'000
	Management fee	8	(2,625)	(2,080)
	Directors' remuneration	9	(208)	(208)
	Auditor's remuneration:			
	Audit fees in relation to the audit of the Association's annual accounts		(33)	(26)
	Non-audit fees in relation to tax compliance services		(6)	(4)
	Brokerage		(832)	(825)
	Other expenses		(784)	(712)
			<u>(4,488)</u>	<u>(3,855)</u>
	Net operating expenses allocated to claims handling	6	249	266
			<u>(4,239)</u>	<u>(3,589)</u>

8 Management Fee

The fee covers the Managers', Thomas Miller Defence Limited's, costs of providing offices, staff and administration. It is fixed by the Directors in accordance with the Rules. No loan has been made to the Managers and none is contemplated. The Association itself had no employees throughout the year.

The management fee is apportioned between the different management functions and consists of acquisition costs, which include the cost of underwriting and credit control; claims handling costs; and other costs which include accounting, regulatory compliance, and general management. The fee is allocated to these functions on the basis of the underlying cost elements to the management fee which are included in the accounts as further detailed in notes 6 and 7.

9	Directors' Fees	2017 £'000	2016 £'000
	Aggregate emoluments	<u>(208)</u>	<u>(208)</u>

Pension contributions are not made in respect of any of the Directors. The Directors' fees for the highest paid director amounted to £33,000 during the current year.

10	Investment Income	2017 £'000	2016 £'000
	Bank deposits	6	10
	Return on short term deposit funds	11	15
		<u>17</u>	<u>25</u>

11 Rates of Exchange

	2017	2016
The year end rates of exchange equivalent to £1 were:		
US dollar	1.2431	1.4267
Euro	1.1695	1.2846

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Investments

	Fair Value		Cost	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Short term deposit funds	3,942	1,907	3,942	1,907
Foreign exchange security deposit	2,946	1,511	2,946	1,511
	<u>6,888</u>	<u>3,418</u>	<u>6,888</u>	<u>3,418</u>

	2017	2016
Percentage of cash and interest bearing securities repayable: within one year	<u>100%</u>	<u>100%</u>

The foreign exchange security deposit is charged to The Royal Bank of Scotland plc and the Bank of New York Mellon, London branch, as collateral in respect of the Association's forward currency contracts.

13 Derivative financial instruments

	Contract notional amount £'000	2017		Contract notional amount £'000	2016	
		Fair value asset £'000	Fair value liability £'000		Fair value asset £'000	Fair value liability £'000
Forward currency contracts:						
Non-hedge contracts	595	-	(8)	-	-	-
Cash flow hedges	19,847	91	(1,040)	12,925	9	(752)
	<u>20,442</u>	<u>91</u>	<u>(1,048)</u>	<u>12,925</u>	<u>9</u>	<u>(752)</u>

The Association uses forward currency contracts to hedge the foreign exchange risks that it is exposed to as a result of future income being received in United States Dollars. Future premium income is regarded as a highly probable forecast transaction and is designated as a hedged item. Forward currency contracts in relation to the hedged item are designated as a hedging instrument. The relationship between the hedged item and hedging instruments is designated as a cash flow hedge under hedge accounting requirements.

Gains and losses in reserves on forward foreign exchange contracts as at 20th February 2017 will be released to the Income and Expenditure Account over the next three years to match the receipt of future income.

There was no ineffective portion attributable to these hedges.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Debtors

	2017 £'000	2016 £'000
Arising out of insurance operations:		
Members' contributions	(6)	145
Claims deductibles recoverable from Members	609	701
Due from quota share reinsurer	-	1,310
	<u>603</u>	<u>2,156</u>
Other debtors:		
Other debtors	318	300
	<u>318</u>	<u>300</u>
Total debtors	<u>921</u>	<u>2,456</u>

Debtors arising out of direct insurance operations include a provision for impairment of £287,000 (2016: £181,000) resulting in an increase of £106,000 in the current year (2016: release of £32,000).

Debtors arising out of direct insurance operations include an amount of £622,000 (2016: £645,000) that are past due, but not impaired.

15 Creditors

	2017 £'000	2016 £'000
Arising out of insurance operations:		
Members' contributions	2	106
Claims creditors	267	-
Brokerage	-	42
Due to quota share reinsurer	1,021	-
Reinsurance creditors	-	16
	<u>1,290</u>	<u>164</u>
Other creditors:		
Corporation tax payable	2	4
PAYE and social security	13	54
Other creditors	4	-
Accruals and deferred income	75	73
	<u>94</u>	<u>131</u>
	<u>1,384</u>	<u>295</u>

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 Taxation

Taxation is in respect of United Kingdom corporation tax on its assessable investment income and gains/losses at current rates of taxation.

Analysis of tax charge for the year:

	2017 £'000	2016 £'000
Corporation tax at 20% (2016: 20%)	2	4
Total current tax	<u>2</u>	<u>4</u>
Reconciliation of tax amount		
Surplus on ordinary activities before tax	<u>686</u>	<u>210</u>
Surplus on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 20%	137	42
Balance on technical account	(108)	(147)
Non-taxable exchange losses	<u>(27)</u>	<u>109</u>
	<u>2</u>	<u>4</u>

17 Technical Provisions

	2017 £'000	2016 £'000
Technical provisions		
Gross technical provisions	33,276	28,939
Reinsurers' share of gross technical provisions	30,004	26,092
Total net technical provisions	<u>3,272</u>	<u>2,847</u>
Current	2,170	1,878
Non-Current	<u>1,102</u>	<u>969</u>

The nature of the business makes it very difficult to predict the likely outcome of any particular case and to estimate the cost of future claims. The estimates for known outstanding claims are based on the best estimates of the Directors of the likely cost of individual cases, and the extent of the Association's current commitment to the cost of these cases. These estimates are as accurate as possible given the details of the cases and taking into account all the current information. The estimates are reviewed regularly.

The movement in the gross provision for claims is the difference between the provision for outstanding claims on all policy years at the beginning of the year and the equivalent provision at the end of the year, after deduction of all claims paid during the financial year and addition of new claims notified in the 2016 policy year.

The movement on gross incurred claims for prior policy years was a deterioration of £1,424,000 (2016: deterioration of £62,000).

A number of guarantees have been given in respect of legal costs relating to cases involving Members, where the Association is already committed to the costs of the cases. These costs are included in the Association's normal claims reserving process.

THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Technical Provisions (Continued)

Development claim tables

The development of insurance liabilities provides a measure of the Association's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Association's estimate of total claims outstanding for each policy year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Gross estimate of ultimate claims cost attributable to policy year (£'000)

Reporting year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
- At the end of the reporting year	10,500	12,100	11,250	10,500	10,900	10,500	12,150
- One year later	11,300	13,650	9,150	10,100	13,072	10,115	
- Two years later	12,250	12,800	8,350	10,050	15,600		
- Three years later	11,850	12,750	8,200	9,620			
- Four years later	12,758	11,700	8,125				
- Five years later	11,800	11,950					
- Six years later	11,960						
Current estimate of cumulative claims	11,960	11,950	8,125	9,620	15,600	10,115	12,150

Net estimate of ultimate claims cost attributable to policy year (£'000)

Reporting year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
- At the end of the reporting year	1,050	1,210	1,125	1,050	1,090	1,050	1,215
- One year later	1,130	1,365	915	1,010	1,260	1,012	
- Two years later	1,225	1,280	835	1,005	1,560		
- Three years later	1,185	1,275	820	962			
- Four years later	1,276	1,170	813				
- Five years later	1,180	1,195					
- Six years later	1,196						
Current estimate of cumulative claims	1,196	1,195	813	962	1,560	1,012	1,215
Cumulative payments to date	1,126	1,088	676	755	930	456	198
Net liability recognised in the balance sheet	70	107	137	207	630	556	1,017

Total net liability relating to the last six policy years							2,724
Other claims liabilities							548
Total net technical provisions included in the balance sheet							3,272

The Association has elected to disclose only six years of claims experience data in its claims development tables as permitted by FRS 103 Insurance Contracts.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Technical Provisions (Continued)

	Gross	2017 RI	Net	Gross	2016 RI	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Movement in technical provisions						
Total at the beginning of the year	28,939	26,092	2,847	28,317	25,501	2,816
Claims paid	(14,610)	(9,492)	(5,118)	(13,697)	(9,280)	(4,417)
Claims incurred during the year	17,857	12,423	5,434	11,669	7,486	4,183
Exchange differences and other movements	1,090	981	109	2,650	2,385	265
Total at the end of the year	<u>33,276</u>	<u>30,004</u>	<u>3,272</u>	<u>28,939</u>	<u>26,092</u>	<u>2,847</u>

18 Related Party Disclosures

The Association has no share capital and is controlled by the Members who are also the insureds. The subsequent insurance transactions are consequently deemed to be between related parties, but these are the only transactions between the Association and the Members.

All, but one, of the Directors are current representatives of Member companies and other than the insurance, which is arranged on an arm's length basis, and Member interests of these companies, the Directors have no financial interests in the Association. Directors' fees are disclosed in note 9.

The Association reinsures with UKDIA on a 90% quota share basis. All Members of the Association are automatically also Members of UKDIA. However, none of the Directors of the Association are Directors of UKDIA and UKDIA is not considered to be a related party of the Association.

19 Shares in subsidiary undertakings

In prior years the Association owned 100% of the issued share capital of United Kingdom Defence Reinsurance Association Ltd. ("UKDRA"), a company incorporated in Bermuda. This company has been dormant for a number of years. During the prior year UKDRA was put up for deregistration with the Bermuda Monetary authority which required all assets and liabilities of UKDRA to be sold. In the current year the deregistration was completed. None of the above affects the Association's results, but has however led to consolidated accounts not being prepared.

**THE UNITED KINGDOM FREIGHT DEMURRAGE
AND DEFENCE ASSOCIATION LIMITED**

MANAGERS

THOMAS MILLER DEFENCE LIMITED

DIRECTORS

D. J. Evans (Chairman)
J. W. M. Binner
A. N. Couvadelli
M. E. Cox
S. P. Geraghty
M. R. Jackson
K. G. Moore
S. L. Murphy
P. M. Sessions
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