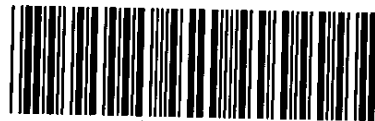

**OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2)
LIMITED)**

UNAUDITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

COMPANY INFORMATION

DIRECTORS	W D Bloomer A K Cameron (appointed 2 August 2019)
COMPANY SECRETARY	A J Moore
REGISTERED NUMBER	00945878
REGISTERED OFFICE	One Creechurch Place London United Kingdom EC3A 5AF

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

CONTENTS

	Page
Directors' Report	1
Directors' Responsibilities Statement	2
Income Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 13

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The Directors present their report and the financial statements for the year ended 30 September 2019.

PRINCIPAL ACTIVITY

The principal activity of Ostrakon Runoff Limited ("the Company") is that of an intermediate holding company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,289,312 (2018 - loss £9,233).

The Company did not pay a dividend during the year (2018 - £NIL). The Director does not recommend the payment of a dividend.

DIRECTORS

The Directors who served during the year, and to the date of this report, were:

W D Bloomer

A K Cameron (appointed 2 August 2019)

DIRECTOR'S INDEMNITIES

Hyperion Insurance Group Limited, the ultimate holding company, has made qualifying third party indemnity provisions for the benefit of the Company Director which were made during the year and remain in force at the date of this report.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 September 2020 and signed on its behalf.



W D Bloomer
Director

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The Directors are responsible for preparing 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 Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Director must not approve the financial statements unless they are satisfied that they a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Administrative expenses		(54)	-
Other operating income		29,668	-
OPERATING PROFIT		29,614	-
Dividends from subsidiary undertakings		1,404,515	-
Amounts written off investments		(139,190)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,294,939	-
Taxation on loss on ordinary activities	5	(5,627)	(9,233)
PROFIT/(LOSS) FOR THE YEAR		1,289,312	(9,233)

The notes on pages 7 to 13 form part of these financial statements.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019 £	2018 £
Profit/(Loss) for the financial year	1,289,312	(9,233)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	1,289,312	(9,233)

The notes on pages 7 to 13 form part of these financial statements.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)
REGISTERED NUMBER: 00945878

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Investments	6	217,116	302,001
		<u>217,116</u>	<u>302,001</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	2,247,155	921,845
		<u>2,247,155</u>	<u>921,845</u>
Creditors: amounts falling due within one year	8	(5,628)	(54,515)
		<u>2,241,527</u>	<u>867,330</u>
NET CURRENT ASSETS			
		2,241,527	867,330
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,458,643</u>	<u>1,169,331</u>
NET ASSETS		<u>2,458,643</u>	<u>1,169,331</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1,601,533
Profit and loss account	10	2,458,642	(432,202)
		<u>2,458,643</u>	<u>1,169,331</u>

The Directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2020



W D Bloomer
Director

The notes on pages 7 to 13 form part of these financial statements.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Retained losses £	Total shareholder s' funds £
At 1 October 2017	1,601,533	(422,969)	1,178,564
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(9,233)	(9,233)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(9,233)	(9,233)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
At 1 October 2018	1,601,533	(432,202)	1,169,331
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,289,312	1,289,312
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,289,312	1,289,312
Purchase of own shares	-	1,601,532	1,601,532
Shares cancelled during the year	(1,601,532)	-	(1,601,532)
TOTAL TRANSACTIONS WITH OWNERS	(1,601,532)	1,601,532	-
AT 30 SEPTEMBER 2019	1	2,458,642	2,458,643

The notes on pages 7 to 13 form part of these financial statements.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL INFORMATION

The Company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is One Creechurch Place, London, EC3A 5AF. Company number 00945878.

The principal activity of the Company is disclosed in the Directors' report.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is GBP.

Monetary amounts in these financial statements are rounded to the nearest £1

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hyperion Insurance Group Limited as at 30 September 2019 and these financial statements may be obtained from the Group Finance Department, One Creechurch Place, London, EC3A 5AF.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

As at 30 September 2019, the Company has net assets of £2,458,643 and net current assets of £2,241,527.

Having considered the aforementioned, and after making enquiries, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of signing/approval of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.4 VALUATION OF INVESTMENTS, ASSOCIATES OR JOINT VENTURES

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued, together with the fair value of any additional consideration paid.

Investments in unlisted company shares are stated at historic cost less impairment.

2.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method.

2.7 TAXATION

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have a significant effect on the carrying value of assets and liabilities are:

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable value of an asset is determined based on value-in-use calculations or multiple earnings calculation prepared on the basis of management's assumptions and estimates. For value-in-use calculations, assumptions include discount rates, cash generation potential and long term growth rates depending on regional economic performance and industry trends. For multiple earnings calculations, assumptions include adjustments to historic or projected earnings to form a baseline earning and which multiple to use based on recent market trends.

The carrying amount of impairment of fixed asset investments on 30 September 2019 was £139,288 (2018: £98).

4. EMPLOYEES

The average monthly number of employees, including the Directors, during the year was as follows:

	2019	2018
	No.	No.
Management	2	1

The Directors are employees of another group company and received no remuneration for services in respect of this Company.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

5. TAXATION

	2019	2018
	£	£
CORPORATION TAX		
Current tax on losses for the year	5,627	-
Adjustments in respect of previous periods	-	9,233
TOTAL CURRENT TAX	5,627	9,233

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	1,294,939	-
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	5,627	9,233
TOTAL TAX CHARGE FOR THE YEAR	5,627	9,233

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company's profits for the accounting period to 30 September 2019 were taxed at an effective rate of 19%. Further changes to the UK corporation tax rate were enacted in the Finance Act 2016. These included a reduction in the main rate to 17% from April 2020.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 October 2018	302,099
Additions	54,305
	<hr/>
At 30 September 2019	356,404
	<hr/>
IMPAIRMENT	
At 1 October 2018	98
Charge for the period	139,190
	<hr/>
At 30 September 2019	139,288
	<hr/>
NET BOOK VALUE	
At 30 September 2019	217,116
	<hr/> <hr/>
At 30 September 2018	302,001
	<hr/> <hr/>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
WIBL Runoff Limited	Frp Advisory Llp Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ	Insurance broker in run-off	Ordinary shares	100%
WPIL Limited	Frp Advisory Llp Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ	Insurance broker in run-off	Ordinary shares	100%
Windsor Trustees Limited	One Creechurch Place, London, EC3A 5AF, United Kingdom	Trustee to pension schemes	Ordinary shares	100%
Windsor Services Limited	One Creechurch Place, London, EC3A 5AF, United Kingdom	Statutory employer of the Windsor defined benefit pension schemes	Ordinary shares	99%

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. DEBTORS

	2019	2018
	£	£
Amounts owed by fellow subsidiaries	2,247,155	921,845

Amounts owed by fellow subsidiaries are unsecured, interest free and repayable on demand.

8. CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Corporation tax	5,628	-
Other creditors	-	54,515
	5,628	54,515

9. SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and fully paid		
40 (2018 - 64,061,320) Ordinary shares of 2.5p each	1	1,601,533

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

On 2 August 2019 a special resolution was passed to reduce the issued share capital of the Company to 40 Ordinary shares of £0.025 each. The value of these shares was cancelled against the distributable reserves.

10. RESERVES

Retained losses

Made up of all current and prior period retained profits and losses.

OSTRAKON RUNOFF LIMITED (FORMERLY OSTRAKON CAPITAL (2) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

11. CONTINGENT LIABILITIES

On 29 April 2015, the ultimate parent company Hyperion Insurance Group Limited along with the Company and fellow subsidiary Hyperion Refinance S.a.r.l., entered into a financing agreement with Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, HSBC Bank plc, Lloyds Bank plc, Royal Bank of Scotland and ING Capital LLC. Under the terms of this agreement, the Company together with a number of other subsidiaries have given guarantees in respect of Hyperion Refinance S.a.r.l.'s obligations under the terms of the agreement.

On 20 December 2017, the ultimate parent company Hyperion Insurance Group Limited along with fellow subsidiaries HIG Finance 2 Limited and Hyperion Refinance S.a.r.l. entered into an amended and restated credit agreement with the Group's lenders in respect of the Group's main lending facilities. As part of the amended and restated credit agreement the Company continues to be a guarantor in respect of obligations undertaken by Hyperion Insurance Group Limited, HIG Finance 2 Limited and Hyperion Refinance S.a.r.l..

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available in FRS 102 to not disclose related party transactions with subsidiaries that are wholly owned within the group.

There were no other related party transactions in the year.

13. POST BALANCE SHEET EVENTS

There are no material post balance sheet events required to be disclosed.

14. CONTROLLING PARTY

The Company's immediate parent company is Howden Broking Group Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The Company's ultimate parent company is Hyperion Insurance Group Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group of which the Company is a member for which group financial statements are drawn up is that of Hyperion Insurance Group Limited. Copies of the financial statements of this Company can be obtained from the Group Finance Department at the registered office, One Creechurch Place, London, EC3A 5AF.