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**OSTRAKON CAPITAL (2) LIMITED**

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**UNAUDITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**OSTRAKON CAPITAL (2) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	W D Bloomer P D Smith (resigned 30 November 2016)
<b>COMPANY SECRETARY</b>	A J Moore
<b>REGISTERED NUMBER</b>	00945878
<b>REGISTERED OFFICE</b>	16 Eastcheap London EC3M 1BD

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**OSTRAKON CAPITAL (2) LIMITED**

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**OSTRAKON CAPITAL (2) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The Directors present their report and the financial statements for the year ended 30 September 2017.

**PRINCIPAL ACTIVITY**

Ostrakon Capital (2) Limited is a non-trading entity and will remain so for the foreseeable future..

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £67,786 (2016 - £389,312).

The Company did not pay a dividend during the year (2016: £NIL).

**DIRECTORS**

The Directors who served during the year were:

W D Bloomer

P D Smith (resigned 30 November 2016)

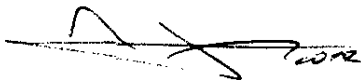
**DIRECTOR'S INDEMNITIES**

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

**SMALL COMPANIES NOTE**

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 8 FEBRUARY 2018 and signed on its behalf.



**A J Moore**  
Secretary

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## **OSTRAKON CAPITAL (2) LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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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 Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgments 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.

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**OSTRAKON CAPITAL (2) LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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	Note	2017 £	2016 £
Administrative expenses		(51,875)	(6,740)
Impairment of fixed asset investment		-	(57,397)
<b>OPERATING (LOSS)</b>		<b>(51,875)</b>	<b>(64,137)</b>
Dividends from subsidiary undertakings	5	-	453,449
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(51,875)</b>	<b>389,312</b>
Taxation on loss	6	119,661	-
<b>PROFIT FOR THE YEAR</b>		<b>67,786</b>	<b>389,312</b>

The notes on pages 8 to 15 form part of these financial statements.

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**OSTRAKON CAPITAL (2) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Profit for the financial year		<b>67,786</b>	<b>389,312</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>67,786</b>	<b>389,312</b>

The notes on pages 8 to 15 form part of these financial statements.

**OSTRAKON CAPITAL (2) LIMITED**  
**REGISTERED NUMBER: 00945878**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Investments	7	302,001	101,268
		<u>302,001</u>	<u>101,268</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	8	931,079	1,899,853
		<u>931,079</u>	<u>1,899,853</u>
Creditors: amounts falling due within one year	9	(54,516)	(890,343)
		<u>876,563</u>	<u>1,009,510</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,178,564</u>	<u>1,110,778</u>
<b>NET ASSETS</b>		<u>1,178,564</u>	<u>1,110,778</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,601,533	1,601,533
Retained losses	11	(422,969)	(490,755)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>1,178,564</u>	<u>1,110,778</u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of 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



8 FEBRUARY 2018

**W D Bloomer**  
Director

The notes on pages 8 to 15 form part of these financial statements.



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**OSTRAKON CAPITAL (2) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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	<b>Called up share capital</b>	<b>Retained losses</b>	<b>Total shareholders' funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 October 2016	1,601,533	(490,755)	1,110,778
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	67,786	67,786
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	67,786	67,786
<b>AT 30 SEPTEMBER 2017</b>	<b>1,601,533</b>	<b>(422,969)</b>	<b>1,178,564</b>

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**OSTRAKON CAPITAL (2) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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	<b>Called up share capital</b>	<b>Retained losses</b>	<b>Total shareholders' funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 October 2015	1,601,533	(880,067)	721,466
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	389,312	389,312
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	389,312	389,312
<b>AT 30 SEPTEMBER 2016</b>	<b>1,601,533</b>	<b>(490,755)</b>	<b>1,110,778</b>

The notes on pages 8 to 15 form part of these financial statements.

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## **OSTRAKON CAPITAL (2) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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#### **1. GENERAL INFORMATION**

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 16 Eastcheap, London EC3M 1BD. Company number 00945878.

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

##### **2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has 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 2017 and these financial statements may be obtained from the Group Finance Department, 16 Eastcheap, London, EC3M 1BD.

##### **2.3 Going concern**

After making enquiries, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**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, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 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.

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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

**(a) 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.

**4. EMPLOYEES**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Management	<u>2</u>	<u>2</u>

**5. INCOME FROM INVESTMENTS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Dividends received from unlisted investments	<u>-</u>	<u>453,449</u>
	<u>-</u>	<u>453,449</u>

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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**6. TAXATION**

	2017 £	2016 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(9,233)	-
Adjustments in respect of previous periods	(110,428)	-
<b>TOTAL CURRENT TAX</b>	<u>(119,661)</u>	<u>-</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit before tax	<u>(51,875)</u>	<u>389,312</u>
(Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	(10,115)	77,862
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	882	12,828
Adjustments to tax charge in respect of prior periods	(110,428)	-
Non-taxable income (dividends received)	-	(90,690)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(119,661)</u>	<u>-</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Company's profits for the accounting period to 30 September 2017 were taxed at an effective rate of 19.5%. Further changes to the UK corporation tax rate were enacted in the Finance Act 2016. These include reductions in the main rate to 19% from April 2017 and to 17% from April 2020. The Company's UK deferred tax balances have been recognised at 19% or 17% depending on when the timing/temporary differences are expected to be reversed.

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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**7. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>COST OR VALUATION</b>	
At 1 October 2016	<b>101,268</b>
Additions	<b>200,833</b>
Disposals	<b>(2)</b>
	<hr/>
At 30 September 2017	<b>302,099</b>
	<hr/>
<b>IMPAIRMENT</b>	
Charge for the period	<b>98</b>
	<hr/>
At 30 September 2017	<b>98</b>
	<hr/>
<b>NET BOOK VALUE</b>	
	<hr/>
At 30 September 2017	<b>302,001</b>
	<hr/>
At 30 September 2016	<b>101,268</b>
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On 9 August 2017 the Company subscribed to an additional 200,000 shares of £1 par value in Windsor Insurance Brokers Limited.

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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**7. FIXED ASSET INVESTMENTS (CONTINUED)**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
<b>Direct subsidiaries</b>				
Windsor Insurance Brokers Limited	United Kingdom	Ordinary shares	100 %	Lloyd's insurance broker
Windsor Professional Indemnity Limited	United Kingdom	Ordinary shares	100 %	Lloyd's insurance broker
Windsor Services Limited	United Kingdom	Ordinary shares	99 %	Statutory employer of the Windsor defined benefit pension scheme
Windsor Trustees Limited	United Kingdom	Ordinary shares	100 %	Trustee to pension scheme

During the year the Company disposed of two of its subsidiary undertakings, Windsor Insurance Brokers (UK) Limited was dissolved on 17 January 2017 and Borough Run-off Services Limited was dissolved on 12 September 2017.

The registered head office of Windsor Insurance Brokers Limited, Windsor Professional Indemnity Limited, Windsor Trustees Limited and Windsor Services Limited is 16 Eastcheap, London, EC3M 1BD.



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**OSTRAKON CAPITAL (2) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**8. DEBTORS**

	2017 £	2016 £
Amounts owed by group undertakings	921,846	1,899,853
Other debtors	9,233	-
	<u>931,079</u>	<u>1,899,853</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

**9. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Amounts owed to group undertakings	1	886,435
Proposed dividend	-	3,908
Other creditors	54,515	-
	<u>54,516</u>	<u>890,343</u>

**10. SHARE CAPITAL**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
64,061,311 Ordinary shares of 2.5p each	<u>1,601,533</u>	<u>1,601,533</u>

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

**11. RESERVES**

**Retained losses**

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

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## **OSTRAKON CAPITAL (2) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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#### **12. 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 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.

#### **13. 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.

No other related party transactions in the year.

#### **14. POST BALANCE SHEET EVENTS**

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

#### **15. 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 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, 16 Eastcheap, London, EC3M 1BD.