

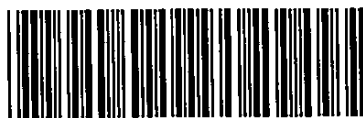
**ACE TARQUIN**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2010**

**COMPANY REGISTRATION NUMBER 2983302**

MONDAY



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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors are pleased to submit their report and the audited financial statements for the year to 31 December 2010

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is that of an intermediate holding company. The result for the year to 31 December 2010 before taxation amounted to £Nil (2009 £Nil) and, as disclosed in note 9 to the financial statements (the reconciliation of movement in shareholder's funds), the shareholder's funds of the company total £48,585,091 (2009 £48,585,091)

**FUTURE DEVELOPMENTS**

The company continues to act as an intermediate holding company for subsidiary undertakings of the ACE Limited group and is expected to do so for the foreseeable future

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk and uncertainty affecting the company is in relation to movements in the valuation of its investment in subsidiary undertakings

**KEY PERFORMANCE INDICATORS (KPIs)**

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

**RESULTS AND DIVIDENDS**

The result for the year to 31 December 2010 after taxation amounted to £Nil (2009 £Nil). The directors do not recommend the payment of a dividend (2009 £Nil)

**DIRECTORS**

The following have been directors from 1 January 2010 to the date of this report unless otherwise indicated

ACE London Group Limited  
A J Kendrick  
K L H Underhill

The company has the benefit of a group insurance company management activities policy effected by ACE Limited. No charge was made to the company during the year for this policy

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 - continued**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

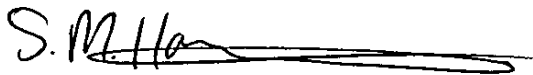
Each of the persons who is a director at the date of this report confirms that

- i) So far as each of them is aware, there is no information relevant to the audit of the company's financial statements for the year ended 31 December 2010 of which the auditors are unaware, and
- ii) The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**

The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

By Order of the Board



S M Hombuckle

for and on behalf of  
ACE London Services Limited  
Secretary, 10 June 2011

ACE Building  
100 Leadenhall Street  
London  
EC3A 3BP

**INDEPENDENT AUDITORS' REPORT**

to the members of ACE Tarquin

We have audited the financial statements of ACE Tarquin for the year ended 31 December 2010 which comprise the balance sheet, the accounting policies and the related notes. 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)

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**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 31 December 2010 and of its result 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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

Nick Wilks (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 June 2011

## BALANCE SHEET AT 31 DECEMBER 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	5	47,985,091	47,985,091
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	6	600,000	600,000
<b>NET ASSETS</b>		<u>48,585,091</u>	<u>48,585,091</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital - equity	7	4,844,582	4,844,582
- non-equity	7	50,000	50,000
Share premium account	8	43,561,812	43,561,812
Profit and loss account	8	128,697	128,697
<b>TOTAL SHAREHOLDER'S FUNDS</b>	9	<u>48,585,091</u>	<u>48,585,091</u>

The financial statements on pages 4 to 7 were approved by the board of directors on 10 June 2011 and were signed on its behalf by



K L H Underhill

Director

COMPANY REGISTRATION NUMBER 2983302

## NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The company is a wholly owned subsidiary within the ACE Limited group and is included within the consolidated financial statements of ACE Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised) "Cash Flow Statements".

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are wholly-owned subsidiaries within the ACE Limited group and are included within the consolidated financial statements of ACE Limited.

**Investments**

Investments in group undertakings are stated at the lower of cost and net realisable value.

**Dividends**

Dividends receivable and payable are recognised when received and paid respectively.

**Foreign currency transactions**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Share capital denominated in United States dollars is translated into sterling at the historic exchange rate in force when it was issued.

## 2. PROFIT AND LOSS ACCOUNT

There have been no movements on the profit and loss account in either 2009 or 2010, accordingly, no profit and loss account has been prepared.

## 3. DIRECTORS AND EMPLOYEES

The company has no employees. The directors received no emoluments for their services to the company (2009: £Nil).

All executive directors are entitled to shares in ACE Limited under long-term incentive plans. During the year, two directors received shares in ACE Limited under long-term incentive plans and one director exercised options over the shares of ACE Limited.

## 4. ADMINISTRATIVE EXPENSES

The following fees are payable to the company's auditors and are borne by ACE INA Services U.K. Limited, a fellow group undertaking.

	2010 £	2009 £
<b>Audit fees:</b>		
Fees payable for the audit of the annual financial statements	4,000	4,000
<b>Non audit fees:</b>		
Fees in respect of audit and other services provided to subsidiary undertakings and the managed syndicate, pursuant to legislation, including that of countries and territories outside Great Britain	329,800	372,000
	<hr/>	<hr/>
	333,800	376,000
	<hr/>	<hr/>

"Other services pursuant to legislation" includes reports under section 404 of the US Public Company Accounting Reform and Investor Protection Act 2002.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENTS

	2010 £	2009 £
<b>Cost:</b>		
Investment in ACE Capital V Limited	42,835,669	42,835,669
Investment in ACE Leadenhall Limited	38,699,422	38,699,422
	<u>81,535,091</u>	<u>81,535,091</u>
<b>Provision against diminution in value:</b>		
Investment in ACE Leadenhall Limited	33,550,000	33,550,000
	<u>47,985,091</u>	<u>47,985,091</u>
<b>Net carrying value</b>		

The investments comprise 100% of the ordinary share capital of each of the above unlisted undertakings, which are registered and incorporated in England and Wales. In the opinion of the directors the investments are worth not less than their carrying values.

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

	2010 £	2009 £
Amounts due from group undertakings	<u>600,000</u>	<u>600,000</u>

## 7. CALLED-UP SHARE CAPITAL

	2010 US\$	2009 US\$
<b>Authorised equity shares</b>		
7,571,000 US\$1 ordinary shares	<u>7,571,000</u>	<u>7,571,000</u>
	2010 £	2009 £
<b>Authorised non-equity shares</b>		
50,000 £1 deferred shares	<u>50,000</u>	<u>50,000</u>
	2010 US\$	2009 US\$
	2010 £	2009 £
<b>Issued, called up and fully paid equity shares</b>		
7,571,000 US\$1 ordinary shares	<u>7,571,000</u>	<u>7,571,000</u>
	<u>4,844,582</u>	<u>4,844,582</u>
	2010 £	2009 £
<b>Issued, called up and fully paid non-equity shares</b>		
50,000 £1 deferred shares	<u>50,000</u>	<u>50,000</u>

The holders of the deferred shares shall not, by virtue of or in respect of their holdings of sterling deferred shares, have the right to receive notice of any general meeting of the company, nor the right to attend, speak or vote at any such general meeting. The sterling deferred shares shall not entitle their holders to receive any dividend or other distribution. The sterling deferred shares shall on the return of assets in a winding-up entitle the holder only to the repayment of the amounts paid upon such shares after the repayment of the capital paid up on ordinary shares plus the payment of £10,000,000 per such ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. RESERVES

	Share premium £	Profit and loss account £	Total reserves £
At 1 January 2010 and 31 December 2010	43,561,812	128,697	43,690,509

## 9. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2010 £	2009 £
Opening and closing shareholder's funds	48,585,091	48,585,091

## 10. TRANSACTIONS WITH RELATED PARTIES

Advantage has been taken of the exemption provided in FRS 8 "Related Party Disclosures" from disclosing details of transactions with ACE Limited and its subsidiary undertakings

## 11. ULTIMATE HOLDING COMPANY

The company's immediate holding company is ACE Group Holdings Limited. The ultimate holding company is ACE Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange. Copies of the ultimate holding company's consolidated accounts can be obtained from Investor Relations at ACE's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.