

ACE TARQUIN

FINANCIAL STATEMENTS

31 DECEMBER 2013

COMPANY REGISTRATION NUMBER: 2983302

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors are pleased to submit their report and the audited financial statements for the year to 31 December 2013.

RESULTS AND DIVIDENDS

The principal activity of the company is that of an intermediate holding company. The result on ordinary activities for the year to 31 December 2013 before taxation amounted to £Nil (2012: £Nil) and, as disclosed in note 10 to the financial statements (the reconciliation of movement in shareholder's funds), the shareholder's funds of the company total £48,585,091 (2012: £48,585,091). The directors do not recommend the payment of a dividend (2012 £Nil)

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.

DIRECTORS

The following have been directors from 1 January 2013 to the date of this report unless otherwise indicated:

ACE London Group Limited	(Resigned 6 th August 2013)
M K Hammond	(Appointed 6 th August 2013)
A J Kendrick	
K L H Underhill	

During the course of the year, qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were put in place for the benefit of the directors and, at the date of this report, are in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

The company also 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, the Strategic 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 prepared 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 2013 - 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 2013 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.

INDEPENDENT AUDITORS

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

By Order of the Board



M L Mellor

for and on behalf of
ACE London Services Limited
Secretary, 16th June 2014

ACE Building
100 Leadenhall Street
London
EC3A 3BP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of ACE Tarquin has prepared this report in accordance with Section 414A of the Companies Act 2006

RESULTS AND PERFORMANCE

The result for the financial year to 31 December 2013 on ordinary activities before taxation amounted to £Nil (2012-Nil).

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.

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.

Approved by the board of directors on 16 June 2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M K Hammond', is written over a horizontal line.

M K Hammond

Director

INDEPENDENT AUDITOR'S REPORT

To the members of ACE Tarquin

Report on the financial statements***Our Opinion***

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by ACE Tarquin comprise:

- the balance sheet as at 31 December 2013; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception***Adequacy of accounting records and information and explanations received***

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT

to the members of ACE Tarquin-continued

Responsibilities for the financial statements and the audit***Our responsibilities and those of the directors***

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 ISAs (UK & 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.

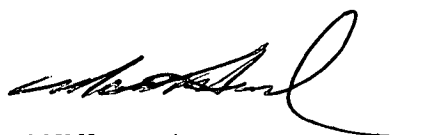
Barnabas Wanstall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16th June 2014

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Investments	6	47,985,091	47,985,091
CURRENT ASSETS			
Debtors	7	600,000	600,000
TOTAL ASSETS		<u>48,585,091</u>	<u>48,585,091</u>
CAPITAL AND RESERVES			
Called-up share capital - equity	8	4,844,582	4,844,582
- non-equity	8	50,000	50,000
Share premium account	9	43,561,812	43,561,812
Profit and loss account	9	128,697	128,697
TOTAL SHAREHOLDER'S FUNDS	10	<u>48,585,091</u>	<u>48,585,091</u>

The financial statements on pages 6 to 9 were approved by the board of directors on 16th June 2014 and were signed on its behalf by:



M K Hammond

Director

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and 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.

The principal accounting policies, which are set out below, have been applied consistently throughout the year.

2. ACCOUNTING POLICIES

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

Monetary 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.

3. PROFIT AND LOSS ACCOUNT

The Company did not trade during the current year or the preceding year and made neither a profit nor a loss. There were also no recognised gains and losses for the current year, or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses has been presented

4. DIRECTORS AND EMPLOYEES

The company has no employees (2012: nil). The directors received no emoluments for their services to the company (2012: £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; one of the directors exercised options over the shares of ACE Limited.

5. ADMINISTRATIVE EXPENSES

Fees payable to the company's auditors and their associates for the following services are borne by ACE INA Services U.K. Limited, a fellow group undertaking:

	2013	2012
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	3,600	4,000
Fees payable to the company's auditors and their associates for other services:		
The audit of the company's subsidiaries and the managed syndicate	210,241	209,762
Audit-related assurance services	148,437	158,300
Other non-audit services	-	-
	<hr/>	<hr/>
	362,278	372,062
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"Audit-related assurance services" includes reports under section 404 of the US Public Company Accounting Reform and Investor Protection Act 2002, and also the audit of the regulatory returns for the company's subsidiaries and the managed syndicate.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS

	2013	2012
	£	£
Cost:		
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>
Provision against diminution in value:		
Investment in ACE Leadenhall Limited	33,550,000	33,550,000
	<u>33,550,000</u>	<u>33,550,000</u>
Net carrying value	<u>47,985,091</u>	<u>47,985,091</u>

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.

7. DEBTORS - amounts falling due within one year

	2013	2012
	£	£
Amounts due from group undertakings	<u>600,000</u>	<u>600,000</u>

8. CALLED-UP SHARE CAPITAL

	2013	2012	2013	2012
	US\$	US\$	£	£
Issued, called up and fully paid equity shares:				
7,571,000 (2012: 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>
			2013	2012
			£	£
Issued, called up and fully paid non-equity shares:				
50,000 (2012: 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.

9. RESERVES

	Share premium account	Profit and loss account
	£	£
At 1 January 2013 and 31 December 2013	<u>43,561,812</u>	<u>43,561,812</u>

NOTES TO THE FINANCIAL STATEMENTS**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	2013	2012
	£	£
At 1 January and 31 December	<u>48,585,091</u>	<u>48,585,091</u>

11. 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.

12. 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 financial statements can be obtained from Investor Relations at ACE's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.