

ARCH (2004) LIMITED

Report and Financial Statements

Arch (2004) Limited

31 December 2013

THURSDAY

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ARCH (2004) LIMITED

Report of the Directors

The directors present their report and financial statements for the year ended 31 December 2013.

Review of the Business and Future Developments

The company's principal activity is to carry on the business of underwriting as a corporate member at Lloyd's. The company ceased underwriting on 31 December 2001. Two run-off years of account on one syndicate were closed as at 31 December 2010. This was syndicate 340 managed by Travelers Syndicate Management Limited. There were no remaining open years of account.

The non-syndicate expenses of the company were indemnified by CBS Insurance Holdings Limited and continue to be indemnified by CBSI Limited from 9 January 2012. In April 2012 £5.77 million of Funds at Lloyd's was repaid to CBSI Limited, and in July 2012 a final amount of £0.12 million was also repaid.

Results and Dividends

The results for the year and the state of the company's affairs as at 31 December 2013 are shown in the financial statements. The directors do not recommend the payment of a dividend (2012: *nil*).

Management of Financial Risk

The company is exposed to financial risk through its financial assets. The best possible interest rates on its funds are obtained from clearing banks and assets held in US and Canadian dollars are sold, when required, at the most advantageous rates available at the time of sale.

Directors

The following have served as directors from 1 January 2012 to 21 November 2013:

DJ Ewart
CAA Harbord-Hamond

The following have served as directors from 21 November 2013 to the date of this report:

M J Argyle
Fidentia Trustees Limited

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 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;

ARCH (2004) LIMITED

Report of the Directors (continued)

- prepare the financial statements on the going concern basis unless it is in appropriate 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 transaction and disclose with reasonable accuracy at anytime the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 29 September 2014 and signed on its behalf by :



M J Argyle for and on behalf of Fidentia Trustees Limited

Director

ARCH (2004) LIMITED

To the shareholders of Arch (2004) Limited

We have audited the financial statements of Arch (2004) Limited for the year ended 31 December 2013 on pages 4 to 12. 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 a Report of the Auditors 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 the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, 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.

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

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 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' Report for the financial period 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 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.

Andrew Robinson (Senior Statutory Auditor)

for and on behalf of Humphrey & Co

Chartered Accountants

Statutory Auditor

Humphrey & Co

7 - 9 The Avenue

Eastbourne

East Sussex

BN21 3YA

Date: 29 September 2014

ARCH (2004) LIMITED

Profit and Loss Account for the year ended 31 December 2013

	Note	2013 £000	2012 £000
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Gross premiums written		-	-
Outward reinsurance premiums		-	-
Net premiums written		-	-
Change in the gross provision for unearned premiums		-	-
Earned premiums net of reinsurance		-	-
Investment income		-	-
Claims incurred, net of reinsurance		-	-
Claims paid:			
Gross amount		-	-
Reinsurers' share		-	-
Change in the provision for claims:			
Gross amount		-	-
Reinsurers' share		-	-
Net claims incurred		-	-
Net operating expenses		-	-
Balance transferred to the non-technical account		-	-

The notes on pages 9 to 12 form part of these financial statements.

ARCH (2004) LIMITED**Profit and Loss Account for the year ended 31 December 2013 (continued)**

	Note	2013 £000	2012 £000
NON TECHNICAL ACCOUNT			
Balance on the general business technical account		-	-
Other income		-	12
Amounts written off intercompany loans		13,436	-
Other charges including value adjustments		-	(84)
Profit/(Loss) on ordinary activities before taxation	3	13,436	(72)
Tax on loss on ordinary activities	5	-	22
Profit retained for the financial year	9	13,436	(50)

The company has no gains or losses other than the profit for the year, therefore no Statement of Total Recognised Gains and Losses is provided. The company has ceased underwriting and therefore all operations arise from discontinuing activities in the year.

The notes on pages 9 to 12 form part of these financial statements.

ARCH (2004) LIMITED

Balance Sheet as at 31 December 2013

REGISTERED NUMBER: 03751810 (England and Wales)

	Note	2013 £000	2012 £000
ASSETS			
OTHER ASSETS			
Cash held as Funds at Lloyd's	10	-	-
		-	-
PREPAYMENTS AND ACCRUED INCOME			
Prepayments		-	-
		-	-
TOTAL ASSETS		-	-

The notes on pages 9 to 12 form part of these financial statements.

ARCH (2004) LIMITED

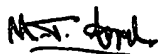
Balance Sheet as at 31 December 2013 (continued)

REGISTERED NUMBER: 03751810 (England and Wales)

		2013 £000	2012 £000
LIABILITIES	Note		
CAPITAL AND RESERVES			
Called up share capital	6	1	1
Share premium	7	19,751	19,751
Profit and loss account	7	(19,752)	(33,188)
Equity Shareholders' Funds	8	-	(13,436)
CREDITORS FALLING DUE WITHIN ONE YEAR			
Other creditors including taxation and social security	9	-	13,435
		-	13,435
ACCRUALS AND DEFERRED INCOME		-	1
TOTAL LIABILITIES		-	-

The notes on pages 9 to 12 form part of these financial statements.

Approved by the board of directors on 29 September 2014 and signed on its behalf by



M J Argyle for and on behalf of Fidentia Trustees Limited
Director

Company registration number: 03751810

ARCH (2004) LIMITED**Cash Flow Statement for the year ended 31 December 2013**

	Note	2013 £000	2012 £000
Cash flow from Operating Activities	12	-	-
Taxation			
Corporation tax (paid)		-	-
Increase/(Decrease) in Cash in Year		<u>-</u>	<u>-</u>

The cash flow statement excludes cash flows within syndicate premium trust funds because the company has restricted access to syndicate cash flows.

The notes on pages 9 to 12 form part of these financial statements.

ARCH (2004) LIMITED

Notes to the Financial Statements for the year ended 31 December 2013

1. Basis of Preparation

(a) **Basis of accounting for underwriting results**

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance cover during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods. Underwriting losses where a loss ratio over 100% is anticipated, however, are recognised immediately.

(b) **Basis of preparation**

The company ceased underwriting at 31 December 2001 and since the company is in a net liability position these accounts have been prepared on a break up basis.

The company has a deficit on shareholders funds caused by underwriting losses incurred in the 2000 and 2001 underwriting years of account. This deficit was supported by a loan from CBS Insurance Holdings Limited. As from 9 January 2012 the deficit is supported by a loan from CBSI Limited. The loan was written off in 2013, before the company was acquired by Fidentia Holdings Limited on 21 November 2013.

(c) **Related parties**

As the company was a wholly owned subsidiary of CBSI Limited, and from 21 November 2013 Fidentia Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

2. Accounting Policies

(a) **Accounting convention**

The financial statements have been prepared in accordance with applicable Accounting Standards and the Companies Act 2006 on the break up basis and under the historical cost convention.

The company has also adopted all material recommendations of the revised Statement of Recommended Practice "Accounting for Insurance Business", issued by the Association of British Insurers in December 2006.

(b) **Other charges**

Expenses not attributable to underwriting or investment management are recognised when incurred.

(c) **Foreign Currencies**

Transactions in foreign currencies other than sterling, United States dollars and Canadian dollars are translated at the rates of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars and Canadian dollars and assets and liabilities in currencies other than sterling are translated at the rates of exchange ruling at the end of the financial year. Exchange differences arising on translation are dealt with in the profit and loss account.

ARCH (2004) LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

2. Accounting Policies (continued)

(d) Taxation

The company is taxed on its share of the underwriting results declared by syndicates and these are deemed to accrue evenly over the calendar year in which they are declared.

HM Revenue and Customs determines the taxable results of syndicates on the basis of computations submitted by the Managing Agent.

Other profits are assessable to corporation tax in the same period as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

(e) Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

3. Loss on Ordinary Activities before Tax

The loss on ordinary activities before tax is stated after charging

	2013 £000	2012 £000
Auditor's remuneration - audit of these financial statements	-	4
Auditor's remuneration - taxation compliance services	-	3

The 2013 audit fee of £240 has not been included in the accounts on the basis that the fee was settled by a third party.

4. Directors' Emoluments

The directors received no remuneration in respect of work performed for the company.

5. Taxation

	2013 £000	2012 £000
i) Analysis of tax charge in year		
<i>Current tax</i>		
UK corporation tax at 20% (2012: 24.5%)	-	19
Adjustment for prior years	-	3
	<u>-</u>	<u>22</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax credit on profit on ordinary activities	-	22

ARCH (2004) LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

Taxation (continued)

ii) Factors affecting tax charge for the year

Profit/(Loss) on ordinary activities before tax	13,436	(72)
Tax credit at 20% (2012: 24.5%)	2,669	19
Effects of:		
Year of account (loss) taxable in year	-	-
Intercompany loan write-off disallowed	(2,669)	-
Expenses disallowed	-	-
Prior year UK corporation tax	-	3
	-	22

6. Share Capital

	2013 £000	2012 £000
ISSUED AND FULLY PAID		
1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

7. Reserves

	Share Premium £000	Profit & Loss Account £000	Total £000
At 1 January 2013	19,751	(33,188)	(13,437)
Profits for the year	-	13,436	13,436
At 31 December 2013	<u>19,751</u>	<u>(19,752)</u>	<u>(1)</u>

8. Reconciliation of Movements in Shareholders' Funds

	2013 £000	2012 £000
At 1 January	(13,436)	(13,386)
Profit/(Loss) for the year	13,436	(50)
At 31 December	<u>-</u>	<u>(13,436)</u>

9. Other Creditors including Taxation and Social Security

	2013 £000	2012 £000
Due to group undertakings	-	13,435
Corporation tax	-	-
	<u>-</u>	<u>13,435</u>

ARCH (2004) LIMITED

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

10. Funds at Lloyd's

The company ceased underwriting on 31 December 2001. However the company has continued to hold Funds at Lloyd's, although all syndicate underwriting years of account have been closed, until overseas taxes have been paid. The company has restricted access to this cash. The Funds at Lloyd's were all repaid during the year and at the year end were nil.

	2013 £000	2012 £000
Cash	-	-

11. Ultimate Holding Company

At 31 December 2013 the company was a subsidiary of Fidentia Holdings Limited, a company registered in England & Wales whose registered address is, 3 Castlegate, Grantham, Lincolnshire, NG31 6SF.

Prior to 21 November 2013 the company was a wholly owned subsidiary of CBSI Limited, a company registered in England and Wales, whose registered address is Unit C25, Jack's Place, 6 Corbet Place, London E1 6NN.