

ARCH HOLDINGS LIMITED

Report and Financial Statements

Arch Holdings Limited

Registered Number 5149490

30 June 2009

WEDNESDAY



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COMPANIES HOUSE

COMPANY INFORMATION

Director	AS Fox
Registered Office	Unit C25, Jack's Place 6 Corbet Place London E1 6NN
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB
Registered number	5149490

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ARCH HOLDINGS LIMITED

Report of the Director

The director presents the director's report and financial statements for the year ended 30 June 2009

Business Review

The principal activity is that of a holding company for a Lloyd's corporate member. The company was sold at a cost of £1 to its new ultimate parent company on 12 November 2009, CBS Insurance Holdings Limited, and it is the intention to apply to Companies House to strike the company off.

Dividends

The director does not recommend the payment of a dividend (2008 £nil)

Directors

The directors who held office during the year were as follows

R Hedden	(resigned 11 11 2009)
LM Hyman	(resigned 11 11 2009)
MRM Jenner	(resigned 11 11 2009)
AS Fox	(appointed 11 11 2009)

The Articles of Association of the company do not require the directors to retire by rotation

The directors do not have service contracts nor do they receive any emoluments from the company

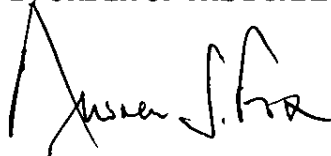
Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, as far as he is aware there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the relevant steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By ORDER OF THE BOARD



AS Fox
Director
Unit C25, Jack's Place
6 Corbet Place
London E1 6NN

11 May 2010

Statement of Director's Responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's 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 the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 statement, and
- prepare the financial statements on the break up basis unless it is inappropriate to presume that the company will continue in business

The director is 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Arch Holdings Limited

We have audited the financial statements of Arch Holdings Limited for the year ended 30 June 2009 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in this preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 an auditors' report 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 company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

Unqualified opinion on view given by company financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its result for the year then ended, and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice.

Qualified opinion arising from absence of group accounts

As stated in note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared. In all other respects, in our opinion, the financial statements have been prepared in accordance with the Companies Act 2006.

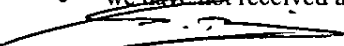
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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.

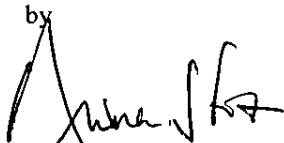

Salim Tharani (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountant
8 Salisbury Square
London EC4Y 8BB
11 May 2010

ARCH HOLDINGS LIMITED

Balance Sheet at 30 June 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	2	1	1
Current assets			
Debtors	3	99	99
Net assets		100	100
Capital and reserves			
Called up share capital	4	100	100
Equity shareholders' funds		100	100

These financial statements were approved by the board of directors on 11 May 2010 and were signed on its behalf by



AS Fox
Director

Profit and Loss account

For the year ended 30 June 2009

During the year the company received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss and therefore a profit and loss account has not been prepared. The company has no other recognised gains or losses.

ARCH HOLDINGS LIMITED

Notes to the Financial Statements to 30 June 2009

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared on a break up basis, in accordance with applicable accounting standards, except as noted below as regards FRS 2, and under the historical cost convention

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Preparation of group accounts

Consolidated financial statements have not been prepared as the assets and liabilities of the company's subsidiary undertaking as at 30 June 2009 were fully charged to and underwritten by the subsidiary undertaking's prior parent entity, CBS Insurance Holdings Limited. At 31 December 2008, the company's subsidiary had net liabilities of £14,595,000 (2007 - £16,666,000). These include a loan of £22,523,000 (2007 - £31,087,000) payable to CBS Insurance Holdings Limited which becomes payable if and only to the extent that the subsidiary is able to dispose of its tax losses. At 31 December 2008, the subsidiary had a provision for outstanding claims of £23,425,000 (2007 - £23,467,000) and its accounts disclosed that there was a material uncertainty in respect of syndicate participations in run off. However, the subsidiary's Funds at Lloyd's were, at that date £7.4 million (2007 - £9.5 million) in excess of the estimated loss provision, and it has been indemnified by its former parent for all non-underwriting liabilities. Following final settlement of the outstanding claims any surpluses that may arise will in the first instance be used to repay CBS Insurance Holdings Limited any amounts owed. Given the extent of the entities net liabilities and its obligation to its former parent, the Directors deem the possibility of any assets in its subsidiary being available to the company to be extremely unlikely. Consequently the directors do not consider the assets and liabilities of the subsidiary when determining the performance and position of the Group. This represents a departure from the Companies Act 2006, which requires consolidated financial statements to be prepared. As a consequence, these financial statements present the state of affairs and result for the Company only.

Investments

Investments in subsidiary undertaking are stated at cost

2 Fixed asset investments

Cost	£
1 July 2008 and 30 June 2009	1

Fixed asset investments comprise the issued share capital of Arch (2004) Limited, a wholly owned subsidiary registered in England and Wales

The company has not prepared Group accounts and therefore these financial statements present information about Arch Holdings Limited as an individual undertaking and not about its Group

3 Debtors

	2009 £	2008 £
Amounts owed by related undertaking	99	99

Notes to the Financial Statements to 30 June 2009 (continued)

4 Called up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
Ordinary 'A' shares	-	-
Ordinary 'B' shares	75	75
Ordinary 'C' shares	25	25
	100	100

Voting rights are allotted to each class of shares as follows

Ordinary 'A' shares	25 01%	25 01%
Ordinary 'B' shares	50 00%	50 00%
Ordinary 'C' shares	24 99%	24 99%

In all other respects the shares rank equally

5. Post balance sheet event

The company's subsidiary, Arch (2004) Limited, was sold at a cost of £1 to its new ultimate parent company, CBS Insurance Holdings Limited, on 2 December 2009. This has no material financial effect on the company.

6 Related party disclosures

On 12 November 2009 the company was acquired by and is the wholly owned subsidiary of CBS Insurance Holdings Limited whose registered office is Unit C25, Jack's Place, 6 Corbet Place, London E1 6NN.

7 Ultimate parent company

As from 12 November 2009 CBS Insurance Holdings Limited is the ultimate parent company. Before that date the ultimate parent company was Daejan Holdings Plc whose registered office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.