

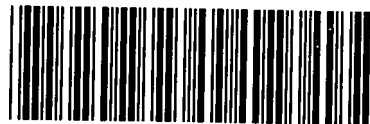
Arch Risk Partners Ltd.

Registered number: 07592314

Annual report and financial statements

For the year ended 31 December 2015

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COMPANIES HOUSE

ARCH RISK PARTNERS LTD.

COMPANY INFORMATION

DIRECTORS

M Grandisson
L M Li-Williams
R Taylor
A T Rippert
G Giovannetti
R Sullivan

COMPANY SECRETARY

L M Li-Williams

REGISTERED NUMBER

07592314

REGISTERED OFFICE

5th Floor Plantation Place South
60 Great Tower Street
London
EC3R 5AZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

ACCOUNTANTS

Mazars LLP
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

ARCH RISK PARTNERS LTD.

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ARCH RISK PARTNERS LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of marketing and consulting services to affiliate companies.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £558,607 (2014 (net loss): (£227,896)).

No dividend was paid in the year. The directors do not recommend a final dividend (2014: £nil).

	2015 £	2014 £
Turnover	1,020,055	801,465
Net profit (loss)	558,607	(227,896)

PRINCIPAL RISKS AND UNCERTAINTIES

The company's operations expose it to certain risks, which include liquidity risk, credit risk and capital risk. Due to the company's limited operating history and operations, these risks can be managed through the company's system of controls and strategy. The company is part of a larger group, the Arch Capital Group Ltd. group of companies, which also has a defined system of controls and risk management framework.

The company is exposed to the market risk inherent in the mortgage insurance and reinsurance business in Europe and other markets where the company may seek to serve as an insurance intermediary for Arch Mortgage Insurance Limited. In addition, the company has two affiliated clients for whom it provides services, but is largely dependent on Arch Mortgage Insurance Limited for its income.

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality, information is disseminated to all members of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

DISABLED EMPLOYEES

Disabled persons are employed by the company when they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the company's business and every effort is made to ensure that they are given full and fair consideration.

ARCH RISK PARTNERS LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

FUTURE DEVELOPMENTS

The board expects the company to apply to Companies House to "strike-off" the company from the companies' register. The board expects this to be done in 2017.

DIRECTORS

The directors who served during the year were:

M Grandisson
L M Li-Williams
R Taylor
A T Rippert
G Giovannetti
R Sullivan (appointed on 9 March 2015)

DIRECTORS' RESPONSIBILITIES STATEMENT

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 prepared 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;
- 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.

ARCH RISK PARTNERS LTD.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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 19 December 2016 and signed on its behalf.



Ryan B Taylor
Director

ARCH RISK PARTNERS LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCH RISK PARTNERS LTD.

Report on the financial statements

Our opinion

In our opinion, Arch Risk Partners Ltd.'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended; 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 the preparation of the financial statements is the Financial Reporting Standard for Smaller Entities (Effective January 2015), and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

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.

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.

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.

ARCH RISK PARTNERS LTD.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCH RISK PARTNERS LTD.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in 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.



Damian Cooper (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 December 2016

ARCH RISK PARTNERS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
TURNOVER	1	1,020,055	801,465
Administrative expenses		<u>(461,448)</u>	<u>(872,669)</u>
OPERATING PROFIT (LOSS)	2	<u>558,607</u>	<u>(71,204)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		558,607	(71,204)
Tax on profit (loss) on ordinary activities	4	<u>-</u>	<u>(156,692)</u>
PROFIT (LOSS) FOR THE FINANCIAL YEAR	9	<u><u>558,607</u></u>	<u><u>(227,896)</u></u>

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 12 form part of these financial statements.

ARCH RISK PARTNERS LTD.

Registered number: 07592314

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	£	2015 £	£	2014 £
CURRENT ASSETS					
Debtors	5	-		5,144	
Cash at bank and in hand		<u>1,961,383</u>		<u>1,745,081</u>	
		1,961,383		1,750,225	
CREDITORS: amounts falling due within one year	6	<u>(27,000)</u>		<u>(374,449)</u>	
NET CURRENT ASSETS			<u>1,934,383</u>		<u>1,375,776</u>
NET ASSETS			<u>1,934,383</u>		<u>1,375,776</u>
CAPITAL AND RESERVES					
Called up share capital	8		2,200,000		2,200,000
Profit and loss account	9		<u>(265,617)</u>		<u>(824,224)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>1,934,383</u>		<u>1,375,776</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2016.



Ryan B Taylor
Director

The notes on pages 8 to 12 form part of these financial statements.

ARCH RISK PARTNERS LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements are prepared on the 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 principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 1 to 3. The directors intend to apply to Companies House to "strike-off" the company from the companies' register. The board expects this to be done in 2017. The board believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in the foreseeable future. Accordingly, the company continue to adopt a going concern basis in the preparation of these financial statements.

1.3 Cash flow statement

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

ARCH RISK PARTNERS LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT / (LOSS)

The operating loss is stated after charging:

	2015 £	2014 £
Auditor fees	27,500	23,720
Net (gain) loss on foreign currency translation	(16,308)	2,837
Pension costs	<u>33,649</u>	<u>22,529</u>

3. DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate remuneration	<u>293,850</u>	<u>390,331</u>

During the year retirement benefits were accruing to 2 directors (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,000 (2014: £346,063).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,379 (2014: £15,606).

ARCH RISK PARTNERS LTD.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 20.25% (2014: 21.5%)

	2015 £	2014 £
Current tax on income for the period	-	-
Deferred tax (see note 7)	-	-
Origination and reversal of timing differences	-	156,692
	<hr/>	<hr/>
Tax on profit/loss on ordinary activities	<hr/> -	<hr/> 156,692

Factors affecting the tax charge for the period

The tax assessed for the year is lower (prior year: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	558,607	(71,204)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	113,118	(15,309)
Origination and reversal of timing differences	-	15,309
Deferred tax assets no longer considered recoverable	-	156,692
Utilisation of previously unrecognized brought forward tax losses	(113,118)	-
	<hr/>	<hr/>
Tax change for the period	<hr/> -	<hr/> 156,692

5. DEBTORS

	2015 £	2014 £
Other debtors	-	5,144
Deferred tax asset (see note 7)	-	-
	<hr/>	<hr/>
	<hr/> -	<hr/> 5,144

ARCH RISK PARTNERS LTD.

6. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Taxation and social security	-	19,671
Other creditors	27,000	354,778
	<u>27,000</u>	<u>374,449</u>

7. DEFERRED TAXATION

	2015 £	2014 £
At beginning of year	-	156,692
(Charge for)/released during year (P&L)	-	(156,692)
	<u>-</u>	<u>-</u>
At end of year	-	-

8. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
2,200,000 (2014: 2,200,000) Ordinary shares of £1 each	<u>2,200,000</u>	<u>2,200,000</u>

9. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 January 2014	(824,224)
Profit for the financial year	<u>558,607</u>
At 31 December 2015	<u>(265,617)</u>

10. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,649 (2014: £22,529). Contributions totalling £0 (2014: £1,600) were due from the fund at the balance sheet date and are included in other creditors

ARCH RISK PARTNERS LTD.

11. OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	-	25,000

12. RELATED PARTY TRANSACTIONS

During the year, the company received fee income of £912,833 (2014: £753,377) from its related entity, Arch Mortgage Insurance Limited. At the year end, £Nil (2014: £Nil) was due from Arch Mortgage Insurance Limited.

During the year, the company received fee income of £107,222 (2014: £48,088) from its parent company, Arch Reinsurance Ltd. During the year, the parent company, Arch Reinsurance Ltd, charged management fees of £8,719 (2014: £15,064) to Arch Risk Partners Ltd. As at the year end, £Nil (2014: £Nil) was owed to or from Arch Reinsurance Ltd.

During the year, Arch Capital Services Inc. charged management fees of £35,941 (2014: £32,590) to Arch Risk Partners Ltd. At the year end, £Nil (2014: £Nil) was owed to Arch Capital Services Inc.

During the year, Arch Europe Insurance Services Ltd charged rent of £21,835 (2014: £25,000) to Arch Risk Partners Ltd. As at the year end, £Nil (2014: £Nil) was owed to Arch Europe Insurance Services Ltd.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Arch Reinsurance Ltd.

The ultimate parent undertaking and controlling party is Arch Capital Group Limited, a company incorporated in Bermuda.

Arch Reinsurance Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Arch Reinsurance Limited can be obtained from Waterloo House, 100 Pitts Bay Road, Pembroke HM 08, Bermuda.