



TOKIO MARINE
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RADIUS UNDERWRITING LTD

FINANCIAL STATEMENTS

Year ended 31 December 2018

Registered No: 10099600

1 Aldgate
London EC3N 1RE





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RADIUS UNDERWRITING LTD
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RADIUS UNDERWRITING LTD
COMPANY INFORMATION

DIRECTORS

K L Letsinger
T Hervy
J Steedman

COMPANY SECRETARY

J L Holliday

REGISTERED NUMBER

10099600

REGISTERED OFFICE

1 Aldgate
London EC3N 1RE

INDEPENDENT AUDITORS

BDO LLP
Chartered Accountants and Statutory Auditors
150 Aldersgate Street London
EC1A 4AB

RADIUS UNDERWRITING LTD DIRECTORS' REPORT

The directors present their Directors' Report and the audited financial statements of Radius Underwriting Ltd ('the Company') for the year ended 31 December 2018.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

K L Letsinger
T Hervy
J Steedman

Principal activity

The Company's principal activity was to act as a mediator of insurance business. However, as explained in the note 3 (a) to the financial statements and post balance sheet events note, the directors took the decision to cease trading.

The Company's ultimate parent company is Tokio Marine Holdings, Inc. (TMHD) whose head office is located in Tokyo, Japan. TMHD is a leading international insurance group with offices worldwide. As of 31 December 2018, TMHD had total assets of YEN ¥23.3 trillion (December 2017: YEN ¥23.3 trillion) and shareholders' equity of YEN ¥3.5 trillion (December 2017: YEN ¥3.9 trillion). TMHD and its subsidiary insurance companies have a financial strength rating of A+ (Stable) from Standard & Poor's Financial Services LLC.

Business review

Results and dividends

The Company made a loss after tax for the financial year of £104,083 (2017: £20,689), as stated on page 7. Shareholder's funds as at 31 December 2018 totalled £75,228 (2017: £179,311). No dividend was declared as payable during the year (2017: £nil). The directors approved a reduction in ordinary share capital from £200,000 £1 shares to £25,000 £1 shares.

Key performance indicators

The directors monitor two key performance indicators for the Company:

	2018	2017
	£	£
Turnover	6,452	736
Loss on ordinary activities before taxation	104,083	20,689

Risk management

The directors oversee the effective operation of the risk management framework and set the risk appetite for the Company (see Note 4).

Company strategy

The directors have decided that the company should cease to trade and that it should be dissolved as soon as it is possible to do this. The service and obligations to current customers remains the directors' highest priority through the closure process.

Post balance sheet events

The directors have approved the closure of the business.

Disclosure in the strategic report

The directors consider that the Company is entitled to an exemption from the requirement to present a Strategic Report under section 414A (2) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 and, accordingly, have not prepared a Strategic Report.



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RADIUS UNDERWRITING LTD DIRECTORS' REPORT

Auditor

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place.

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure of information to auditors

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

- 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 2018 of which the auditors are unaware; and
- each of them has taken all steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 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;
- 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. As explained in note 3(c) to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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.

On behalf of the board

J L Holliday
Company Secretary
1 Aldgate
London EC3N 1RE

24 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF RADIUS UNDERWRITING LTD

Opinion

We have audited the financial statements of Radius Underwriting Ltd ("the Company") for the year ended 31 December 2018 which comprise the Profit & Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - basis of preparation

We draw attention to note 3 (a) in the financial statements which explains that the directors approved the decision to cease trading and therefore do not consider the company to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of a going concern as described in note 3 (a). Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RADIUS UNDERWRITING LTD

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RADIUS UNDERWRITING LTD

Use of our report

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 an auditor's 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 the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Rupert Livingstone (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
26 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



RADIUS UNDERWRITING LTD
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

		2018	2017
	Note	£	£
Turnover	5	6,452	736
Total revenue		6,452	736
Operating expenses		(110,628)	(21,438)
Operating loss		(104,176)	(20,702)
Interest receivable and similar income	6	93	13
Loss on ordinary activities before taxation		(104,083)	(20,689)
Tax on profit on ordinary activities		-	-
Loss for the financial year		(104,083)	(20,689)
Other comprehensive income		-	-
Total comprehensive income for the financial year		(104,083)	(20,689)

The notes on pages 10 to 13 form part of these financial statements.



**RADIUS UNDERWRITING LTD
BALANCE SHEET
As at 31 December 2018**

	Note	2018 £	2017 £
Current assets			
Debtors	10	12,191	90,000
Cash at bank		63,037	93,478
		<u>75,228</u>	<u>183,478</u>
Creditors: amounts falling due within one year	11	-	(4,167)
Net current assets		<u>75,228</u>	<u>179,311</u>
Net assets		<u>75,228</u>	<u>179,311</u>
Capital and reserves			
Called up share capital	12	25,000	200,000
Profit and loss account		50,228	(20,689)
Total shareholder's funds		<u>75,228</u>	<u>179,311</u>

The accounts were approved by:

K L Letsinger
Director

24 September 2019

Registered number; 10099600

The notes on pages 10 to 13 form part of these financial statements.



**RADIUS UNDERWRITING LTD
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
As at 31 December 2018**

2018	Called up share capital	Profit and loss account	Total shareholder's equity
Capital and reserves	£	£	£
At 1 January 2018	200,000	(20,689)	179,311
Capital reduction	(175,000)	175,000	-
Loss for the financial year	-	(104,083)	(104,083)
At 31 December 2018	<u>25,000</u>	<u>50,228</u>	<u>75,228</u>
2017	Called up share capital	Profit and loss account	Total shareholder's equity
Capital and reserves	£	£	£
At 1 January 2017	1	-	1
Shares issued	199,999	-	199,999
Loss for the financial year	-	(20,689)	(20,689)
At 31 December 2017	<u>200,000</u>	<u>(20,689)</u>	<u>179,311</u>

The notes on pages 10 to 13 form part of these financial statements.



RADIUS UNDERWRITING LTD
NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company's principal activity is to act as a mediator of insurance business. The Company is a joint venture with Brandex (Europe) Limited ('Brandex') for the provision of marketing insurance services to small and medium enterprises on a direct basis and to affinity groups/associations.

The Company was incorporated on 4 April 2016 under the Companies Act 2006 as a private company that is limited by shares in England and Wales.

The Company's ultimate parent company is Tokio Marine Holdings, Inc. (TMHD). TMHD's head office is located in Tokyo, Japan.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006. There are no areas of the Company's accounting which involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with UK GAAP and the Companies Act 2006 and on the historical cost basis. The financial statements have been prepared in pound sterling which is the functional currency of the Company. The Company has obtained its shareholder approval to take advantage of the exemptions conferred by FRS 102 listed in (b) below, as the Company is a subsidiary and the ultimate parent company's financial statements, in which the Company is included, are publicly available.

The financial statements have not been prepared on the going concern basis because the directors have approved the decision to cease trading. The directors have considered the impact on the financial statements of preparing them on a basis other than that of a going concern and have considered that there are no adjustments required as a result of preparing them on this basis.

b) Exemptions for qualifying entities under FRS 102.

As allowed by FRS 102, the Company has applied certain exemptions as follows:

- i. preparing a statement of cash flows
- ii. related party disclosures
- iii. share based payments.

c) Turnover

Turnover represents commission income, net of value added tax and discounts. Commission income is calculated based on a percentage of premiums written by the underwriting consortium, net of brokerage, and is recognised at the later of the date of inception of the policy or the date it is bound. Profit commission income is calculated as a percentage of the estimated profit, net of consortium expenses and is recognised on an accruals basis over the risk exposure period. Profit commission accruals are adjusted for subsequent experience up to four years after the start of the consortium year as estimates of consortium profitability are revised.

d) Taxation

Corporation tax is provided at the current rate of taxation on the result for the year as adjusted for items of income and expenditure which are disallowed for taxation purposes.

e) Dividends

Dividends are accounted for in the year in which they are approved and declared as payable.



**RADIUS UNDERWRITING LTD
NOTES TO THE FINANCIAL STATEMENTS**

f) Provisions and contingencies

Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation, and
- the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. Provisions for levies are recognised on the occurrence of the event identified by legislation that triggers the obligation to pay the levy.

Contingencies

Contingent liabilities arise as a result of past events when:

- it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or
- when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. Contingent assets stop being recognised as contingent at the point it is determined the benefit is virtually certain.

g) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors. The Company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Financial assets – classified as basic financial instruments

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Trade and other creditors

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.



RADIUS UNDERWRITING LTD

NOTES TO THE FINANCIAL STATEMENTS

4. Risk management

The directors oversee the effective operation of the risk management framework and set the risk appetite for the Company. The directors have assessed the risks to which the Company is exposed and consider the following as the material risks:

• *Credit risk*

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company acts as an agent, not principal, in its insurance transactions. The Company seeks to minimise credit risk by ensuring that its credit control procedures are applied effectively.

• *Currency risk*

The Company is exposed to currency risk in respect of assets and liabilities denominated in currencies other than Sterling. The risk is controlled by matching assets with liabilities in the relevant currency.

• *Liquidity risk*

Liquidity risk arises where cash may not be available to pay obligations when due at reasonable cost. The Company's policy is to hold sufficient liquid assets, or assets that can be converted into liquid assets at short notice and without any significant capital loss to settle its liabilities as they fall due thus minimising its exposure to liquidity risk.

5. Turnover

Turnover represents the value of commission income earned, net of VAT. All turnover derives from services provided in the United Kingdom.

6. Interest receivable and similar income

Interest receivable totalling £93 (2017: £13) comprises bank interest.

7. Profit on ordinary activities before taxation

	2018	2017
	£	£
Fees payable for the audit of the Company's financial statements	5,200	5,200

8. Directors' emoluments

All directors are remunerated by HCC Service Company Inc. (UK branch), a group service company. No recharge of their emoluments was made to the Company in respect of their services to the Company.

9. Staff costs

All staff are employed by HCC Service Company Inc. (UK branch) which charged Service Fees to the Company totalling £14,000 (2017: £16,333).



RADIUS UNDERWRITING LTD
NOTES TO THE FINANCIAL STATEMENTS

10. Debtors

	2018	2017
	£	£
Share capital unpaid	-	90,000
Amounts owed by group undertakings	12,191	-
	<u>12,191</u>	<u>90,000</u>

All amounts fall due within one year.

11. Creditors

	2018	2017
	£	£
Accrued expenses	-	2,000
Amounts owed to group undertakings	-	2,167
	<u>-</u>	<u>4,167</u>

All amounts fall due within one year.

12. Called up share capital

	2018	2017
	£	£
Ordinary shares of £1		
Brought forward	200,000	1
Capital reduction	(175,000)	199,999
Carried forward	<u>25,000</u>	<u>200,000</u>

13. Ultimate parent company

Tokio Marine Holdings, Inc. (TMHD), incorporated in Japan and with its head office in Tokyo, is regarded by the directors as the Company's ultimate parent company and controlling party. Tokio Marine HCC Insurance Holdings (International) Limited (formerly Pepys Holdings Limited), a company incorporated in England and Wales is the immediate parent company. Copies of the consolidated financial statements of TMHD can be obtained from its website at http://www.tokiomarinehd.com/en/ir/library/annual_report.

14. Post balance sheet events

The directors have approved the closure of the business.