

CAVELL HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

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CAVELL HOLDINGS LIMITED

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CAVELL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

S M Hextall	
B R A Merriman	Appointed 22 March 2019
D R D Reid	
C P Thomas	Resigned 30 April 2019

SECRETARY

S M Hextall

REGISTERED OFFICE

2nd Floor
3 Guildford Business Park
Guildford
Surrey
GU2 8XG

BANKER

Barclays Bank plc

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

CAVELL HOLDINGS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

Cavell Holdings Limited ("the Company") is ultimately owned by Enstar Group Limited, a company domiciled in Bermuda. During the year ended 31 December 2018 the Company's principal activity was to act as a holding company. However, the Directors have subsequently decided to cease trading and they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

REVIEW OF THE BUSINESS

The Company's results for the year are shown in the profit and loss account on page 7. The result for the year after taxation amounted to £nil (2017: £36 loss).

IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to financial risk, through its financial assets and liabilities.

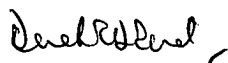
The Company manages this risk by:

- Reviewing cash flow requirements to ensure its liquidity needs are met.
- Ensuring counterparties in respect of cash and debtor exposures represent acceptable security.

FUTURE DEVELOPMENTS

The Company is planning to voluntarily apply to be struck off the Companies House Register and the Directors expect this to be within the next twelve months although the exact timing is not certain.

Approved by the Board of Directors and signed on behalf of the Board by:



D R D Reid
Director

26 September 2019

CAVELL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements of the Company for the year ended 31 December 2018.

GOING CONCERN

As noted in the Strategic Report, the Directors intend to voluntarily apply for the Company to be struck off the Companies House Register within the next twelve months. Consequently the Directors have determined that the going concern basis is no longer appropriate and these financial statements have been prepared on a break-up basis. However, it should be noted that there would be no difference to the financial position as disclosed, if the statements were produced on a going concern basis.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year under review (2017: £nil).

DIRECTORS

The present membership of the Board of Directors and changes in the composition of the Board up to and including the date of approval of these financial statements are as shown on page 1.

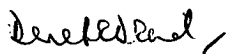
AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

As permitted by provisions of the Companies Act 2006 relating to private companies, the Company has elected to dispense with the annual appointment of auditors.

Approved by the Board of Directors and signed on behalf of the Board by:



D R D Reid
Director

26 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its result for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern 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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAVELL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Cavell Holdings Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAVELL HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Maddams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2019

CAVELL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Administrative expenses	2	-	-
RESULTS ON ORDINARY ACTIVITIES BEFORE TAX		-	-
Tax on profit on ordinary activities	4	-	-
RESULTS FOR THE FINANCIAL YEAR AFTER TAX		-	-

There are no items of other comprehensive income in any of the periods for which the financial statements are presented. Accordingly, no statement of total other comprehensive income is required.

The results above are derived wholly from continuing activities.

The notes on pages 10 to 12 form an integral part of these financial statements.

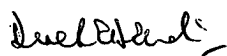
CAVELL HOLDINGS LIMITED

BALANCE SHEET as at 31 December 2018

	Note	2018 £'000	2017 £'000
CURRENT ASSETS			
Cash at bank and in hand		234	234
NET ASSETS		<u>234</u>	<u>234</u>
CAPITAL AND RESERVES			
Called up share capital	5	34,453	34,453
Share premium account		700	700
Profit and loss account		(34,919)	(34,919)
SHAREHOLDER'S FUNDS		<u>234</u>	<u>234</u>

The notes on pages 10 to 12 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 September 2019 and signed on its behalf by:



D R D Reid

Director

Company Registration No. 01095628

CAVELL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY as at 31 December 2018

	Called- up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2016	34,453	700	(34,919)	234
Results for the financial year	-	-	-	-
At 31 December 2017	34,453	700	(34,919)	234
Results for the financial year	-	-	-	-
At 31 December 2018	34,453	700	(34,919)	234

The notes on pages 10 to 12 form an integral part of these financial statements.

**NOTES TO THE ACCOUNTS
for the year ended 31 December 2018**

1. ACCOUNTING POLICIES

General information

Cavell Holdings Limited ("the Company") is a company limited by shares and incorporated and domiciled in the UK. The financial statements are presented for the year ended 31 December 2018.

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom law and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that the consolidated accounts of its ultimate parent Enstar Group Limited, for the year ended 31 December 2018 are equivalent to the accounts which would be drawn up under the Seventh Council Directive 83/349/EEC as modified by the provisions of the Insurance Accounts Directive. These financial statements present information about the Company as an individual undertaking and not about its group.

The consolidated financial statements of Enstar Group Limited are prepared in accordance with accounting principles generally accepted in the United State of America (US GAAP) and are available to the public and may be obtained from the US Securities and Exchange Commission (www.sec.gov).

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the Cash Flow Statement and related notes and reconciliation of the number of shares outstanding.

The presentation and functional currency of these financial statements is pounds sterling.

All amounts in the financial statements have been rounded to the nearest £1,000.

The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Going Concern

The Company is planning to voluntarily apply to be struck off the Companies House Register and the Directors expect this to be within the next twelve months. The Directors have determined that the going concern basis is no longer appropriate and these financial statements have been prepared on a break-up basis.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value.

Foreign Currency

Transactions in foreign currencies during the year are translated into pounds sterling at average rates of exchange for the period. Monetary assets and liabilities are translated into pounds sterling at the rates ruling at the balance sheet date.

Taxation

The charge for taxation is based on the result for the year at rates which have been enacted or substantively enacted by the balance sheet date, taking into account deferred taxation.

Deferred tax is provided on timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are not discounted.

CAVELL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2018

2. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2018 and 31 December 2017, the Company's audit fees were borne by River Thames Insurance Company Limited and were not recharged to the Company.

The Company had no employees (2017: Nil) and all services were provided by Enstar (EU) Limited, a fellow subsidiary company.

3. DIRECTORS' EMOLUMENTS

The Directors are employees of Enstar (EU) Limited and are remunerated by member companies within Enstar Group Limited for their services to the group. They receive no remuneration as Directors of the Company. Disclosures regarding Directors' emoluments and staff costs are contained in the financial statements of Enstar (EU) Limited.

4. TAXATION

Factors that may affect future tax charges

The Government has enacted legislation setting the corporation tax rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 17% for the year starting 1 April 2020. While further rate reductions may reduce the Company's tax charge in future periods, it has not been possible to quantify the effect at this stage.

The Company has tax losses of £70,006 (2017: £70,006) that would be available for offset against future taxable profits and gains of the same trade, however, as the financial statements are being prepared on a break-up basis, the losses are unlikely to be utilised in a future accounting period. There is an unrecognised deferred tax asset, valued at the enacted rate of corporation tax of 19% (2017: 19%) of £nil (2017: £ 13,301) in respect of these losses.

The company also has capital losses brought forward of £31,350,179 (2017: £31,350,179) that are available for offset against future capital gains. There is an unrecognised deferred tax asset, valued at the enacted rate of corporation tax of 19% (2017: 19%) of £nil (2017: £5,956,534) in respect of these capital losses.

5. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, issued and fully paid:		
34,452,517 ordinary shares of £1 each	34,453	34,453

6. INVESTMENTS IN SUBSIDIARY UNDERTAKING

The Company does not hold any investments in subsidiary undertakings. During 2018, the Company sold its single ordinary share in Alpha Insurance SA (2017: £17).

CAVELL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2018

7. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption granted in FRS 102, available to members of a wholly owned group, not to disclose:

- Key management personnel compensation (also refer to Note 3);
- Transactions entered into with other wholly owned group companies.

8. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling entity is Enstar Group Limited, incorporated in Bermuda. The immediate parent company is Kenmare Holdings Limited, also incorporated in Bermuda.

The annual U.S. Securities and Exchange Commission filing of Enstar Group Limited may be obtained from:

U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549
U.S.A.

www.sec.gov