

**ACE LONDON GROUP LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**COMPANY REGISTRATION NUMBER 3115073**

FRIDAY



\*A2ED3CFU\*

A28

09/08/2013

#160

COMPANIES HOUSE

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors are pleased to submit their report and the financial statements for the year to 31 December 2012

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is that of an intermediate holding company. The loss for the year to 31 December 2012 before taxation amounted to £576 (2011 profit before taxation of £95,810,394) and, as disclosed in note 15 to the financial statements (the reconciliation of movement in shareholder's funds), the shareholder's funds of the company total £6,197,462 (2011 £6,197,897)

**FUTURE DEVELOPMENTS**

The company continues to act as an intermediate holding company for subsidiary undertakings of the ACE Limited group and is expected to do so for the foreseeable future. It also acts as a Corporate Director of certain companies within the group.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainty affecting the company are in relation to movements in the valuation of its investment in subsidiary undertakings.

**KEY PERFORMANCE INDICATORS (KPIs)**

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**RESULTS AND DIVIDENDS**

The loss for the year to 31 December 2012 after taxation amounted to £435 (2011 profit after taxation of £95,810,364). No interim dividends were paid during the year (2011 two interim dividends totalling £95,810.28 per £1 ordinary share amounting to £95,810,280 were paid). The directors do not recommend the payment of a final dividend (2011 £Nil).

**DIRECTORS**

The following have been directors from 1 January 2012 to the date of this report unless otherwise indicated:

A J Kendrick  
K L H Underhill

The company has the benefit of a group insurance company management activities policy effected by ACE Limited. No charge was made to the company during the year for this policy.

**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 company's 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.

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.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 - continued**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

- i) 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 2012 of which the auditors are unaware, and
- ii) The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**INDEPENDENT AUDITORS**

The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

By Order of the Board



M L Mellor

for and on behalf of  
ACE London Services Limited  
Secretary, 29 July 2013

ACE Building  
100 Leadenhall Street  
London  
EC3A 3BP

**INDEPENDENT AUDITORS' REPORT**

to the members of ACE London Group Limited

We have audited the financial statements of ACE London Group Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 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.

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.

**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. If we become aware of any apparent material 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 2012 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.

**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.

**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.

Barnabas Wanstall (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30 July 2013

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

|   | Note   | 2012<br>£ | 2011<br>£  |
|---|--------|-----------|------------|
| <b>TURNOVER</b>   | 3      | -         | 95,810,280 |
| Administrative expenses                                     | 5      | (677)     | -          |
| <b>OPERATING (LOSS)/PROFIT</b>                              |        | (677)     | 95,810,280 |
| Interest receivable and similar income                      | 6      | 1,534     | 1,483      |
| Interest payable and similar charges                        | 7      | (1,433)   | (1,369)    |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |        | (576)     | 95,810,394 |
| Tax on (loss)/profit on ordinary activities                 | 8      | 141       | (30)       |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                 | 14, 15 | (435)     | 95,810,364 |

Results for the current and prior year derive from continuing operations

The company has no recognised gains or losses in the current or prior year other than those presented and hence no separate Statement of Total Recognised Gains and Losses is presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year for the current or prior year and their historical cost equivalents

## BALANCE SHEET AS AT 31 DECEMBER 2012

|  | Note | 2012<br>£        | 2011<br>£        |
|--|------|------------------|------------------|
| <b>FIXED ASSETS</b>                          |      |                  |                  |
| Investments                                  | 9    | <u>6,064,732</u> | <u>6,064,732</u> |
| <b>CURRENT ASSETS</b>                        |      |                  |                  |
| Debtors                                      | 10   | 72,988           | 72,847           |
| Cash at bank and in hand                     | 11   | <u>244,002</u>   | <u>257,271</u>   |
|  |      | 316,990          | 330,118          |
| <b>CURRENT LIABILITIES</b>                   |      |                  |                  |
| Creditors                                    | 12   | <u>(184,260)</u> | <u>(196,953)</u> |
| <b>NET CURRENT ASSETS</b>                    |      | <u>132,730</u>   | <u>133,165</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |      | <u>6,197,462</u> | <u>6,197,897</u> |
| <b>CAPITAL AND RESERVES</b>                  |      |                  |                  |
| Called-up share capital                      | 13   | 1,000            | 1,000            |
| Profit and loss account                      | 14   | <u>6,196,462</u> | <u>6,196,897</u> |
| <b>TOTAL SHAREHOLDER'S FUNDS</b>             | 15   | <u>6,197,462</u> | <u>6,197,897</u> |

The financial statements on pages 4 to 10 were approved by the board of directors on 29 July 2013 and were signed on its behalf by

  
A J Kendrick

Director

COMPANY REGISTRATION NUMBER 3115073

**NOTES TO THE FINANCIAL STATEMENTS****1. BASIS OF PREPARATION**

The financial statements have been prepared on a 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 company is a wholly owned subsidiary within the ACE Limited group and is included in the consolidated financial statements of ACE Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised) "Cash Flow Statements".

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are wholly-owned subsidiaries within the ACE Limited group and are included within the consolidated financial statements of ACE Limited.

The principal accounting policies, which are set out below, have been applied consistently throughout the year.

**2. ACCOUNTING POLICIES****Dividends**

Dividends receivable and payable are recognised when received and paid respectively.

**Interest receivable and similar income**

Interest receivable is accounted for on an accruals basis.

**Interest payable and similar charges**

Interest payable is accounted for on an accruals basis.

**Investments**

Investments in group undertakings are stated at the lower of cost and net realisable value.

**3. TURNOVER**

Turnover consists of dividends received from subsidiary companies.

**4. DIRECTORS AND EMPLOYEES**

The company has no employees. The directors received no emoluments for their services to the company (2011: £Nil).

All executive directors are entitled to shares in ACE Limited under long-term incentive plans. During the year, two directors received shares in ACE Limited under long-term incentive plans, none of the directors exercised options over the shares of ACE Limited.

**5. ADMINISTRATIVE EXPENSES**

|              | 2012 | 2011 |
|--------------|------|------|
|              | £    | £    |
| Bank charges | 677  | -    |

## NOTES TO THE FINANCIAL STATEMENTS

## 5. ADMINISTRATIVE EXPENSES - continued

Fees payable to the company's auditors and their associates for the following services are borne by ACE INA Services U K Limited, a fellow group undertaking

|   | 2012          | 2011          |
|---|---------------|---------------|
|   | £             | £             |
| Fees payable to the company's auditors and their associates for the audit of the company's financial statements | 2,000         | 2,000         |
| Fees payable to the company's auditors and their associates for other services                                  |               |               |
| The audit of the company's subsidiaries   | 8,000         | 8,000         |
|   | <u>10,000</u> | <u>10,000</u> |

## 6. INTEREST RECEIVABLE AND SIMILAR INCOME

|   | 2012         | 2011         |
|---|--------------|--------------|
|   | £            | £            |
| Bank deposit interest received            | 85           | 101          |
| Interest received on escrow bank deposits | 1,449        | 1,382        |
|   | <u>1,534</u> | <u>1,483</u> |

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

|                            | 2012  | 2011  |
|----------------------------|-------|-------|
|                            | £     | £     |
| Loan note interest payable | 1,433 | 1,369 |

## 8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

## (a) Analysis of (credit)/charge in period

|   | 2012         | 2011      |
|---|--------------|-----------|
|   | £            | £         |
| Current tax (note 8 (b))  |              |           |
| UK corporation tax on (losses)/profits of the period                  | -            | 30        |
| Amounts receivable from group undertakings in respect of group relief | (141)        | -         |
|   | <u>(141)</u> | <u>30</u> |



## NOTES TO THE FINANCIAL STATEMENTS

## 8 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES - continued

## (b) Factors affecting tax (credit)/charge for period

The tax assessed for the period is the same as (2011 different from) the standard rate of corporation tax in the UK. The 2011 differences are explained below

|   | 2012<br>£ | 2011<br>£    |
|---|-----------|--------------|
| (Loss)/profit on ordinary activities before taxation  | (576)     | 95,810,394   |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%) | (141)     | 25,389,754   |
| Effects of<br>Dividends not chargeable to corporation tax   | -         | (25,389,724) |
| Current tax (credit)/charge for period (note 8 (a))   | (141)     | 30           |

## 9 INVESTMENTS

|   | 2012<br>£  | 2011<br>£  |
|---|------------|------------|
| <b>Cost:</b>                                  |            |            |
| Investment in ACE London Holdings Limited     | 18,795,709 | 18,795,709 |
| Investment in ACE Capital Limited             | 500,000    | 500,000    |
| Investment in ACE Capital III Limited         | 2,972,802  | 2,972,802  |
| Investment in ACE Capital IV Limited          | 5,564,732  | 5,564,732  |
| Investment in ACE Capital VI Limited          | 10,263     | 10,263     |
|   | 27,843,506 | 27,843,506 |
| <b>Provision against diminution in value:</b> |            |            |
| Investment in ACE London Holdings Limited     | 18,795,709 | 18,795,709 |
| Investment in ACE Capital III Limited         | 2,972,802  | 2,972,802  |
| Investment in ACE Capital VI Limited          | 10,263     | 10,263     |
|   | 21,778,774 | 21,778,774 |
| Net carrying value                            | 6,064,732  | 6,064,732  |

The investments comprise 100% of the ordinary share capital of each of the above unlisted undertakings, which are registered and incorporated in England and Wales. Having made the provisions against diminution in value in 2002, 2006 and 2007, in the opinion of the directors the investments are worth not less than their carrying values.

## 10. DEBTORS – amounts falling due within one year

|   | 2012<br>£ | 2011<br>£ |
|---|-----------|-----------|
| Amounts receivable from group undertakings in respect of group relief | 141       | -         |
| Amounts due from group undertakings                                   | 72,847    | 72,847    |
|   | 72,988    | 72,847    |

## NOTES TO THE FINANCIAL STATEMENTS

## 11. CASH AT BANK AND IN HAND

|                                    | 2012    | 2011    |
|------------------------------------|---------|---------|
|                                    | £       | £       |
| Escrow bank deposits               | 183,909 | 195,159 |
| Other cash and short term deposits | 60,093  | 62,112  |
|                                    | <hr/>   | <hr/>   |
|                                    | 244,002 | 257,271 |
|                                    | <hr/>   | <hr/>   |

Escrow bank deposits comprise monies on deposit to cover outstanding balances on loan notes and other balances due in connection with the acquisition of subsidiary undertakings

## 12. CREDITORS – amounts falling due within one year

|                                     | 2012    | 2011    |
|-------------------------------------|---------|---------|
|                                     | £       | £       |
| Amounts due to group undertakings   | 321     | 553     |
| Guaranteed unsecured loan note 2015 | 183,909 | 195,159 |
| Corporation tax                     | 30      | 30      |
| Other creditors                     | -       | 1,211   |
|                                     | <hr/>   | <hr/>   |
|                                     | 184,260 | 196,953 |
|                                     | <hr/>   | <hr/>   |

The guaranteed unsecured loan note 2015 bears interest at six-month LIBOR less 0.3125% whilst the balance is in excess of £1,000,000, thereafter at six-month LIBOR less 0.4375%. The first date for redemption was 31 December 1997, and thereafter on 30 June and 31 December in each year until 2015. The maximum principal amount repayable is 100% of the loan (an aggregate £183,909, 2011: £195,159) depending on the comparative spot rate for the US dollar fifteen business days prior to the repayment date in relation to that prevailing on the repayment date. The loan note is guaranteed by Barclays Bank PLC.

## 13. CALLED-UP SHARE CAPITAL

|  | 2012  | 2011  |
|--|-------|-------|
|  | £     | £     |
| Allotted, called-up and fully paid<br>1,000 (2011: 1,000) Ordinary shares of £1 each | 1,000 | 1,000 |
|  | <hr/> | <hr/> |

## 14. RESERVES

|                             | Profit and<br>loss<br>account |
|-----------------------------|-------------------------------|
|                             | £                             |
| At 1 January 2012           | 6,196,897                     |
| Loss for the financial year | (435)                         |
|                             | <hr/>                         |
| At 31 December 2012         | 6,196,462                     |
|                             | <hr/>                         |

## NOTES TO THE FINANCIAL STATEMENTS

## 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

|  | 2012      | 2011         |
|--|-----------|--------------|
|  | £         | £            |
| (Loss)/profit for the financial year               | (435)     | 95,810,364   |
| Dividends paid (note 16)                           | -         | (95,810,280) |
| Net (reduction in)/addition to shareholder's funds | (435)     | 84           |
| Opening shareholder's funds                        | 6,197,897 | 6,197,813    |
| Closing shareholder's funds                        | 6,197,462 | 6,197,897    |

## 16. DIVIDENDS PAID

|   | 2012 | 2011       |
|---|------|------------|
|   | £    | £          |
| Interim dividends paid of £Nil (2011 £95,810,280) per £1 ordinary share | -    | 95,810,280 |

## 17. TRANSACTIONS WITH RELATED PARTIES

Advantage has been taken of the exemption provided in FRS 8 "Related Party Disclosures" from disclosing details of transactions with ACE Limited and its subsidiary undertakings

## 18. ULTIMATE HOLDING COMPANY

The company's immediate holding company is ACE Global Markets Limited. The ultimate holding company is ACE Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange. Copies of the ultimate holding company's consolidated accounts can be obtained from Investor Relations at ACE's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.