

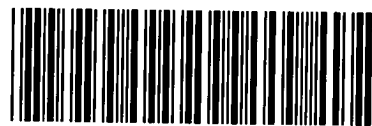
Novae Syndicates Limited

Directors' report and financial statements

Registered number 2082070

**For the year ended
31 December 2018**

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**NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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**NOVAE SYNDICATE LIMITED
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DIRECTORS AND OTHER INFORMATION

DIRECTORS

T Hennessy (appointed 21 March 2018)
F Mullarkey (appointed 21 March 2018)
N Moss (resigned 23 March 2018)

REGISTERED OFFICE

52 Lime Street
London
EC3M 7AF
United Kingdom

SOLICITORS

Willkie Farr & Gallagher (UK) LLP
27th Floor, CityPoint
1 Ropemaker Street
London
EC2Y 9AW
United Kingdom

AUDITORS

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for Novae Syndicate Limited ("the Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

On 2 October 2017, AXIS Specialty UK Holdings Limited ("ASKHL") acquired the shares of Novae Group Limited (formerly Novae Group plc) for an aggregate purchase price of GBP 462.9 million.

Effective from 1 January 2018 Novae Syndicate Limited ("NSL") ceased to act as managing agent for Syndicate 2007 and Syndicate 6129 at Lloyd's of London ("Syndicate 2007" and "Syndicate 6129"). As part of the integration of AXIS and Novae the Managing Agent's Agreements for the aforementioned Syndicates were novated from the NSL to AXIS Managing Agency Limited ("AMAL"), which also manages AXIS Syndicate 1686.

REVIEW OF BUSINESS

The results for the year ended 31 December 2018 are set out in the financial statements on pages 11 to 16. The profit for the financial year end was £27k (2017: profit of £4.7 million), with total comprehensive profit of £26k (2017: total comprehensive profit of £4.7 million). No dividend payments were made for the financial year ended 31 December 2018 (2017: £3.0 million). Total Shareholders' funds at 31 December 2018 were £7.2 million (2017: £7.2 million).

KEY PERFORMANCE INDICATORS

The Company considers the following to be the key performance indicators for the business:

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Agency fees	Nil	5.4
Retained expenditure	Nil	1.3
Profit after taxation	Nil	4.1
Net current assets	7.2	7.2
Net assets	7.2	7.2

RISKS AND UNCERTAINTIES

The Directors, having assessed the responses of the Directors of the Company's ultimate parent AXIS Capital Holdings Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to meet its liabilities as they fall due. While the Company remains solvent it be liquidated by way of a member's voluntary liquidation process in 2019.

RESULTS AND DIVIDEND

During the year the Company paid no dividends (2017: £3 million).

GOING CONCERN

Following the acquisition of the Novae group by ASUKHL the Company no longer acts as a managing agent and is therefore no longer trading. The Company remains solvent and will be liquidated by way of a member's voluntary liquidation process. The directors consider it inappropriate to prepare these financial statements on a going concern basis and therefore the directors have prepared the financial statements on a basis other than the going concern basis as set out in note 1.

The Company will transfer its trade, assets and liabilities to a fellow subsidiary company, Novae Group Limited at their carrying value.

**NOVAE SYNDICATE LIMITED
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DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The names of the persons who were Directors at any time during the year ended 31 December 2018 are set out on page 3 of the financial statements. Unless indicated the Directors served for the entire year. In accordance with the Articles of Association the existing Directors shall continue in office until resignation or removal.

No director had any interest in the share capital of the Company at any time during the year. None of the Directors were underwriting Names at Lloyd's on Syndicate 2007 or Syndicate 6129 for the 2016, 2017 or 2018 years of account. Directors' interests in the share capital of the ultimate holding company, AXIS Capital at 31 December 2018 are not disclosed in accordance with section 329 (4) and section 260 of the Companies Act 2014.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

AUDITOR

Deloitte LLP acted as Auditor of AXIS UK Services Limited from the appointment date of 21 June 2018. Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the Board of Directors on 22nd August 2019 and signed on its behalf by



Tim Hennessy

Director

Date: 22/8/19 2019

**NOVAE SYNDICATE LIMITED
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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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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, including FRS 102 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 responsible steps for prevention and detection of fraud and other irregularities.

**NOVAE SYNDICATE LIMITED
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Independent auditor's report to the members of Novae Syndicate Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Novae Syndicate Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 13.

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).

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 Financial Reporting Council's (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 – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. 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 annual report, 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.

**NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
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Independent auditor's report to the members of Novae Syndicate Limited (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the directors' report.

**NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
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Independent auditor's report to the members of Novae Syndicate Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Andrew Downes (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Deloitte LLP

1 New Street Square

London EC4A 3HQ

22 AUGUST 2019

NOVAE SYNDICATE LIMITED
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INCOME STATEMENT – FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Turnover	2	-	5,375
Administrative expenses		(12)	(1,306)
Operating profit		(12)	4,069
Interest received and similar income	3	42	27
Profit on ordinary activities before taxation		30	4,096
Tax on profit on ordinary activities	7	(3)	598
Profit for the financial year		27	4,694

STATEMENT OF COMPREHENSIVE INCOME – FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
Profit for the financial year	27	4,694
Other comprehensive income: items that will not be reclassified to profit or loss		
Currency translation adjustments	(1)	-
Total comprehensive income for the year	26	4,694

The accompanying notes form an integral part of the financial statements.

NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
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BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Current assets			
Debtors	9	350	350
Cash at bank and in hand		6,897	12,673
Creditors: amounts falling due within one year	10	(6)	(5,808)
Total assets less liabilities		7,241	7,215
Capital and reserves			
Called up share capital	13	400	400
Currency translation reserve		(1)	
Profit and loss account		6,842	6,815
		7,241	7,215

The notes on pages 13 to 16 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on 22nd August 2019 and were signed on its behalf by:



T Hennessy
Director

NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
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STATEMENT OF CHANGES IN EQUITY – FOR THE YEAR ENDED 31 DECEMBER 2018

	Called-up share capital £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	400		5,121	5,521
Recognised income for the year	-	-	4,694	4,694
Dividends paid	-	-	(3,000)	(3,000)
Total comprehensive income for the year	-	-	1,694	1,694
Balance at 31 December 2017	400	-	6,815	7,215
Recognised income for the year	-	-	27	27
Currency translation adjustment	-	(1)	-	(1)
Total comprehensive income for the year		(1)	27	26
Balance at 31 December 2018	400	(1)	6,842	7,241

Profit and loss account represents accumulated comprehensive income for the year and prior years.

NOVAE SYNDICATE LIMITED
REPORTS AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) and applicable law of England and Wales. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

As detailed in the Directors report the Company is no longer a going concern and has therefore prepared the financial statements on a basis other than going concern which is in line with the requirements of FRS 102. No material adjustments arose as a result of ceasing to apply the going concern basis. The net assets of the Company are represented by cash and intercompany amounts due from group companies therefore no further adjustments have been made to the 31 December 2018 position, all assets and liabilities will be transferred to Novae Group Limited at their carrying amounts.

The Company is exempt from the obligation to prepare Group financial statements in accordance with section 400 of the Companies Act 2006 as the Company is a wholly-owned subsidiary of AXIS Capital, in whose financial statements it is consolidated. These financial statements relate to the Company only and not to its Group.

The Company has taken advantage of the disclosure exemptions available under FRS 102 paragraph 1.12 in respect of presentation of a cash-flow statement on the basis that it is a qualifying entity and is consolidated into the Group Accounts of its parent Company, AXIS Capital, incorporated in Bermuda.

The financial statements for the preceding year were prepared in accordance with Financial Reporting Standard 101 (FRS 101), there is no financial impact as a result of the change in accounting policy therefore no restatement is required.

Income and expenses

In 2017 income included underwriting agency fees from the Company's formerly managed Syndicates and profit commission when applicable. Agency fees payable to the Company under agency agreements with members of Lloyd's are recognised when the contractual right to such fees is established, and to the extent that the Company's obligations under those agency agreements have been performed.

Income that has been credited in the Company's books, but not yet recognised as income in accordance with the policies described above, is credited to the deferred income account under creditors in the Company's balance sheet.

Expenses are taken to the profit and loss account on an accruals basis.

Interest income

Interest income comprises interest received on cash held by the Company. This is recognised on an accruals basis over the period to which it relates.

Taxation

Current UK corporation tax is provided on amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOVAE SYNDICATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rate of exchange ruling at the balance sheet date and revenues and costs are converted at the rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies have been recorded at historical rates. Profits and losses arising from foreign currency transactions and on settlement of accounts receivable and payable in foreign currencies are recognised in the Profit and Loss account.

The functional currency is US dollars. Items included in the financial statements are measured using pound sterling as the presentational currency. Balance sheet items have been translated to presentational currency at closing rates and income and expenditure have been translated to presentational currency at average rates, the resulting exchange difference is recognised in the other comprehensive income.

2. TURNOVER

	2018 £'000	2017 £'000
Revenue comprises:		
Agency fees	-	5,375
	-	5,375

Recognition of managing agency fee within its previously managed syndicates was previously deferred equally across three calendar years for each Year of Account.

All revenue in 2017 arose in the United Kingdom.

As a result of the novation of managing agency agreements from the Company to AXIS Managing Agency Limited ("AMAL"), all future revenues are payable to AMAL from 1 January 2018.

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest received	42	27

4. OPERATING INCOME

The fee for the audit of the Company of £5,000 (2017: £9,000) has been fully borne by another group company.

5. REMUNERATION OF DIRECTORS

The numbers of Directors to whom retirement benefits are accruing are:

	2018	2017
Group personal pension plan	2	3

The Directors have considered the services undertaken by management within the various companies of the AXIS Group and the basis under which the remuneration of certain Directors is charged within the respective financial statements. As a result, the emoluments of these are disclosed in the financial statements of other Group companies based upon the services they provide to these companies and as a result are not included in these financial statements.

No loans were made to any Director of the Company during 2018 (2017: nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. DIVIDEND

	2018 £ per share	2018 £'000	2017 £ per share	2017 £'000
Dividend paid	-	-	7.50	3,000

As at the date of approval of these financial statements, no further dividends have been approved by the Board of Directors.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax expense included in profit or loss

	2018 £'000	2017 £'000
Current tax expense:		
Current year	3	-
Adjustments for prior periods	-	(598)
Tax charge for the year	3	(598)

The 2017 prior period adjustments are a result of the difference between year-end provisioning and the submitted tax return. During the tax provisioning exercise the group relief surrendered to the Company was less than the amount of group relief included in the submitted tax return.

Current tax reconciliation

The current tax charge for the financial year is lower (2017: lower) than the pro-rated standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained as follows:

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	30	4,096
Profit multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)	5	788
<i>Effects of:</i>		
Transfer pricing adjustments	-	(12)
Utilisation of group tax losses	(2)	(776)
Adjustments for prior periods	-	(598)
Current tax	3	(598)

The standard rate of corporation tax in the UK is 19%. The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

The Finance Act 2016 was enacted in September 2016 and contained a further future reduction to the corporation tax main rate, to reduce the rate to 17% from 1 April 2020.

8. DEFERRED TAX

There was no deferred tax asset or liability as at 31 December 2018 or 31 December 2017.

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REPORTS AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DEBTORS

	2018 £'000	2017 £'000
Corporation tax receivable	-	350
Amounts owed from group companies (within one year)	350	-
	350	350

10. CREDITORS: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings and previously managed Syndicates	3	5,808
Corporation tax payable	3	
	6	5,808

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemption available in FRS 102 Section 33. All related party transactions are with entities that are wholly owned by the ultimate parent. The consolidated financial statements of AXIS Capital Holdings Limited, within which this Company is included, can be obtained from the address given in note 12.

12. IMMEDIATE AND ULTIMATE HOLDING COMPANY

Novae Syndicate Limited is a company limited by shares registered in England and Wales. The Company's immediate parent undertaking is Novae Holdings Limited, a company registered in England & Wales. The Company's ultimate holding company is AXIS Capital Holdings Limited ("ACHL"), a Bermuda registered company listed on the New York Stock Exchange. A copy of AXIS' consolidated financial statements can be obtained from that company's registered office which is located at AXIS House, 92 Pitts Bay Road, Pembroke, HM08, Bermuda or from its website at www.axiscapital.com.

13. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	400	400