

**GOSHAWK INSURANCE HOLDINGS  
LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2012**



# **GOSHAWK INSURANCE HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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# **GOSHAWK INSURANCE HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

G H J Nokes	(Resigned 31 July 2012)
C P Thomas	(Non-Executive)
A J Turner	(Non-Executive)
T J R Wilkes	(Appointed 14 September 2012)

### **SECRETARY**

S M Hextall

### **REGISTERED OFFICE**

Avaya House  
2 Cathedral Hill  
Guildford  
Surrey GU2 7YL

### **BANKERS**

Barclays Bank plc

### **AUDITORS**

KPMG Audit plc  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of Goshawk Insurance Holdings Limited ("the Company") for the year ended 31 December 2012

### **PRINCIPAL ACTIVITIES**

The Company's principal activity is to act as a holding company. The Company's wholly owned subsidiary undertakings include Rosemont Reinsurance Limited, a company incorporated in Bermuda.

### **REVIEW OF THE BUSINESS**

The Company's results for the year, as set out in the profit and loss account on page 7, show a loss of US\$1,168,000 (2011 loss US\$7,000).

The Company has claimed exemption under Section 417(1) of the Companies Act 2006 from including an Enhanced Business Review within the directors' report.

### **IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES**

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

The most important components of these risks are interest rate, currency and liquidity risk in relation to financial assets. The Company manages these risks by:

- Reviewing cash flow requirements to ensure its liquidity needs are met
- Where appropriate, matching foreign currency liabilities with corresponding currency assets to minimise the impact of foreign exchange rates
- Reviewing the performance of the underlying subsidiaries

### **GOING CONCERN**

Having reviewed the capital resources, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (2011 US\$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.

### **CHARITABLE DONATIONS**

No charitable donations were made in the year (2011 US\$Nil).

**DIRECTORS' REPORT (Continued)**

**DISCLOSURE TO THE 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.

During the year, Deloitte LLP resigned as auditors to the Company. On 21<sup>st</sup> June 2012 the Directors resolved to appoint KPMG Audit Plc ('KPMG') to fill the vacancy arising, and KPMG were duly appointed.

KPMG have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

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



T J R Wilkes  
Director  
26<sup>th</sup> March 2013

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, and
- 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 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 GOSHAWK INSURANCE HOLDINGS LIMITED**

We have audited the financial statements of Goshawk Insurance Holdings Ltd for the year ended 31 December 2012 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities 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. 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 UK 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GOSHAWK INSURANCE HOLDINGS LIMITED (Continued)**

### **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



**Jonathan Bell (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
**15 Canada Square**  
**London**  
**E14 5GL**  
**26<sup>th</sup> March 2013**



# GOSHAWK INSURANCE HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

	Note	2012 US\$'000	2011 US\$'000
<b>TURNOVER</b>			
Investment income		340	445
		<u>340</u>	<u>445</u>
Administrative expenses	2	(109)	(134)
Other charges	4	(1,246)	(83)
		<u>(1,015)</u>	<u>228</u>
<b>OPERATING (LOSS)/PROFIT</b>			
Interest payable		(153)	(235)
		<u>(1,168)</u>	<u>(7)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>			
Tax on loss on ordinary activities	5	-	-
		<u>-</u>	<u>-</u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,168)</u>	<u>(7)</u>

All transactions derive from continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account. Accordingly, a statement of recognised gains and losses is not presented.

The notes on pages 9 to 14 form an integral part of these accounts.

# GOSHAWK INSURANCE HOLDINGS LIMITED

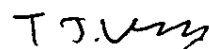
## BALANCE SHEET as at 31 December 2012

	Note	2012 US\$'000	2011 US\$'000
<b>FIXED ASSETS</b>			
Investments in subsidiary undertakings	6	68,402	69,668
		<u>68,402</u>	<u>69,668</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		784	871
Debtors	7	37,990	47,865
		<u>37,990</u>	<u>47,865</u>
<b>TOTAL ASSETS</b>		<u>107,176</u>	<u>118,404</u>
<b>CREDITORS</b> amounts falling due within one year	8	(546)	(538)
		<u>(546)</u>	<u>(538)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>106,630</u>	<u>117,866</u>
<b>CREDITORS</b> amounts falling due after one year	9	-	(10,068)
		<u>-</u>	<u>(10,068)</u>
<b>NET ASSETS</b>		<u>106,630</u>	<u>107,798</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	28,922	28,922
Share premium account	11	307,489	307,489
Profit and loss account	11	(229,781)	(228,613)
		<u>106,630</u>	<u>107,798</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>106,630</u>	<u>107,798</u>

The notes on pages 9 to 14 form an integral part of these accounts

These financial statements were approved and authorised for issue by the Board of Directors on 26<sup>th</sup> March 2013

Signed on behalf of the Board of Directors



T J R Wilkes  
Director

Company Registration No 02517324

**NOTES TO THE ACCOUNTS  
for the year ended 31 December 2012**

**1. ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group accounts. 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, within which the Company is included, are publically available (see note 13)

In accordance with FRS 1 (Revised 1996), Cash Flow Statements, the Company is not required to prepare a cash flow statement because more than 90% of the voting rights of the Company are held within the group and the group's consolidated financial statements are publicly available

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with United Kingdom accounting standards. The principal risks and uncertainties of the business have been addressed within the director's report on page 2

The particular accounting policies adopted are described below. They have been applied consistently throughout the current and preceding years

**Going Concern**

Having reviewed the capital resources and cash available to the Company along with forecast results for future periods, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

**Foreign Currency**

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

**Taxation**

The charge for taxation is based on the profit 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or a right to receive more tax, with the following exception. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is calculated based on tax rates and laws substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted

**Investments**

Shares in subsidiary and associated undertakings are stated at the Company's share of net asset value as at the balance sheet date, in accordance with the alternative treatment allowed under UK accounting practice. In accordance with the accounting treatment, impairments and reversal of impairments of investments in subsidiary and associated undertakings have been taken to the profit and loss account

Other fixed asset investments are held on the balance sheet at current value with realised and unrealised losses taken to the profit and loss account

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2012**

**2. ADMINISTRATIVE EXPENSES**

Expenses charged to the P&L account include auditors remuneration as follows

	2012 US\$'000	2011 US\$'000
Fees payable to the Company's auditor for the audit of the company's annual accounts		
KPMG	4	-
Deloitte	-	5
Fees payable to the Company's auditor for the audit of the annual accounts of company's subsidiary		
KPMG	5	-
Deloitte	-	6
<b>Total audit fee</b>	<u>9</u>	<u>11</u>
Fees payable to the Company's auditor for other services – Taxation fees		
KPMG	-	-
Deloitte	(7)	1
<b>Total non-audit fee</b>	<u>(7)</u>	<u>1</u>

The company has no employees (2011 – none)

**3. DIRECTORS' EMOLUMENTS**

The directors are not remunerated for their services by the Company. They are employees of Enstar (EU) Limited. They are remunerated by Enstar (EU) Limited for their services to the group and they receive no remuneration as directors of this company. Disclosures regarding Directors' emoluments and staff costs are contained in the financial statements of Enstar (EU) Limited.

**4. OTHER CHARGES/INCOME**

	2012 US\$'000	2011 US\$'000
Write up of deferred consideration relating to the sale of a subsidiary undertaking in a prior year	-	2
Profit/(loss) on foreign exchange movement	20	(85)
Impairment of investment in subsidiary undertaking	(1,266)	-
	<u>(1,246)</u>	<u>(83)</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2012**

**5. TAXATION**

	2012 US\$'000	2011 US\$'000
<b>(a) Analysis of charge in the year</b>		
Current Tax		
UK corporation tax on profit/(loss) for the year	-	-

**(b) Factors affecting tax charge for the year**

The tax charged for the period and prior period is different from the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below

	2012 US\$'000	2011 US\$'000
(Loss)/profit on ordinary activities before tax	(1,168)	(7)
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation taxation of 24.5% (2011: 26.5%)	(286)	(2)
<i>Factors affecting the charge for the period</i>		
Disallowable expenses & non taxable income	310	(91)
Group relief surrendered for nil consideration	-	95
Utilisation of losses brought forward	(23)	-
Capital allowances in excess of depreciation	(1)	(2)
Total amount of current tax on ordinary activities	-	-

The rate of corporation tax was reduced from 26% to 24% effective 1 April 2012, and as a result a composite rate of 24.5% has been used in respect of the year ended 31 December 2012. A composite rate of corporation tax of 26.5% was used in respect of the year ended 31 December 2011 following the reduction in the corporation tax rate from 28% to 26% effective 1 April 2011.

**(c) Factors that may affect future tax charges**

A reduction in the rate of corporation tax to 23% (effective 1 April 2013) has been substantively enacted and the Government has announced its intention to further reduce the UK corporation tax rate, leading to a 20% rate with effect from 1 April 2015. It has not been possible to quantify the effect of the announced further rate reductions, although this may reduce the company's current tax charge in future periods.

The company has excess management expense losses carried forward in the UK of US\$ 16,444,478 (2011: US\$ 16,536,618) that are available indefinitely for offset against future taxable profits of the company. There is an unrecognised deferred tax asset valued at the substantively enacted tax rate of 23% (2011: 25%) in respect of these losses of US\$3,782,230 (2011: US\$4,134,155). There are no unrecognised deferred tax liabilities.

# GOSHAWK INSURANCE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 December 2012

### 6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2012 US\$'000	2011 US\$'000
Carrying value of shares in subsidiary undertakings brought forward	69,668	69,668
Impairment	(1,266)	-
Carrying value of shares in subsidiary undertakings carried forward	<u>68,402</u>	<u>69,668</u>

The subsidiaries at 31 December 2012 were

<u>Name of Undertaking</u>	<u>Description of Shares Held</u>	<u>Business</u>	<u>Share Interest</u>
GoshawK Dedicated Limited (incorporated in Great Britain and registered in England)	Ordinary £1 Shares	Insurance and Reinsurance	100%
GoshawK Holdings (Bermuda) Limited (incorporated and registered in Bermuda)	Ordinary £1 Shares	Insurance and Reinsurance	100%

### 7. DEBTORS

	2012 US\$'000	2011 US\$'000
Amounts due within one year -		
Amounts due from related companies	37,958	47,811
Other Debtors	32	54
	<u>37,990</u>	<u>47,865</u>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 US\$'000	2011 US\$'000
Amounts due to related companies	536	512
Accruals	10	26
	<u>546</u>	<u>538</u>

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2012 US\$'000	2011 US\$'000
Amounts due to related companies	-	10,068
	<u>-</u>	<u>10,068</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 2012**

**10. CALLED UP SHARE CAPITAL**

	<b>2012</b> <b>US\$'000</b>	<b>2011</b> <b>US\$'000</b>
<b>Authorised:</b>		
1,296,303,684 ordinary shares of 1p each	24,566	24,566
175,924,079 deferred shares of 4p each	13,336	13,336
	<u>37,902</u>	<u>37,902</u>
<b>Allotted, issued and fully paid</b>		
879,620,395 ordinary shares of 1p each	16,049	16,049
175,924,079 deferred shares of 4p each	12,873	12,873
	<u>28,922</u>	<u>28,922</u>

**11 SHAREHOLDERS' FUNDS**

	<b>Share capital US\$'000</b>	<b>Share premium US\$'000</b>	<b>Profit &amp; loss a/c US\$'000</b>	<b>Total US\$'000</b>
<b>2012</b>				
Balance at 1 January	28,922	307,489	(228,613)	107,798
Loss on ordinary activities after taxation	-	-	(1,168)	(1,168)
Balance at 31 December	<u>28,922</u>	<u>307,489</u>	<u>(229,781)</u>	<u>106,630</u>
<b>2011</b>				
Balance at 1 January	28,922	307,489	(228,606)	107,805
Profit on ordinary activities after taxation	-	-	(7)	(7)
Balance at 31 December	<u>28,922</u>	<u>307,489</u>	<u>(228,613)</u>	<u>107,798</u>

**NOTES TO THE ACCOUNTS  
for the year ended 31 December 2012**

**12. TRANSACTIONS WITH RELATED PARTIES**

For 2012, the following related party transactions required disclosure

As at 31 December 2012 there was a balance of \$32,641,012 due from GoshawK Holdings (Bermuda) Limited, a subsidiary undertaking (2011 \$32,573,679)

As at 31 December 2012 there was a balance of \$32,674 due from Rosemont Reinsurance Limited, an associated company (2011 \$31,238)

As at 31 December 2012 there was a balance of \$535,916 due to GoshawK Dedicated Limited, a subsidiary undertaking (2011 \$511,497)

As at 31 December 2012 there was a balance of \$32,206,783 due from GoshawK Dedicated Limited, a subsidiary undertaking (2011 \$30,792,106) After the provision for amounts unrecoverable the balance due from GoshawK Dedicated Limited as at 31 December 2012 was \$nil (2011 \$nil)

**13. ULTIMATE PARENT COMPANY**

The Company's ultimate parent company and controlling entity is Enstar Group Limited, incorporated in Bermuda The immediate parent company is Enstar Acquisitions Limited, incorporated in the United Kingdom

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