

**GOSHAWK INSURANCE HOLDINGS
LIMITED**

**Annual Report and Financial Statements
for the year ended 31 December 2016**

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GOSHAWK INSURANCE HOLDINGS LIMITED

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GOSHAWK INSURANCE HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S M Hextall	(appointed 3 January 2017)
D R D Reid	
C P Thomas	
A J Turner	(resigned 15 December 2016)

SECRETARY

S M Hextall

REGISTERED OFFICE

2 Floor
3 Guildford Business Park
Guildford
Surrey
GU2 8XG

BANKER

Barclays Bank plc

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

GOSHAWK INSURANCE HOLDINGS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

Goshawk Insurance Holdings Limited ("the Company") is ultimately owned by Enstar Group Limited ("EGL"), a company domiciled in Bermuda. The Company's principal activity is to act as a holding company. However, it doesn't currently have any operating subsidiaries as its sole indirect wholly-owned operating subsidiary, Rosemont Reinsurance Limited ("Rosemont"), a regulated insurance company incorporated in Bermuda, was merged with an affiliated company also domiciled in Bermuda, Cavello Bay Reinsurance Limited, during the year. The Company does not engage in any other material transactions on its own account.

REVIEW OF THE BUSINESS

The Company's results for the year are shown in the profit and loss account on page 7.

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 directly owned subsidiary companies and the impact of this investment is set out in note 6 to these Financial Statements.
- Ensuring counterparties in respect of cash and debtor exposures represent acceptable security.

FUTURE DEVELOPMENTS

The Company has no plans for any significant changes to its activities and current operations for the foreseeable future.



C P Thomas
Director

20 June 2017

GOSHAWK INSURANCE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2016.

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 (2015: 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.

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:



C P Thomas
Director

20 June 2017

GOSHAWK INSURANCE HOLDINGS LIMITED

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 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 Limited for the year ended 31 December 2016 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

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 2016 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

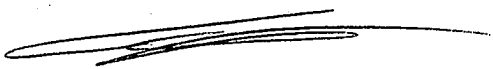
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

20 June 2017

GOSHAWK INSURANCE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2016

	Note	2016 US\$000	2015 US\$000
Investment income		174	94
Administrative expenses	2	(7)	(30)
Other income/(charges)	4	<u>35,093</u>	<u>(786)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		35,260	(722)
Tax on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAX		<u><u>35,260</u></u>	<u><u>(722)</u></u>

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 14 form an integral part of these financial statements.

GOSHAWK INSURANCE HOLDINGS LIMITED

BALANCE SHEET as at 31 December 2016

	Note	2016 US\$000	2015 US\$000
FIXED ASSETS			
Investments in subsidiary undertakings	6	102,126	66,784
CURRENT ASSETS			
Cash at bank and in hand		430	552
Debtors	7	38,102	38,201
		38,532	38,753
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(366)	(505)
NET CURRENT ASSETS		38,166	38,248
NET ASSETS		140,292	105,032
CAPITAL AND RESERVES			
Called up share capital	9	28,922	28,922
Share premium account	10	307,489	307,489
Profit and loss account	10	(196,119)	(231,379)
SHAREHOLDERS' FUNDS		140,292	105,032

The notes on pages 10 to 14 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on
20 June 2017 and signed on its behalf by:



C P Thomas
Director

Company Registration No. 02517324

GOSHAWK INSURANCE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016

	Called-up share capital US\$000	Share premium US\$000	Profit and loss account US\$000	Total US\$000
At 1 January 2015	28,922	307,489	(230,657)	105,754
Loss for the financial year	-	-	(722)	(722)
At 31 December 2015	28,922	307,489	(231,379)	105,032
Profit for the financial year	-	-	35,260	35,260
At 31 December 2016	28,922	307,489	(196,119)	140,292

The notes on pages 10 to 14 form an integral part of these financial statements.

GOSHAWK INSURANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

General information

Goshawk Insurance 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 2016.

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 2016 are equivalent to the accounts which would be drawn up under the Seventh Directive 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 US dollars.

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

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.

Accordingly, the directors 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 taxable 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.

GOSHAWK INSURANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

Investments in Subsidiary Undertakings

Shares in subsidiary and associated undertakings are stated at fair value with changes in fair value recognised in the profit and loss account. The Company's share of net asset value as at the balance sheet date has been used as the best estimate of fair value. In accordance with the accounting treatment, impairments and reversal of impairments to investments in subsidiary and associated undertakings have been recognised in the profit and loss account.

2. ADMINISTRATIVE EXPENSES

Expenses charged to the Profit & Loss account include auditors remuneration as follows:

	2016 US\$000	2015 US\$000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6	11
Fees payable to the Company's auditor for the audit of the annual accounts of the Company's parent (Enstar Acquisitions)	6	11
Total audit fee	12	22

The Company has no employees (2015: 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. OTHER INCOME/(CHARGES)

	2016 US\$000	2015 US\$000
Exchange losses	(249)	(88)
Change in value/(Impairment) of investment in subsidiary undertaking	35,342	(698)
	35,093	(786)

GOSHAWK INSURANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2016

5. TAXATION

	2016 US\$'000	2015 US\$'000
(a) Analysis of charge in the year		
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 is different from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 US\$'000	2015 US\$'000
Profit/(loss) on ordinary activities before tax	35,260	(722)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation taxation of 20% (2015: 20.25%)	7,052	(146)
<i>Factors affecting the charge for the period:</i>		
(Income)/expenses not deductible for tax purposes	(7,068)	141
Group relief claimed for nil consideration	16	6
Utilisation of losses brought forward	-	-
Capital allowances in excess of depreciation	-	(1)
Total amount of current tax on ordinary activities	-	-

A composite rate of corporation tax of 20.25% was used in respect of the year ended 31 December 2015 following the reduction in the corporation tax rate from 21% to 20% on 1 April 2015. The rate of 20% has been applied for the year ended 31 December 2016.

(c) 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 the 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 arising in the UK carried forward of US\$16,273,193 (2015: US\$16,273,193) that are available for offset against future taxable profits of the same trade. There is an unrecognised deferred tax asset, valued at the enacted rate of corporation tax of 19% (2015: 20%) of US\$3,091,907 (2015: US\$ 3,254,639) in respect of these losses.

GOSHAWK INSURANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2016

6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2016 US\$000	2015 US\$000
Carrying value of shares in subsidiary undertakings brought forward	66,784	67,482
Change in valuation/(impairment) in value of subsidiary undertakings	35,342	(698)
Carrying value of shares in subsidiary undertakings carried forward	<u>102,126</u>	<u>66,784</u>

Details of direct subsidiary undertakings at 31 December 2016:

<u>Name of Undertaking</u>	<u>Description of Shares held</u>	<u>Business</u>	<u>Share Interest</u>	<u>Economic/ Voting Rights in Shares</u>
Goshawk Dedicated Limited (incorporated in Great Britain and registered in England)	Ordinary £1 Shares	Insurance and Reinsurance	100%	100%/100%
Goshawk Holdings (Bermuda) Limited (incorporated and registered in Bermuda)	Ordinary \$1 Shares	Holding company	100%	100%/100%

7. DEBTORS

	2016 US\$000	2015 US\$000
Amounts owed by group undertakings	<u>38,102</u>	<u>38,201</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 US\$000	2015 US\$000
Amounts owed to group undertakings	360	484
Accruals	6	21
	<u>366</u>	<u>505</u>

GOSHAWK INSURANCE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2016

9. CALLED UP SHARE CAPITAL

	2016 US\$'000	2015 US\$'000
Allotted, issued and fully paid:		
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>

10. TRANSACTIONS WITH RELATED PARTIES

The Company has taken advantage of the exemption granted in FRS 102 not to disclose transactions entered into with other wholly owned members of the Enstar Group Limited group.

11. 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.