

Company No: 2861134

ATRIUM 3 LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2013**

THURSDAY



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COMPANIES HOUSE

Registered Office:
Room 790
Lloyd's
1 Lime Street
London
EC3M 7DQ

Atrium 3 Limited

DIRECTORS

S Cook
R Harries
J Lee

SECRETARY

M Balicao
Equiniti David Venus & Company Limited
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

REGISTERED OFFICE

Room 790, Lloyd's
1 Lime Street
London EC3M 7DQ

Atrium 3 Limited

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2013.

Results and dividends

The company did not trade during the year and there was no income or expenditure.

Principal activities and review of the business

Atrium 3 Limited is a corporate member company in the Atrium Group. Atrium 3 is a wholly owned subsidiary of Atrium Underwriting Holdings Limited (AUHL).

Atrium 3 Limited is a dormant Corporate Member at Lloyd's.

Principal risks and uncertainties

The Board recognises the critical importance of having efficient and effective risk management systems in place, however since the Company ceased underwriting in 2008 and completed run off of the 2007 and prior years of account at 31 December 2009, it is considered that there are no risks and uncertainties facing the business going forward.

By order of the board



S Cook
Director
27 March 2014

Atrium 3 Limited

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2013.

Directors of the Company

The current Directors of the Company are disclosed on page 1.

The following director was appointed after the end of the year, but before the date of this report:

R Harries (Appointed effective 1 January 2014)

The following Directors resigned during the year:

N Marsh (resigned effective 31 December 2013)

A Baddeley (resigned effective 6 February 2013)

Group Developments

On 5 June 2013, Arden Holdings Limited (AHL) entered into a definitive agreement with Enstar Group Limited subsidiaries (Enstar) under which Enstar agreed to acquire the entire issued share capital of Atrium Underwriting Group Limited (Atrium Group). Enstar subsequently announced on 9 July 2013 that affiliates of Stone Point Capital LLC (Stone Point) had committed to provide equity capital towards Enstar's previously announced acquisition of the Atrium Group, meaning that following the closing of the transaction Enstar would own 60% of the Atrium Group and Stone Point would own 40%.

The parties to the definitive purchase agreement for the acquisition entered into a deed of variation on 21 November 2013, which provided, among other things, for the payment of a \$25.0 million pre-completion dividend from Atrium to AHL and a corresponding \$25.0 million reduction in the purchase price (bringing the total purchase price from \$183.0 million to \$158.0 million). The transaction was completed on 25 November 2013. On the 25 November 2013 a number of non-executive Directors stepped down from the board of AUGL to be replaced by Enstar and Stone Point representatives.

In addition, on 5 June 2013, AHL entered into a definitive agreement under which Enstar agreed to acquire the entire issued share capital of Arden Reinsurance Company Limited (Arden Re), which was also a subsidiary of AHL. Arden Re is a Bermuda-based reinsurance company that provides reinsurance to Atrium's corporate name. As with the Atrium Group transaction, Enstar subsequently announced on 9 July that Stone Point would be providing equity capital towards the transaction and would own 40% of Arden Re post closing of the transaction. The two transactions were governed by separate purchase agreements and the acquisition of the Atrium Group was not conditioned on the acquisition of Arden Re. On 9 September 2013, Arden Holdings completed its sale of Arden Re's entire issued share capital to Enstar and Stone Point.

Board and Management Changes

After 8 years as AUGL Chief Executive Officer Steve Cook informed the Board of his plans to step down from the role during the Summer of 2014 to become Deputy Chairman. The Board is pleased to announce that he will be replaced by Richard Harries, who will remain as Active Underwriter for Syndicate 609.

Atrium 3 Limited

DIRECTORS' REPORT

Future developments

It is intended that the Company continues to be a Corporate Member at Lloyds. However the Company will remain dormant going forward.

Events since the balance sheet date

There have been no significant events since the balance sheet date.

By order of the board

A handwritten signature in black ink, appearing to be 'S Cook', enclosed within a large, thin, hand-drawn oval.

S Cook
Director

27 March 2014

Atrium 3 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing 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). 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 judgments 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 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.

Atrium 3 Limited

BALANCE SHEET at 31 December 2013

	Note	2013 \$	2012 \$
Assets			
Debtors	1	<u>1</u>	<u>1</u>
Total Assets		<u>1</u>	<u>1</u>
Capital and Reserves			
Called up share capital	2	1	1
Profit and loss account		<u>-</u>	<u>-</u>
Total Shareholders Funds		<u>1</u>	<u>1</u>
Liabilities			
Creditors		<u>-</u>	<u>-</u>
Total Shareholders Funds and Liabilities		<u>1</u>	<u>1</u>

For the year ending 31 December 2013 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Director's responsibilities;

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.



S Cook
Director
27 March 2014

Atrium 3 Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2013

1. DEBTORS

	2013 \$	2012 \$
Amounts falling due within one year		
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

2. ISSUED SHARE CAPITAL

	2013 £	2012 £
Authorised:		
75 (2012 – 75) ordinary shares of £1 each	75	75
100 (2012 – 100) 'A' ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
1 (2012 – 1) ordinary share of £1	<u>1</u>	<u>1</u>

Following the change of functional currency in 2009, the brought forward balances for the issued share capital have been translated into USD for the purposes of financial reporting at the exchange rate at the date of the change being £1:\$1.4479.

	2013 \$	2012 \$
Allotted, called up and fully paid:		
1 (2012 – 1) ordinary share	<u>1</u>	<u>1</u>

The rights of the shares can be summarised as follows:

Ordinary shares confer upon the holders the right to receive notice, attend and vote at General Meetings of the Company, and the right to receive a dividend. The holders of the 'A' ordinary shares do not have the right to receive notice, attend and vote at General Meetings of the Company.

The holders of 'A' ordinary shares shall, on payment of a dividend, or other distribution, be entitled to receive 1p on each 'A' ordinary share for every £10,000 paid per ordinary share, either by dividend or other distribution.

Upon wind-up of the Company and a return of assets, the 'A' ordinary share holders will be paid the amounts paid up on each 'A' ordinary share, after repayment of the amount paid up on the ordinary shares plus the payment of £1m per ordinary share.

Atrium 3 Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2013

3. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Atrium Underwriting Holdings Limited, which does not prepare group financial statements.

The ultimate holding company of Atrium 3 Limited is Enstar Group Limited, registered in Bermuda number 001-33289. Until 25 November 2013, the ultimate parent holding company was Arden Holdings Limited.

The consolidated financial statements of Enstar Group Limited, within which this Company is included, can be obtained from that company's offices at Windsor Place, 22 Queen Street, Hamilton HMJX 11, Bermuda.