



**HISCOX SELECT INSURANCE FUND PLC**

**ANNUAL REPORT AND ACCOUNTS**

**31 DECEMBER 2010**



---

## HISCOX SELECT INSURANCE FUND PLC - ANNUAL REPORT AND ACCOUNTS 2010

<b>Contents</b>	<b>Page</b>
Directors and Advisors	1
Directors' Report	2-3
Balance Sheet	4
Statement of changes in equity	5
Cash Flow Statement	6
Notes to the Accounts	7-9

**Directors**

Robert Ralph Scrymgeour Hiscox  
Nigel Barlow Tyler  
Bronislaw Edmund Masojada

**Secretary**

Maria Rita Buxton-Smith (Appointed 31 December 2010)  
Kathryn Silverwood (Resigned 31 December 2010)

**Registered Office**

1 Great St Helen's  
London  
EC3A 6HX

**Registered Number**

2862683

**Tax Advisors**

PricewaterhouseCoopers LLP  
89 Sandyford Road  
Newcastle upon Tyne  
NE1 8HW

**Auditors**

KPMG Audit Plc  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

**Bankers**

Lloyds TSB Bank Plc  
113-116 Leadenhall Street  
London  
EC3A 4AX

---

**DIRECTORS REPORT**

---

The directors present their annual report and financial statements for the year ended 31 December 2010

**Principal activity and business review**

The Company is the holding company of Hiscox Select Holdings Ltd, which is an intermediate holding company

Due to non-trading, the directors do not consider the company to have any key performance indicators other than profit or loss

The profit for the year after taxation was £nil (2009 £nil) An interim dividend was declared during the year of £nil (2009 £nil) The directors do not recommend a final dividend (2009 £nil) leaving £nil to be transferred to the Company's reserves (2009 £nil)

**Directors**

The names of the directors of the Company during the period of this report are listed on page 1 of these accounts Ms Kathryn Silverwood resigned as the Company secretary on 31 December 2010 and Ms Maria Rita Buxton Smith was appointed as the Company secretary on 31 December 2010

The directors have no interests in the shares of the Company, nor in any shares of any other Group company other than in the ultimate holding company The interests of the directors in the ultimate holding company, who are also directors of the ultimate holding company, are shown in the consolidated financial statements of Hiscox Ltd

**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 IFRSs as adopted by the EU 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 they have been prepared in accordance with IFRSs as adopted by the EU, 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

---

**DIRECTORS REPORT** *continued*

---

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



MR Buxton-Smith  
Secretary  
1 Great St Helen's  
London, EC3A 6HX

23 June 2011

**BALANCE SHEET**

At 31 December 2010

	Note	2010 £000	2009 £000
<b>Assets</b>			
Loans and receivables including insurance receivables	5	29,248	29,248
<b>Total assets</b>		<b>29,248</b>	<b>29,248</b>
<b>Equity and liabilities</b>			
Share capital	6	7,558	7,558
Share premium		21,676	21,676
Retained earnings		14	14
<b>Total equity (all attributable to owners of the Company)</b>		<b>29,248</b>	<b>29,248</b>
<b>Total equity and liabilities</b>		<b>29,248</b>	<b>29,248</b>

For the year ended 31 December 2010 the Company was entitled to an exemption from the obligation to appoint auditors under section 480 of the Companies Act 2006

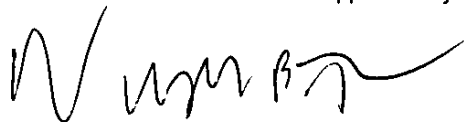
No members have required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006

The directors acknowledge their responsibility for

- ensuring that the Company keeps accounting records which comply with section 386 of the Companies Act 2006, and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company

The notes on pages 7 to 9 are an integral part of these financial statements

The financial statements were approved by the Board of Directors on 23 June 2011 and signed on its behalf by



NB Tyler  
Director

Hiscox Select Insurance Fund Plc  
Registration no 2862683



**STATEMENT OF CHANGES IN EQUITY****At 31 December 2010**

	Note	Share Capital £000	Share Premium £000	Retained Earnings £000	Total £000
Balance at 1 January 2009		7,558	21,676	14	29,248
Profit for the period		-	-	-	-
<b>Balance at 31 December 2009</b>		<b>7,558</b>	<b>21,676</b>	<b>14</b>	<b>29,248</b>
Profit for the period		-	-	-	-
<b>Balance at 31 December 2010</b>		<b>7,558</b>	<b>21,676</b>	<b>14</b>	<b>29,248</b>

The notes on pages 7 to 9 are an integral part of these financial statements

**CASH FLOW STATEMENT**

For the year ended 31 December 2010

	Note	2010 £000	2009 £000
Profit before tax		-	-
<b>Net cash flows from operating activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		-	-
Cash and cash equivalents at 1 January		-	-
Net increase in cash and cash equivalents		-	-
<b>Cash and cash equivalents at 31 December</b>		-	-

The Company holds no cash and cash equivalents

The notes on pages 7 to 9 are an integral part of these financial statements



---

**NOTES TO THE ACCOUNTS**

---

**1 General information**

Hiscox Select Insurance Fund plc (the Company) is a company registered in England and Wales under the Companies Act 2006. The address of the registered office is provided on the company information page and the nature of the company's operations and principal activities are included within the report of the Directors.

**2 Significant accounting policies****2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Boards (IASB), as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 2006.

Since 2002, the standards adopted by the IASB have been referred to as 'International Financial Reporting Standards' (IFRSs). The standards from prior years continue to bear the title 'International Accounting Standards' (IASs). Insofar as a particular standard is not explicitly referred to, the two terms are used in these financial statements synonymously.

The Company has taken advantage of the exemptions set out in IFRS 1 relating to the application of IFRS 3 Business Combinations. IFRS 1 permits the Company to elect to not apply IFRS 3 retrospectively to business combinations that occurred before 1 January 2004.

The Company is exempt from preparing consolidated financial statements by virtue of the Companies Act 2006, as its ultimate parent Company prepares publicly available consolidated financial statements that are deemed to satisfy the equivalence requirement of section 228A. These financial statements therefore present information about the company as an individual undertaking only and not about its group.

**2.2 Basis of preparation**

The financial statements are presented in Pounds Sterling and are rounded to the nearest thousand unless otherwise stated. They are compiled on a going concern basis and prepared on the historical cost basis except that certain financial instruments including derivative instruments are measured at fair value. The balance sheet of the Company is presented in order of increasing liquidity.

This Company was dormant throughout the period.

There are no standards or interpretations published but not yet effective that are considered to have a material impact on the financial statements.

The following standards and interpretations have been issued but are not yet effective:

IAS 24 Related Party Disclosure (Amendment) is effective for annual periods beginning on or after 1 January 2011. The amendment clarifies the definition of a related party in order to simplify the identification of such relationships and to eliminate inconsistencies in application. Adoption of this standard will have no impact on the financial position of the Company.

There are no other standards or interpretations published but not yet effective that are considered to have a material impact on the financial statements.

**2.3 Financial assets including loans and receivables**

The Company has classified other financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

**2.4 Use of critical estimates**

The preparation of Financial Statements requires the use of significant estimates, judgements and assumptions. The Directors consider the accounting policies for determining the carrying value of investments in subsidiary undertakings and the determination of current and deferred tax assets and liabilities as being most critical to an understanding of the Company's result and position.

Determining the carrying value of investments in subsidiary undertakings is subject to judgement. The Directors review the recoverability of the asset based on the expected future benefits including related future cash flows. Should it be considered that the asset will not generate sufficient present valued future benefits for the Group, the asset will be deemed impaired.

Legislation concerning the determination of taxation assets and liabilities is complex and continually evolving. In preparing the Company's financial statements, the Directors estimate taxation assets and liabilities after taking appropriate professional advice. The determination and finalisation of agreed taxation assets and liabilities may not occur until several years after the balance sheet date and consequently the final amounts payable or receivable may differ from those presently recorded in these financial statements.

**NOTES TO THE ACCOUNTS continued****3 Management of risk***Overview of risk*

The Company is part of the Hiscox Group whose Board has developed a governance framework and set Group-wide risk management policies and procedures which cover specific areas such as risk identification, risk management and mitigation, and risk reporting. The overall appetite for accepting and managing varying classes of risk is defined by the Group's Board.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk for the Company is that of credit risk. The balance sheet is denominated in sterling, therefore there is no currency risk. The Company's exposure to interest rate risk is very limited.

*Credit risk*

The Company had exposure to credit risk in 2007, which is the risk that a counterparty will suffer a deterioration in solvency or be unable to pay amounts in full when due. The key area where the Company was exposed to credit risk was in relation to cash holdings and deposits with credit institutions. There was no cash held at the end of 2010 and 2009. All other balances are due from Group undertakings.

**4 Directors remuneration**

All the executive directors of the Company are employed by Hiscox Underwriting Group Services Limited. The directors do not receive any remuneration, nor was the Company charged, for services performed.

**5 Loans and receivables including insurance receivables**

	2010 £'000	2009 £'000
Amounts due from related parties	29,248	28,248
<b>Total loans and receivables including insurance receivables</b>	<b>29,248</b>	<b>29,248</b>
	2010 £000	2009 £000
The amounts expected to be recovered before and after one year based on historical experience, are estimated as follows -		
Within one year	29,248	29,248
After one year	-	-
	<b>29,248</b>	<b>29,248</b>

*There is no significant concentration of credit risk with respect to loans and receivables, as the Company has a large number of internationally dispersed debtors.*

**6 Share capital**

	2010		2009	
	Number of shares	£000	Number of shares	£000
<b>Authorised</b>				
Ordinary shares of 25p each	40,000,000	10,000	40,000,000	10,000
<b>Called up, allotted and fully paid shares of £1 each</b>				
Ordinary shares of 25p each	30,230,158	7,558	30,230,158	7,558

**7 Ultimate parent company**

The Company is a subsidiary of Hiscox plc, United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by Hiscox Ltd, Bermuda. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available.

## NOTES TO THE ACCOUNTS continued

## 8 Related party transactions

## Services provided by related parties

	2010 £000		2009 £000	
	Expenses incurred £000	Receivable (Payable) £000	Expenses incurred £000	Receivable (Payable) £000
Parent company	-	29,138	-	29,248
Fellow subsidiaries	-	4	-	4
Subsidiaries	-	-	-	-

Included within administration expenses are recharges from Hiscox Underwriting Group Services Ltd of £nil (2009 £nil) for costs relating to the operational expenses of the Company