

BEAZLEY INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2016

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COMPANIES HOUSE

Beazley Investments Limited

Directors and advisors

Directors

S A Coope (Resigned 01/08/2016)
M S Goodman
C C W Jones
C P Oldridge (Appointed 01/08/2016)

Secretary

Hampden Legal Plc
Hampden House
Great Hampden
Buckinghamshire
HP16 9RD

Registered office

Plantation Place South
60 Great Tower Street
London
EC3R 5AD

Registered number

03362457

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Banker

Deutsche Bank AG
6 Bishopsgate
London EC2N 4DA

Beazley Investments Limited

Strategic report

The directors present their strategic report for Beazley Investments Limited ('the company', registered number: 03362457) that accompanies the audited financial statements for the year ended 31 December 2016.

Business review and principle activity

The principal activity of the company is that of an investment company. The company's investments are in Beazley Group (USA) General Partnership, Capson Corp., Inc. and Equinox Global Limited.

Going concern

The financial statements have been prepared on a going concern basis, as the directors are of the opinion that the company will be able to pay its debts as and when they fall due.

The principal activity of the company is that of an investment company with investments held as non-current assets. The liabilities of the company relate to the funding, received from fellow group companies within the Beazley group ('the group'), to continue the investment activities that will be settled through future cash flows which result in net current liabilities. Beazley Group Limited has provided the entity with a letter of support to cover a 12 month period from the date of the report and accounts for the year ended 31 December 2016.

Accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Key performance indicators (KPIs)

The company's directors are of the opinion that the KPIs for the company are best represented by the financial statements and related notes set out on pages 8 to 13. In particular, the key assets of the company are investments in other entities and these investments are detailed in notes 5 and 6 to the financial statements.

Signed on behalf of the board



C P Oldridge
Director

3 May 2017

Plantation Place South
60 Great Tower Street
London
EC3R 5AD

Beazley Investments Limited

Directors' report

Business review

A review of the company's activities is included in the strategic report.

Results and dividends

The results for the year are shown in the profit or loss account on page 8. No dividend was paid in the year ended 31 December 2016 (2015: £nil).

Donations

No charitable or political donations were made by the company in either the current or prior reporting year.

Directors

The directors of the company who served during the year and to the date of this report, were as follows:

S A Coope (Resigned 01/08/2016)
M S Goodman
C C W Jones
C P Oldridge (Appointed 01/08/2016)

Directors' shareholdings

The shareholdings of the directors who served during the year were as follows:-

	Preference shares of £1 each	
	At 31 December 2016	At 31 December 2015
S A Coope	1	1
M S Goodman	1	1
C C W Jones	1	1
C P Oldridge	-	-

Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

Beazley Investments Limited

Directors report (continued)

Social, environmental and ethical risks

Social, environmental and ethical risks are managed on a group basis. More information can be obtained on how the group manages these risks from the financial statements of Beazley plc.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the board



C P Oldridge
Director

3 May 2017

Plantation Place South
60 Great Tower Street
London
EC3R 5AD

Beazley Investments Limited

Statement of directors' responsibilities

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.



C P Oldridge
Director

3 May 2017

Independent auditor's report to the members of Beazley Investments Limited

We have audited the financial statements of Beazley Investments Limited for the year ended 31 December 2016 set out on pages 8 to 13. 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 5, 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 matter 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:

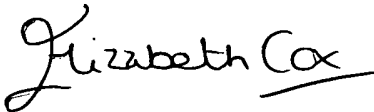
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Beazley Investments 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.



Elizabeth Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

3 May 2017

Beazley Investments Limited

Profit or loss account

For the financial year ended 31 December 2016

	Note	2016 \$	2015 \$
Investment income		115,592	27,255
Gain on foreign exchange		361,960	96,249
Bank charges		(61)	-
Profit on ordinary activities before taxation	2	<u>477,491</u>	<u>123,504</u>
Taxation charge	4	<u>(93,900)</u>	<u>(24,815)</u>
Profit for the financial year		<u>383,591</u>	<u>98,689</u>

The company's operating activities all relate to continuing operations.

Statement of changes in equity 31 December 2016

	Share capital \$	Foreign exchange \$	Profit or loss account \$	Total shareholders' funds \$
Balance at 1 January 2016	2,170,756	(323,463)	421,222	2,268,515
Profit for the year	-	-	383,591	383,591
Balance at 31 December 2016	<u>2,170,756</u>	<u>(323,463)</u>	<u>804,813</u>	<u>2,652,106</u>

Balance at 1 January 2015	2,170,756	(323,463)	322,533	2,169,826
Profit for the year	-	-	98,689	98,689
Balance at 31 December 2015	<u>2,170,756</u>	<u>(323,463)</u>	<u>421,222</u>	<u>2,268,515</u>

The company's foreign exchange reserve relates primarily to the change in functional currency from sterling to US dollars in 2010.

Beazley Investments Limited

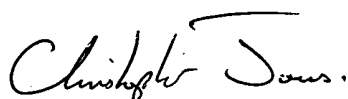
Balance sheet

As at 31 December 2016

	Note	2016 \$	2015 \$
Fixed assets			
Investment in subsidiaries	5	1,834,024	1,834,024
Investment in associates	6	14,355,559	14,299,814
Other investments	7	<u>2,018,903</u>	<u>1,533,122</u>
		18,208,486	17,666,960
Cash at bank		3,245	-
Total assets		<u>18,211,731</u>	<u>17,666,960</u>
Capital and reserves			
Called up share capital	8	2,170,756	2,170,756
Profit or loss account		804,813	421,222
Foreign exchange reserve		<u>(323,463)</u>	<u>(323,463)</u>
Total shareholders' funds		<u>2,652,106</u>	<u>2,268,515</u>
Liabilities			
Amounts owed to group undertakings		15,472,579	15,373,954
Current tax payable		87,046	24,491
Total liabilities, capital and reserves		<u>18,211,731</u>	<u>17,666,960</u>

The financial statements were approved by the board of directors on 3 May 2017. The company's registration number is 03362457.

Signed on behalf of the board of directors



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C C W Jones
Director

The notes on pages 10 to 13 form part of these financial statements.

Beazley Investments Limited

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared in accordance with the applicable Accounting Standards in the United Kingdom, Financial Reporting Standard 102 (FRS 102).

The financial statements are presented in US dollars being the functional currency of the company.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. These conditions have been complied with. The company has taken advantage of the following exemptions:

- (i) from preparing a reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- (ii) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the group's consolidated financial statements, includes the company's cash flows;
- (iii) from disclosing share based payment arrangements concerning its own equity instruments. The group's share based payment arrangements and relevant disclosures are presented in the group's consolidated financial statements;
- (iv) from disclosing the company key management personnel compensation, as required by FRS 102; and
- (v) from disclosing transactions entered into between related parties within a group.

Amounts owed to group undertakings

Amounts owed to group undertakings are stated at amortised cost and include accrued investment income.

Investments

Investments in subsidiary undertakings and associates are stated at cost less permanent diminution in value.

Taxation

The charge for taxation is based on profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Beazley Investments Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit or loss account.

Translation differences relating to differences between, or changes to, functional currency and presentational currency are recorded through the foreign exchange reserve on the balance sheet.

2. Profit on ordinary activities before taxation

The audit fee in the current financial year was \$2,329 (2015: \$2,601) and was borne by Beazley Management Limited.

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Beazley plc.

All staff are employed by Beazley Management Limited.

3. Directors and employees

None of the directors of the company, or employees of the group, received any remuneration in respect of services rendered to the company. Details of the remuneration paid to the group's directors and employees for their services to the group are shown in the ultimate parent undertaking's accounts, Beazley plc, which can be found at www.beazley.com

4. Taxation

	2016 \$	2015 \$
Current tax:		
UK corporation tax charge at 20% (2015:20.25%)	93,900	24,815
Adjustment in respect of prior periods	-	-
Taxation charge for the year	93,900	24,815

Factors affecting the tax charge for current and prior years

The current tax charge is lower (2015:lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%) due to the differences explained below.

Beazley Investments Limited

Notes to the financial statements (continued)

4. Taxation (continued)

	2016 \$	2015 \$
Corporation tax reconciliation		
Profit on ordinary activities before tax	477,491	123,504
Current tax charge at 20% (2015: 20.25%)	95,498	25,009
Effect of permanent differences	(1,598)	(194)
Current tax charge for the year	93,900	24,815

The Finance Act 2015, which provides for a reduction in the UK corporation tax rate down to 19% effective from 1 April 2017 was substantively enacted on 26 October 2015. The Finance Act 2016, which provides for reduction in the UK Corporation tax rate down to 17% effective from 1 April 2020 was substantively enacted on 6 September 2016. These rate reductions to 19% and 17% will reduce the company's future tax charge.

5. Investment in subsidiaries

	2016 \$	2015 \$
Subsidiary companies	1,834,024	1,834,024

The company owns a 1% share in Beazley Group (USA) General Partnership, a company incorporated in the USA with its principal nature of business being that of a general partnership.

6. Investment in associates

	2016 \$	2015 \$
As at 1 January	14,299,814	14,299,814
Additional investment in associate	55,745	-
As at 31 December	14,355,559	14,299,814

During 2016, the company made an additional investment of \$55,745 in Equinox Global Limited.

If the above investments had been valued on an equity basis, the investments in associates recognised in the Balance Sheet would have been \$9.9m (2015: \$10.0m). The accumulated losses recognised up until 31 December 2016 would have been \$4.5m (2015: \$4.3m).

As required by section 409 of the Companies Act 2006, all shares held by the company in its associated undertakings are provided below;

31 December 2016	Country of incorporation	% interest held	Carrying value \$
Capson Corp., Inc. (and subsidiary)	USA	31%	10,960,000
Equinox Global Limited (and subsidiary)	UK	37%	3,395,559
			<u>14,355,559</u>

Both of these associates act as insurance intermediaries.

Beazley Investments Limited

Notes to the financial statements (continued)

7. Other investments

The company has subscribed to a loan note issued by Equinox of value £1.5m at a rate of 5.25%. The loan is repayable by 2018. The balance sheet amount of \$2.0m has been derived by applying the USD spot rate plus accrued interest.

The company has used the equity method for accounting for associates.

8. Share capital

	2016 \$	2015 \$
<u>Allotted called up and fully paid</u>		
1,206,595 (2015: 1,206,595) ordinary shares of £1 each	2,170,751	2,170,751
3 Redeemable preference shares of £1 each	5	5
	<u>2,170,756</u>	<u>2,170,756</u>

The preference shares are redeemable by either the company or the shareholders by giving not less than seven days' notice of the proposed redemption. There is no premium payable on redemption.

The preference shareholders are entitled to a fixed dividend of £1 each payable on 30 June of each year to the extent that there are any distributable profits. The shareholders have waived the right to receive a dividend in the current and prior years.

As of the balance sheet date, no dividends have been paid by the company in respect of these preference shares. In the event of a winding up of the company, the holders are entitled to the repayment of their capital and 5% of the assets of the company.

The ordinary shareholders are entitled to the balance of any profits and assets of the company in the event of winding up.

9. Ultimate controlling company

The company's ultimate controlling company is Beazley plc incorporated in the UK. The immediate controlling company is Beazley Furlonge Holdings Limited incorporated in the UK.

The largest and the smallest groups in which the results of the company are consolidated are those headed by Beazley plc and Beazley Ireland Holdings plc respectively. No other group financial statements include the results of the company.

The consolidated financial statements of Beazley plc and Beazley Ireland Holdings plc can be obtained from the website www.beazley.com