

51,563,06

HCC INSURANCE SERVICES LTD

FINANCIAL STATEMENTS

Year ended 31 December 2011

WEDNESDAY



A1AIA09E

A10

06/06/2012

#195

COMPANIES HOUSE

Walsingham House,
35 Seething Lane,
London EC3N 4AH

HCC INSURANCE SERVICES LTD

COMPANY INFORMATION

DIRECTORS	C Ashmead P Baynham J M Goodall
COMPANY SECRETARY	R L Hughes
REGISTERED NUMBER	05156306
REGISTERED OFFICE	Walsingham House 35, Seething Lane London EC3N 4AH
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 7, More London Riverside, London SE1 2RT

HCC INSURANCE SERVICES LTD

CONTENTS

	Page
Report of the directors	3
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the financial statements	9

HCC INSURANCE SERVICES LTD

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2011
The Company reference number is 05156306

Directors

The directors set out below have held office from 1 January 2011 to the date of this report unless otherwise stated

C Ashmead
P Baynham
J M Goodall

Principal activity

The Company is approved by the Financial Services Authority under Part IV of FSMA to act as an Appointed Representative of HCC Underwriting Agency Limited, the managing agent for Syndicate 4040 and Syndicate 4141. It is subject to the rules, regulations and byelaws of Lloyd's, and the Financial Services Authority.

The Company is no longer involved in placing new business into the Syndicates but under Lloyd's regulations, it cannot close down until all liabilities associated with risks previously placed into the Syndicates have expired. It is considered to be in run-off.

Business review

Results and dividends

The Company made neither profit nor loss for the year (2010: £nil), as stated on page 7. No dividends were paid during the year (2010: £nil).

The Company produced £nil (2010: £4,190,569) of premium income for the Syndicates during the year. The administrative expenses, which under an agreement with the capital providers of Syndicate 4040, are fully reimbursed by the Syndicate, totalled £43 (2010: £380).

Key performance indicators

The directors consider that in these circumstances key performance indicators are not relevant.

Future developments

The Directors will continue to maintain the Company until the liabilities referred to above have expired and the Company will then apply to be struck off.

Financial risk management

The directors of the Company have assessed the risks to which the Company is exposed and consider there are no material risks.

Disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2011 of which the auditors are unaware, and
- the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

HCC INSURANCE SERVICES LTD

REPORT OF THE DIRECTORS

Charitable and political donations

The Company did not make any political or charitable donations during the year ended 31 December 2011 (2010 £nil)

Independent auditors

The Company has passed an elective resolution dispensing with the requirement to hold an Annual General Meeting, PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and the directors have approved their reappointment

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

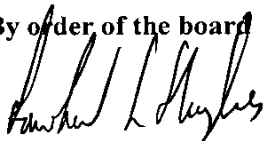
Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 judgements and accounting 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,
- 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 to 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.

By order of the board



R L Hughes
Company Secretary
Walsingham House,
35, Seething Lane,
London EC3N 4AH

25 May 2012

HCC INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HCC INSURANCE SERVICES LTD

We have audited the financial statements of HCC Insurance Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

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.



Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 May 2012

HCC INSURANCE SERVICES LTD

PROFIT & LOSS ACCOUNT

For the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	1	43	380
Administrative expenses		<u>(43)</u>	<u>(380)</u>
Operating profit		<u>-</u>	<u>-</u>
Result on ordinary activities before taxation	2	-	-
Tax on result on ordinary activities		<u>-</u>	<u>-</u>
Result for the financial year		<u>-</u>	<u>-</u>

The Company has no recognised gains and losses other than the result for the year
All items in the profit and loss account relate to continuing operations

There are no material differences between the result on ordinary activities before taxation and the retained result for the financial year stated above and their historical cost equivalents

HCC INSURANCE SERVICES LTD

BALANCE SHEET

As at 31 December 2011

	Notes	2011 £	2010 £
Current assets			
Debtors	5	1,816	69,436
Cash at bank and in hand		49,035	3,155
Creditors			
Amounts falling due within one year	6	<u>(851)</u>	<u>(22,591)</u>
Net current assets		<u>50,000</u>	<u>50,000</u>
Net assets		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called-up share capital	7	50,000	50,000
Profit and loss account		<u>-</u>	<u>-</u>
Total shareholder's funds	8	<u>50,000</u>	<u>50,000</u>

The financial statements on pages 7 to 11 were approved by the board of directors on 25 May 2012 and signed on its behalf by



P Baynham
Director

HCC INSURANCE SERVICES LTD

ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

Cash flow statement and related party disclosures

As a wholly owned subsidiary, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1. The Company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the HCC Insurance Holdings, Inc. group or investees of the HCC Insurance Holdings, Inc. group.

Expenses

Administrative expenses, which under an agreement with the capital providers of Syndicate 4040, are fully reimbursed by the Syndicate.

Taxation

Corporation tax is provided at the current rate of taxation on the result for the year as adjusted for items of income and expenditure which are disallowed for taxation purposes.

HCC INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover

Turnover represents the recharge to Syndicate 4040 of expenses booked in the year. All turnover is generated within the United Kingdom.

2. Result on ordinary activities before taxation

The Company's audit fee of £4,720 (2010 £4,720) is paid for by Syndicate 4141, and no recharge was made to this company.

In 2011 expenses incurred on behalf of the Company by HCC Service Company Inc (UK Branch) were recharged directly to Syndicate 4141.

3. Directors' emoluments

No emoluments were paid to any director, nor were any benefits accrued under any pension schemes, in respect of their services to the Company. All directors are remunerated by HCC Service Company Inc (UK Branch). No recharge of their emoluments is made to this Company.

4. Staff costs

The Company has no employees (2010 Nil) and no remuneration is charged in the accounts.

With effect from 1 January 2010, all staff and directors have been employed by HCC Service Company Inc. From that date, HCC Service Company Inc has charged Syndicate 4141 directly with all staff costs.

5. Debtors

	2011 £	2010 £
Amount owed from Syndicate 4040	-	69,436
Amount owed from Syndicate 4141	1,816	-
	<u>1,816</u>	<u>69,436</u>
All amounts fall due within one year		

6. Creditors

	2011 £	2010 £
Amount owed to other group companies	851	22,591
	<u>851</u>	<u>22,591</u>
All amounts fall due within one year		

HCC INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

7. Called-up share capital

	2011 £	2010 £
Authorised 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

8. Reconciliation of movements in shareholder's funds

	Share capital £	Profit & loss account £	Total shareholder's funds £
At 1 January 2010	50,000	-	50,000
Result for the year	-	-	-
At 31 December 2010	<u>50,000</u>	<u>-</u>	<u>50,000</u>
At 1 January 2011	50,000	-	50,000
Result for the year	-	-	-
At 31 December 2011	<u>50,000</u>	<u>-</u>	<u>50,000</u>

9. Financial commitments

	2011 £	2010 £
At 31 December 2011, the Company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows		
Within one year	7,850	7,850
Later than one year and less than five years	<u>516</u>	<u>8,366</u>
	<u>8,366</u>	<u>16,216</u>

Operating lease payments represent rental fees payable by the Company for office and related services. The operating lease expires on 24 January 2013. No arrangements have been entered into for contingent rental payments. From 1 January 2010 all lease costs have been paid by HCC Service Company Inc (UK Branch) and charged directly to Syndicate 4141.

10. Ultimate holding company

HCC Insurance Holdings, Inc, incorporated in the USA and listed on the New York Stock Exchange, is regarded by the directors of the Company as the Company's ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is that of which HCC Insurance Holdings, Inc is the parent company. The consolidated accounts of HCC Insurance Holdings, Inc may be obtained from that company's principal office at 13403 Northwest Freeway, Houston, Texas 77040-6094, USA.

HCC Underwriting Agency Limited is the immediate parent company, however, consolidated accounts are not prepared by that company as it claims exemption from the requirement to produce such accounts by virtue of s401 CA2006 in that the ultimate parent company's published accounts are considered to be compatible with the requirements of the European Union's 7th Directive.