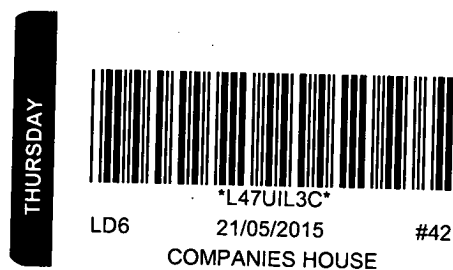


Company No: 6022662

ATRIUM GROUP SERVICES LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014**



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

ATRIUM GROUP SERVICES LIMITED

DIRECTORS

J Lee
R Harries
B Merriman

SECRETARY

M Bruce
Bruce Wallace Associates Limited
123 Pall Mall
London SW1Y 5EA

AUDITORS

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

BANKERS

Lloyds Banking Group plc
113 Leadenhall Street
London EC3A 4AX

REGISTERED OFFICE

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

ATRIUM GROUP SERVICES LIMITED

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2014.

Results

The profit for the year, after taxation, amounted to \$1,954,774 (2013: \$1,059,956 loss).

Principal activities and review of the business

Atrium Group Services Limited (AGSL) is a wholly owned subsidiary of Atrium Underwriting Group Limited (AUGL), and acts as a service company on behalf of the Atrium Group.

The Board measures a number of Key Performance Indicators (KPIs) as shown in the table below.

	2014 \$	2013 \$	Change %
Total assets less current liabilities	2,258,292	303,517	644.04
Profit/(loss) before tax	19,923	(392,015)	105.08
Profit/(loss) after tax	1,954,774	(1,059,956)	284.42

Total assets less current liabilities have increased as a result of the post tax profit for the year. The Company receives a fee from other group companies as it acts as a service company. All expenses are recharged to these entities with the exception of foreign exchange revaluation of monetary assets, amounting to a loss of \$105,884 (2013: \$36,269 loss) in the current year. As the employing company within the Atrium Group the Company has received a tax credit in relation to relief for some of the expenses incurred in respect of the group share schemes. There is a tax credit of \$1mill relating to prior year CT adjustments and an additional tax credit of \$1mill relating to a prior year Group relief adjustment. Both of these amounts relate to the 2013 claim for share scheme relief which was not included in the previous year Statutory Accounts.

Principal risks & uncertainties

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Atrium Group has established a risk management framework encompassing a risk register, a programme of internal control testing and the risk policies which set out the risk appetite, controls and business conduct standards in order to manage the risks to which the Atrium Group is exposed. The Audit Committee, on behalf of the AUGL Board, has approved this framework and meets regularly to discuss risk management and approve any amendments to the framework.

The principal risk and uncertainty facing the Company is as follows:

Credit risk

Credit risk is the exposure to loss if another party fails to perform its financial obligations to the Company, including failing to perform them in a timely manner. The key aspect of credit risk to which AGSL is exposed is the risk of default by one or more of the other Atrium Group companies whereby they would not be able to meet their debts as they fall due.


ATRIUM GROUP SERVICES LIMITED

STRATEGIC REPORT *continued*)

Future developments

The Directors intend that the Company continues to be a service company for the Atrium Group.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line and a small flourish.

J Lee
Director
31 March 2015

ATRIUM GROUP SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2014.

Directors and officers of the Company

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

The following director and officer were appointed during the year:

B Merriman (appointed effective 1 July 2014)

M Bruce, Bruce Wallace Associates Limited (Company Secretary, appointed effective 7 April 2014)

The following director and officer resigned during the year:

S Cook (resigned effective 1 July 2014)

M Balicao, Equiniti David Venus Ltd (Company Secretary, resigned effective 7 April 2014).

Board and management changes

On 1 July 2014, after 14 years as Agency Managing Director, Steve Cook stepped down from this role and became Deputy Chairman of the Managing Agency. James Lee, previously Chief Operating Officer, was appointed Agency Managing Director. At the same time, Steve Cook stepped down from his role as Atrium Group Chief Executive Officer, to become Group Deputy Chairman, and was replaced by Richard Harries who also remains Active Underwriter of Syndicate 609. Brendan Merriman, our Group Chief Financial Officer, joined the Board with effect from 1 July 2014.

Dividends

The Directors do not recommend a final dividend, making the total dividends paid in the year \$nil (2013: \$nil).

Future developments

Likely future developments are discussed in the strategic report.

Events since the balance sheet date

There have been no significant events since the balance sheet date other than those noted in the Board and Management changes above.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Charitable and political donations

During the year, the Company made charitable donations amounting to \$21,407 (2013: \$18,713). The Company made no political donations during the year (2013: \$nil).

ATRIUM GROUP SERVICES LIMITED

DIRECTORS' REPORT *(continued)*

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Change of auditors

On 30 June 2014 Ernst & Young LLP resigned as the auditors of the Company. The Board of Directors appointed KPMG LLP as auditors of the Company with effect from 1 July 2014.

Re-appointment of auditors

The Board of Directors re-appointed KPMG LLP as the Company auditors for the year ending 31 December 2015. KPMG LLP have indicated their willingness to continue in office as the Company auditor.

By order of the board



J Lee
Director
31 March 2015

ATRIUM GROUP SERVICES 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).

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 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.

ATRIUM GROUP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM GROUP SERVICES LIMITED

We have audited the financial statements of Atrium Group Services Limited for the year ended 31 December 2014 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 6, 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 2014 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.

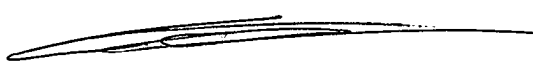
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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;



Jonathan Bell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
31 March 2015

ATRIUM GROUP SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Turnover	2,3	54,542,101	47,253,995
Administrative expenses		(54,527,698)	(47,650,781)
Operating profit/(loss)	4	14,403	(396,786)
Interest receivable		5,520	4,771
Profit/(loss) on ordinary activities before tax		19,923	(392,015)
Tax credit/(charge) on profit/(loss) on ordinary activities	8	1,934,851	(667,941)
Profit/(loss) on ordinary activities after tax		1,954,774	(1,059,956)

The profit and loss account relates entirely to continuing activities.

There are no recognised gains and losses other than the profit or loss for the period.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2014

	Share Capital \$	Profit and Loss account \$	Total Shareholders' funds \$
2014			
At 1 January 2014	1	303,516	303,517
Profit for the year	-	1,954,774	1,954,774
At 31 December 2014	1	2,258,291	2,258,292
2013			
At 1 January 2013	1	1,363,472	1,363,473
Loss for the year	-	(1,059,956)	(1,059,956)
At 31 December 2013	1	303,516	303,517

ATRIUM GROUP SERVICES LIMITED

BALANCE SHEET

As at 31 December 2014

	Notes	2014 \$	2013 \$
Intangible fixed assets	9	11,960	5,318
Tangible fixed assets	10	419,152	772,652
Current assets			
Debtors: due within one year	11	7,789,707	5,166,388
Cash at bank and in hand		7,948,870	755,434
		15,738,577	5,921,822
Creditors: due within one year	12	(13,911,397)	(6,396,275)
Net current assets/(liabilities)		1,827,180	(474,453)
Net assets		2,258,292	303,517
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		2,258,291	303,516
Shareholders' funds		2,258,292	303,517

The financial statements were approved by the Board of Directors on 31 March 2015 and signed on its behalf by:



J Lee
Director

Company No: 6022662

ATRIUM GROUP SERVICES LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2014

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2014	2013
	\$	\$
Operating profit/(loss)	14,403	(396,786)
Depreciation	410,652	457,789
(Increase)/decrease in debtors	(680,789)	8,217,901
Increase/(decrease) in creditors	6,446,971	(6,997,489)
Net cash inflow from operating activities	<u>6,191,237</u>	<u>1,281,415</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	6,191,237	1,281,415
Returns on investments and servicing of finance	5,520	4,771
Taxation	1,060,473	(532,650)
Capital Expenditure	(63,794)	(1,052,053)
	<u>7,193,436</u>	<u>(298,517)</u>
Equity dividends paid	-	-
Increase /(decrease) in cash	<u>7,193,436</u>	<u>(298,517)</u>

Reconciliation of net cash flow movement

Increase /(decrease) in cash	7,193,436	(298,517)
Cash at 1 January	<u>755,434</u>	<u>1,053,951</u>
Cash at 31 December	<u>7,948,870</u>	<u>755,434</u>

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

1. ACCOUNTING POLICIES

(a) Basis of preparation and change in accounting policy

The financial statements have been prepared in accordance with applicable UK accounting standards and law, section 396 of, and schedule 4 to, the Companies Act 2006, under the historical cost convention rules, modified for financial assets as below.

As a wholly owned subsidiary of Atrium Underwriting Group Ltd, the Company has applied the exemption available in FRS 8 from the requirement to disclose transactions with related parties within that group. Transactions with related parties other than those within that group are disclosed in note 14.

The Company's functional and presentational currency is US dollars.

With effect from 1 January 2015 the Company will be adopting FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

(b) Turnover

Turnover represents amounts derived from the Company's activity as a group service company and consists of fee income, charge for use of assets and expenses recharged to other group companies.

(c) Share based incentive schemes

During the financial year, Enstar Group Limited operated a number of executive and employee share based incentive schemes in the shares of the Intermediate Holding company, Northshore Holdings Limited (Northshore). These schemes are for the staff and directors of the Company and provided on a similar basis to those operated by the previous owner Arden Holdings Limited. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which it was granted. The expense is recognised in the profit and loss account over the performance period of the share based incentive scheme.

The fair value of the equity-settled transactions granted was set by the Board of Directors of Northshore.

(d) Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax: the current tax credit or charge is based on the taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax: deferred tax is generally provided in full on timing differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. Deferred tax is determined using tax rates enacted or substantively enacted at the balance sheet date and which are expected to apply when the related tax is payable or receivable.

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

1. ACCOUNTING POLICIES *(continued)*

(d) Taxation *(continued)*

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be used. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(e) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the expected useful life of the software which is 3 years.

All other costs associated with developing or maintaining computer software programmes are recognised as an expense in the profit and loss account as incurred.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of all tangible fixed assets, in equal annual instalments over their estimated useful lives at the following rates:

Fixtures, fittings and equipment	20% per annum
Computer equipment	33 ¹ / ₃ % per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(g) Foreign currencies

Items in the profit and loss account have been translated into the functional currency of US dollars at the average rate for the quarter in which the transaction takes place, whilst the balance sheet has been translated at the exchange rate on the balance sheet date as per the following table, with translation differences being recognised through the profit and loss account:

	Balance sheet rate at 31 December 2014	Average rate Quarter 1 2014	Average rate Quarter 2 2014	Average rate Quarter 3 2014	Average rate Quarter 4 2014
Sterling	1.5577	1.6586	1.6834	1.6699	1.5829
Euro	1.2098	1.3739	1.3716	1.3252	1.2488
Canadian dollar	0.8605	0.9022	0.9172	0.9186	0.8800
Singapore dollar	0.7544	0.7892	0.7983	0.7989	0.7717

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

2. SEGMENTAL INFORMATION

The fee income within turnover relates to service fees paid by the group companies, namely, Atrium Underwriters Limited; Atrium Underwriting Group Limited; Atrium Insurance Agency Limited Atrium Insurance Agency (Asia); Atrium Risk Management Services (Washington) Ltd; and Atrium Risk Management Services (British Columbia) Ltd. The fee income is paid to the Company for its services provided as a service company to the relevant group companies to which it recharges expenses. The fee income has been treated as one geographical segment for the purposes of Statement of Standard Accounting Practice 25.

3. TURNOVER

	2014 \$	2013 \$
Fee income	121,522	86,153
Charge for use of assets	410,650	457,790
Expenses recharged	54,009,929	46,710,052
	<u>54,542,101</u>	<u>47,253,995</u>

4. OPERATING PROFIT OR LOSS

	2014 \$	2013 \$
This is stated after charging:		
Auditors' remuneration – statutory audit	13,190	13,691
Depreciation	405,407	409,514
Amortisation of intangible assets	5,245	48,275
Foreign exchange loss	111,434	420,134
	<u></u>	<u></u>

No fees were paid to the Company's auditor for services other than for the statutory audit of the Company (2013: \$nil).

5. STAFF COSTS

	2014 \$	2013 \$
Staff costs including directors' emoluments		
Wages and salaries	20,164,629	18,593,073
Share based payments recharge	8,725,566	5,079,217
Social security costs	3,699,839	2,892,054
Defined contribution pension costs	3,371,132	3,014,585
	<u>35,961,166</u>	<u>29,578,929</u>
Recharged to group companies	<u>(35,961,166)</u>	<u>(29,578,929)</u>
	<u>-</u>	<u>-</u>

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

5. STAFF COSTS *(continued)*

As at the balance sheet date, there were no pension contributions outstanding (2013: \$nil).

The average monthly number of persons including executive directors employed by the Company during the year was 160 (2013: 154).

6. DIRECTORS' EMOLUMENTS

The Company is the employing company within the Atrium Group for all UK employees. The disclosure below relates to Directors within the UK Atrium Group. Directors' remuneration is recharged to other group companies for the use of their services.

	2014 \$	2013 \$
Directors' emoluments		
Executive services	8,857,971	9,178,168
Pension contributions	477,437	677,107
	<hr/>	<hr/>
	9,335,408	9,855,275
Recharged to group companies	(9,335,408)	(9,855,275)
	<hr/>	<hr/>
	-	-

During 2014 twelve group directors benefitted from the vesting of long term incentive plan awards.

During 2014, certain group directors were awarded shares under the Northshore Long Term Incentive Plan and received matching shares under the Northshore Matching Share Plan.

	2014	2013
Number of group directors who received share awards under the Northshore Long Term Incentive Plan	11	11
Number of group directors who received matching shares under the Northshore Matching Share Plan	9	11
Number of group directors to whom retirement benefits are accruing under a defined contribution pension scheme	9	11

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

6. DIRECTORS' EMOLUMENTS (*continued*)

	2014 \$	2013 \$
In respect of the highest paid group director, the following emoluments were paid:		
Executive services	1,681,083	1,697,288
Pension contribution	-	94,520
	<u>1,681,083</u>	<u>1,791,808</u>
Recharged to group companies	(1,681,083)	(1,791,808)
	<u>-</u>	<u>-</u>

The highest paid group director received an award of restricted stock under the Enstar Long Term Incentive Plan and an award of shares under the Enstar Matching Share Plan during the period.

7. SHARE BASED INCENTIVE SCHEMES

FRS 20 'Share-based payments' requires share-based payments to be expensed based on their fair value at the date of grant. The expense is recognised in the profit and loss account over the vesting period of the share-based payment.

AHL, the previous ultimate parent company, operated two share based incentive schemes for the employees of the Atrium Group, as set out below, prior to the sale of the Group to Enstar on 25 November 2013. New schemes were introduced by Enstar to replace the AHL schemes in April 2014. Consequently the disclosure below relates to the schemes previously operated by AHL as well as by Enstar. For the AHL schemes fair value was initially established with reference to a valuation study completed by an independent valuation firm, Duff & Phelps and subsequently AHL determined that fair value would be based on fully diluted book value per AHL share.

The Enstar LTIP scheme awards shares in the Atrium Group's immediate parent company, Northshore Holdings Limited ('Northshore'). For the Northshore scheme fair value was initially established with reference to the fair value of the Atrium Group at the acquisition date by Enstar based on fully diluted book value. Subsequently Northshore determined that fair value would be based on fully diluted book value per Northshore share as of the quarter-end date prior to the scheme award.

The Directors are of the opinion that the recharge is not materially different from amounts that would be calculated under FRS 20.

Long Term Incentive Plan ("LTIP")

This AHL scheme was established in 2008 following acquisition of the Atrium Group by AHL and in subsequent years conditional awards were made. The performance conditions were based on the Atrium Group's return on capital and therefore ensured that any rewards received were commensurate with the Atrium Group's performance over the performance period. Awards made in 2010 and 2011 under the AHL LTIP scheme comprised a conditional award of shares in AHL. The grantee would only actually receive the shares if over a three year period they remained an employee of the Atrium Group and the performance

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

7. SHARE BASED INCENTIVE SCHEMES *(continued)*

conditions were satisfied, over the three years ending 31 December 2012 and 2013 respectively, at which point, on evaluation of the performance criteria, the grantee would be given fully paid ordinary shares in AHL. conditions were satisfied, over the three years ending 31 December 2011, 2012 and 2013 respectively, at which points, on evaluation of the performance criteria, the grantee would be given fully paid ordinary shares in AHL.

On 22 April 2013 the 2010 LTIP Awards vested respectively in full on satisfaction of performance conditions. In March 2013 further awards were made under the AHL LTIP scheme.

At the date of the Enstar acquisition the majority of the outstanding vested awards were converted into AHL shares and then subsequently AHL undertook a share repurchase. Any unvested awards lapsed.

On 17 April 2014 an Northshore LTIP scheme was established. For 2014 two sets of awards were made. The first set of awards were made conditional on the employees remaining in place at the vesting dates. On the same date a second set of 2014 awards were made, with performance conditions based on the Atrium Group's return on capital and therefore ensure that any rewards received are commensurate with the Atrium Group's performance over the performance period.

Matching Share Plan (MSP)

The AHL MSP was introduced in 2008 and made available to all permanent employees of the Atrium Group in 2008-2012. The MSP allowed permanent employees to purchase annually the US\$ equivalent value of up to £8,000 of AHL shares at unrestricted market value. The shares purchased were registered in an Atrium Group employee benefit trust with EES Trustees International Limited, with participating employees having full beneficial ownership of the shares.

For each AHL share purchased, AHL granted participating employees a matching award over further AHL shares on a one for one basis. Participating employees are only entitled to receive the matching award shares three years after grant if they remained an Atrium Group employee for the three year period.

The 2009 and 2010 MSP Matching Awards vested in August 2012 and November 2013 respectively. Participants in the 2009 MSP could either exercise their MSP Matching Awards, thereby acquiring the beneficial ownership of the relevant shares or alternatively not exercise their option, thereby retaining their Matching Award as a Nil Cost Option. For MSP 2010 Award holders awards vesting in November 2013 were converted into AHL shares which were then subject to the Arden Share Repurchase.

At the date of the Enstar acquisition the majority of outstanding awards vested and were converted into AHL shares and then subsequently AHL undertook a share repurchase. Any unvested awards lapsed.

On 17 April 2014 an Northshore MSP rollover scheme was established. Employees were granted awards in Northshore by reference to the unvested awards in AHL and were conditional on the employees remaining in place at the vesting dates.

The Atrium Group has been recharged \$8,726k during 2014 (2013: \$5,079k) in respect of both LTIP and MSP and this is included within Staff costs (see Note 5).

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **At 31 December 2014**

7. SHARE BASED INCENTIVE SCHEMES *(continued)*

Share Repurchase

During 2012-2014 the Board of AHL carried out a mandatory repurchase of its issued and outstanding shares at values between \$112-\$249 per share.

There were the following movements in the number of share awards held by employees:

	Year ended 31 December 2014 Number	Weighted average fair value US\$	Year ended 31 December 2013 Number	Weighted average fair value US\$
	Enstar scheme	Enstar scheme	AHL Scheme	AHL Scheme
Outstanding at 1 January	-	-	136,131	112.63
Granted	16,930	963.93	3,052	165.50
Vested	(3,970)	963.93	(136,845)	120.18
Forfeited	-	-	-	-
Lapsed	-	-	(2,338)	165.50
Outstanding at 31 December	12,960	1,029.11	-	-

8. TAXATION

(a) Tax (credit)/charge on profit/(loss)

	2014 \$	2013 \$
The tax (credit)/charge is made up as follows:		
Current tax:		
UK corporation tax	1,085,414	(1,654,791)
Tax over provided in previous years	(2,133,660)	(14,528)
Group relief	246,492	-
Total current tax	(801,754)	(1,669,319)
Deferred tax:		
Origination and reversal of timing differences	(1,198,163)	2,331,094
Deferred tax over provided in previous years	(14,427)	(5,852)
Effect of decreased tax rate	79,493	12,018
Total deferred tax (note 8(d))	(1,133,097)	2,337,260
Tax (credit)/charge on ordinary activities	(1,934,851)	667,941

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

8. TAXATION *(continued)*

(b) Factors affecting the current tax charge

	2014	2013
	\$	\$
Profit/(loss) on ordinary activities before tax	19,923	(392,015)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21. 5% (2013 – 23.25%)	4,283	(91,144)
Expenses not deductible for tax purposes and permanent differences	27,015	56,066
Amounts over provided in previous years	(2,133,660)	(14,528)
Timing differences	1,300,608	(1,619,713)
Total current tax (note 8(a))	<u>(801,754)</u>	<u>(1,669,319)</u>

(c) Factors that may affect future tax charges

The UK corporation tax rate for 2014/2015 tax years was 21%. With effect from 1 April 2015 the rate will reduce to 20% as enacted as part of Finance Act 2013. These rates have been reflected in the closing deferred tax position in the balance sheet.

(d) Deferred taxation

	2014	2013
	\$	\$
The deferred tax included in the balance sheet is as follows:		
Employment provisions	1,208,728	97,290
Capital allowances	201,710	180,051
	<u>1,410,438</u>	<u>277,341</u>
At 1 January 2014	277,341	2,614,601
Deferred tax credit/(charge) in profit and loss account (note 8(a))	1,133,097	(2,337,260)
At 31 December 2014	<u>1,410,438</u>	<u>277,341</u>

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2014

9. INTANGIBLE FIXED ASSETS

2014

	Computer Software	Total
COST	\$	\$
At 1 January 2014	4,696,968	4,696,968
Additions	11,887	11,887
At 31 December 2014	4,708,855	4,708,855
DEPRECIATION		
At 1 January 2014	4,691,650	4,691,650
Provided for the year	5,245	5,245
At 31 December 2014	4,696,895	4,696,895
NET BOOK VALUE		
At 31 December 2014	11,960	11,960
At 31 December 2013	5,318	5,318

10. TANGIBLE FIXED ASSETS

	Computer Equipment	Fixtures, Fittings & Equipment	Total
COST	\$	\$	\$
At 1 January 2014	3,973,022	569,454	4,542,476
Additions	51,907	-	51,907
At 31 December 2014	4,024,929	569,454	4,594,383
DEPRECIATION			
At 1 January 2014	3,248,075	521,749	3,769,824
Provided for the year	370,877	34,530	405,407
At 31 December 2014	3,618,952	556,279	4,175,231
NET BOOK VALUE			
At 31 December 2014	405,977	13,175	419,152
At 31 December 2013	724,947	47,705	772,652

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

11. DEBTORS

	2014	2013
	\$	\$
Due within one year:		
Amounts owed by parent undertakings	2,215,115	-
Amounts owed by group undertakings	1,946,059	3,297,296
Trade debtors	905,141	563,696
Prepayments and accrued income	1,224,542	1,027,407
Other debtors	88,412	648
Deferred tax	1,410,438	277,341
	7,789,707	5,166,388

12. CREDITORS

	2014	2013
	\$	\$
Due within one year:		
Amounts owed to parent undertakings	9,220,212	3,026,964
Amounts owed to group undertakings	226,909	624,754
Other taxes and social security	1,596,023	890,546
Accruals and deferred income	1,799,908	1,848,694
Corporation tax	1,068,150	-
Other creditors	195	5,317
	13,911,397	6,396,275

13. AUTHORISED AND ISSUED SHARE CAPITAL

	2014	2013	<i>Allotted, called up and fully paid</i>	
	No.	No.	2014	2013
			\$	\$
Ordinary shares of £1 each	1	1	1	1
	1	1	1	1

	2014	2013	<i>Allotted, called up and fully paid</i>	
	No.	No.	2014	2013
			£	£
Ordinary shares of £1 each	1	1	1	1
	1	1	1	1

The ordinary shares confer upon the holders the right to receive dividends from the profits made by the Company which are available for distribution, the right to receive notice of and to attend general meetings of the Company and to one vote per share at such meetings.

ATRIUM GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS At 31 December 2014

14. RELATED PARTIES

Other related party transactions

Other than disclosed elsewhere in the financial statements, significant transactions between the Company and its related parties is as follows:

	2014 \$	2013 \$
Northshore – share based incentive schemes	8,725,566	410,197
	<u>8,725,566</u>	<u>410,197</u>

15. LEASING COMMITMENTS

	Land and buildings 2014 \$	Restated 2013 \$
At 31 December 2014, the Company had non-cancellable operating leases in which the commitment expires:		
within the year	-	-
in the second to fifth years inclusive	<u>1,883,798</u>	<u>2,787,116</u>

Of the commitments due under operating leases for the period to 31 December 2015, as at 31 December 2014, \$945,410 (2013: \$831,068) will be reimbursed by Syndicate 609 and \$126,746 (2013: \$121,620) will be reimbursed by other group companies.

16. ULTIMATE HOLDING COMPANY

The Company's immediate parent undertaking and controlling party is Atrium Underwriting Group Limited, incorporated in Great Britain.

The ultimate holding company of Atrium Group Services Limited is Enstar Group Limited in Bermuda, with registered number EC30916.

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 HM JX, Bermuda.