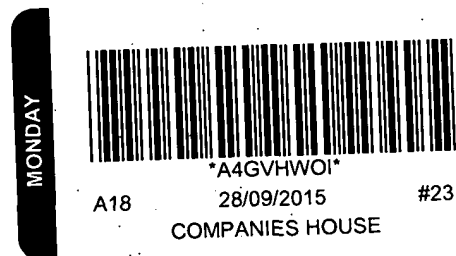


Company registration number (England and Wales): 7741921

## **ORANGE CAPITAL LIMITED**

***DIRECTORS' REPORT AND FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED 31 DECEMBER 2014***



# ORANGE CAPITAL LIMITED

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# ORANGE CAPITAL LIMITED

## COMPANY INFORMATION

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### COMPANY PERSONNEL

Appointed

#### Directors

Miss M K Hall  
S D Hall  
D H Hall

12 Sep 2014

#### Company Secretary

Miss M K Hall

### COMPANY ADDRESSES

#### Registered office

82 Devonshire Road  
London  
W4 2HS

#### Auditors

Humphrey & Co  
7 - 9 The Avenue  
Eastbourne  
East Sussex  
BN21 3YA

# ORANGE CAPITAL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2014

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

#### Review of the business

The principal activity of the group in the period under review was that of an investment group. The group is also a corporate underwriting member of Lloyd's, which commenced underwriting with effect from 1 January 2010.

The result for the year is in respect of the 2014 annual accounting year, which consists of movements in the 2013 and 2014 years of account. Gross premiums written increased from £1,102,054 to £1,104,975 compared to the previous year and the overall balance in the technical account increased from £10,890 to £70,239 as a result of the level of claims experienced.

The group has continued to underwrite on the 2015 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced.

The key business risks and uncertainties affecting the group are considered to relate to insurance risk, investment and currency risk and regulatory risk.

#### Financial risk management objectives and policies

The group is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the Managing Agent of that Syndicate and it looks to the Managing Agent to implement appropriate policies, procedures and internal controls to manage each Syndicates' exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The group is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

Hedge accounting is not used by the group.

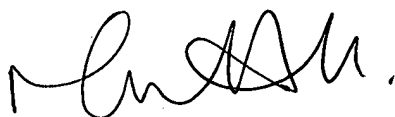
#### Key performance indicators

The directors monitor the performance of the group by reference to the following key performance indicators:

	2014	2013
Capacity	£1,443,980	£1,415,265
Gross premium written as a % of capacity	76.52%	77.87%
Combined ratio	92.84%	98.11%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Approved by the Board on *20 September* 2015 and signed on its behalf by :



Miss M K Hall  
Director

# ORANGE CAPITAL LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2014.

### Results and dividends

The profit for the year after taxation was £106,441 (2013: profit £135,227). Interim dividends of £Nil (2013: £Nil) were paid during the year. The directors do not recommend the payment of a final dividend.

### Directors

The directors who held office at any time during the year are listed below:

Miss M K Hall  
S D Hall

### 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 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 have satisfied themselves 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 year. 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;
- 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 and the group's transaction 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.

The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's or the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

Approved by the Board on 20 September 2015 and signed on its behalf by :



Miss M K Hall  
Director

# ORANGE CAPITAL LIMITED

## INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF ORANGE CAPITAL LIMITED

We have audited the financial statements of Orange Capital Limited for the year ended 31 December 2014 on pages 5 to 25. 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).

This report is made solely to the group'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 group's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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

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 group's and parent 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 Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially incorrect with, the knowledge acquired by us in the course of performing the audit. 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 group's and of the parent company's affairs as at 31 December 2014 and of the group's profit 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 Strategic Report and 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 by the parent company, or returns adequate for 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.

Andrew Robinson (Senior Statutory Auditor)  
for and on behalf of Humphrey & Co  
Chartered Accountants  
Statutory Auditor

Humphrey & Co  
7 - 9 The Avenue  
Eastbourne  
East Sussex  
BN21 3YA

Date: 29/09/2015

**ORANGE CAPITAL LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Gross premiums written	2	1,104,975	1,102,054
Outward reinsurance premiums		(193,590)	(197,015)
<b>Net premiums written</b>		<b>911,385</b>	<b>905,039</b>
<b>Change in the provision for unearned premiums</b>			
Gross provision		(43,337)	(460,246)
Reinsurers' share		2,245	64,847
<b>Net change in the provision for unearned premiums</b>		<b>(41,092)</b>	<b>(395,399)</b>
<b>Earned premiums net of reinsurance</b>		<b>870,293</b>	<b>509,640</b>
Allocated investment income	4	8,802	1,537
<b>Claims paid</b>			
Gross amount		(203,384)	(47,205)
Reinsurers' share		21,129	3,789
<b>Net claims paid</b>		<b>(182,255)</b>	<b>(43,416)</b>
<b>Change in provision for claims</b>			
Gross amount		(346,224)	(292,213)
Reinsurers' share		54,926	45,263
<b>Net change in provision for claims</b>		<b>(291,298)</b>	<b>(246,950)</b>
<b>Claims incurred net of reinsurance</b>		<b>(473,553)</b>	<b>(290,366)</b>
Net operating expenses	5	(334,432)	(209,630)
Investment expenses and charges		(871)	(291)
<b>Balance on technical account for general business</b>		<b>70,239</b>	<b>10,890</b>

# ORANGE CAPITAL LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Balance on the general business technical account		70,239	10,890
Investment income	6	137	99
Other income	7	206,963	236,305
Other charges		(169,354)	(112,067)
Profit on ordinary activities before taxation	8	107,985	135,227
Tax on profit on ordinary activities	18	(1,544)	-
Profit for the financial year		106,441	135,227
Minority interest - technical	28	(29,386)	(4,356)
Minority interest - non-technical		7,154	4,356
Retained profit for the group		84,209	135,227

All amounts above relate to continuing operations.

The group has no recognised gains or losses other than the profit for the financial years stated above.



# ORANGE CAPITAL LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

Company registration number (England and Wales): 7741921

ASSETS	Note	Syndicate Assets £	Corporate £	2014 Total £	2013 Total £
<b>Fixed assets</b>					
Tangible assets	9	-	-	-	-
<b>Intangible assets</b>					
Intangible assets	10	-	311,376	311,376	162,455
<b>Investments</b>					
Financial investments	11	555,285	-	555,285	213,795
Deposits with ceding undertakings		503	-	503	395
<b>Total investments</b>		<b>555,788</b>	<b>-</b>	<b>555,788</b>	<b>214,190</b>
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums		66,151	-	66,151	63,378
Claims outstanding		34,140	-	34,140	10,343
Other technical provisions		67,026	-	67,026	33,062
<b>Total reinsurers' share of technical provisions</b>		<b>167,317</b>	<b>-</b>	<b>167,317</b>	<b>106,783</b>
<b>Debtors</b>					
Arising out of direct insurance operations	12				
Policyholders		969	-	969	1,586
Intermediaries		228,559	-	228,559	202,587
Arising out of reinsurance operations	12	8,616	-	8,616	1,536
Other debtors	13	219,527	21,485	241,012	178,368
<b>Total debtors</b>		<b>457,671</b>	<b>21,485</b>	<b>479,156</b>	<b>384,077</b>
<b>Other assets</b>					
Cash at bank	14	66,311	138,224	204,535	210,752
Other		-	-	-	-
<b>Total other assets</b>		<b>66,311</b>	<b>138,224</b>	<b>204,535</b>	<b>210,752</b>
<b>Prepayments and accrued income</b>					
Accrued interest		576	-	576	167
Deferred acquisition costs		125,275	-	125,275	110,496
Other prepayments and accrued income		8,049	-	8,049	4,292
<b>Total prepayments and accrued income</b>		<b>133,900</b>	<b>-</b>	<b>133,900</b>	<b>114,955</b>
<b>Total assets</b>		<b>1,380,987</b>	<b>471,085</b>	<b>1,852,072</b>	<b>1,193,212</b>

/continued...

page seven

# ORANGE CAPITAL LIMITED

## CONSOLIDATED BALANCE SHEET (continued) AS AT 31 DECEMBER 2014

Company registration number (England and Wales): 7741921

	Note	Syndicate Liabilities £	Corporate £	2014 Total £	2013 Total £
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called-up share capital	15	-	100	100	100
Share premium account	16	-	-	-	-
Revaluation reserve	16	-	-	-	-
Profit and loss account	16	47,387	130,020	177,407	93,198
<b>Shareholder's funds attributable to equity interests</b>	17	47,387	130,120	177,507	93,298
<b>Technical provisions</b>					
Provision for unearned premiums		496,122	-	496,122	447,762
Claims outstanding - gross amount		652,323	-	652,323	286,872
<b>Total technical provisions</b>		1,148,445	-	1,148,445	734,634
<b>Provisions for other risks and charges</b>					
Provision for taxation	18	-	-	-	-
<b>Minority interests</b>	28	33,742	(11,510)	22,232	-
<b>Deposits received from reinsurers</b>		52	-	52	12
<b>Creditors</b>					
Arising out of direct insurance operations		2,511	-	2,511	9,955
Arising out of reinsurance operations		88,751	-	88,751	53,104
Amounts due to credit institutions		2,342	-	2,342	1,046
Other creditors	19	44,602	349,475	394,077	289,618
<b>Total creditors</b>		138,206	349,475	487,681	353,723
<b>Accruals and deferred income</b>					
Other accruals and deferred income		13,155	3,000	16,155	11,545
<b>Total liabilities</b>		1,380,987	471,085	1,852,072	1,193,212

Approved by the Board on

20 September

2015 and signed on its behalf by :



Miss M K Hall  
Director

# ORANGE CAPITAL LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014

Company registration number (England and Wales): 7741921

ASSETS	Note	Syndicate Assets £	Corporate £	2014 Total £	2013 Total £
<b>Fixed assets</b>					
Tangible fixed assets	9	-	-	-	-
<b>Investments</b>					
Financial investments	11	-	37,670	37,670	22,602
Deposits with ceding undertakings		-	-	-	-
<b>Total investments</b>		-	37,670	37,670	22,602
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums		-	-	-	-
Claims outstanding		-	-	-	-
Other technical provisions		-	-	-	-
<b>Total reinsurers' share of technical provisions</b>		-	-	-	-
<b>Debtors</b>					
Arising out of direct insurance operations	12				
Policyholders		-	-	-	-
Intermediaries		-	-	-	-
Arising out of reinsurance operations	12	-	-	-	-
Other debtors	13	-	46,139	46,139	-
<b>Total debtors</b>		-	46,139	46,139	-
<b>Other assets</b>					
Cash at bank	14	-	138,216	138,216	180,882
Other		-	-	-	-
<b>Total other assets</b>		-	138,216	138,216	180,882
<b>Prepayments and accrued income</b>					
Accrued interest		-	-	-	-
Deferred acquisition costs		-	-	-	-
Other prepayments and accrued income		-	-	-	-
<b>Total prepayments and accrued income</b>		-	-	-	-
<b>Total assets</b>		-	222,025	222,025	203,484

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# ORANGE CAPITAL LIMITED

## COMPANY BALANCE SHEET (continued) AS AT 31 DECEMBER 2014

Company registration number (England and Wales): 7741921

	Note	Syndicate Liabilities £	Corporate £	2014 Total £	2013 Total £
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called-up share capital	15	-	100	100	100
Share premium account	25	-	-	-	-
Revaluation reserve	25	-	-	-	-
Profit and loss account	25	-	(4,174)	(4,174)	(37,033)
<b>Shareholder's funds attributable to equity interests</b>	26	-	(4,074)	(4,074)	(36,933)
<b>Technical provisions</b>					
Provision for unearned premiums		-	-	-	-
Claims outstanding - gross amount		-	-	-	-
<b>Total technical provisions</b>		-	-	-	-
<b>Provisions for other risks and charges</b>					
Provision for taxation	18	-	-	-	-
<b>Deposits received from reinsurers</b>		-	-	-	-
<b>Creditors</b>					
Arising out of direct insurance operations		-	-	-	-
Arising out of reinsurance operations		-	-	-	-
Amounts due to credit institutions		-	-	-	-
Other creditors	19	-	223,099	223,099	237,417
<b>Total creditors</b>		-	223,099	223,099	237,417
<b>Accruals and deferred income</b>					
Other accruals and deferred income		-	3,000	3,000	3,000
<b>Total liabilities</b>		-	222,025	222,025	203,484

Approved by the Board on *20 September* 2015 and signed on its behalf by :



Miss M K Hall  
Director

# ORANGE CAPITAL LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Net cash (outflow) from operating activities	20	(18,636)	19,565
Returns on investments and servicing of finance			
Interest received		137	99
Interest paid		-	-
Dividends received		-	-
Dividends paid		-	-
Net cash inflow from returns on investments and servicing of finance		137	99
Taxation			
UK corporation tax paid		-	-
Foreign tax paid		(1,544)	-
Net cash (outflow) from taxation		(1,544)	-
Capital expenditure and financial investment			
Purchase of intangible assets		(90,480)	(16,569)
Proceeds from sale of syndicate participation rights		3,312	2
Purchase of investments		(15,068)	(22,602)
Proceeds from sale of investments		-	-
Net cash (outflow) from capital expenditure and financial investment		(102,236)	(39,169)
Net cash (outflow) before financing		(122,279)	(19,505)
Financing			
Funds lent to the company by the company's shareholders		79,613	78,322
Issue of share capital		-	-
Net cash inflow from financing		79,613	78,322
(Decrease) in cash		(42,666)	58,817
Net funds at 1 January		180,890	122,073
(Decrease) in cash in the year		(42,666)	58,817
Net funds at 31 December		138,224	180,890

The group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2014

---

### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies And Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

#### Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this group's financial statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the group's underwriting and not reflected in the group's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

#### Basis of consolidation

The group financial statements consolidate the financial statements of Orange Capital Limited and all its subsidiary undertakings for the year ended 31 December 2014.

The consolidated financial statements are based on the financial statements of subsidiary undertakings which are coterminous with those of the parent company.

Acquisitions of companies or LLPs that are consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities (including contingent liabilities) at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill.

All expenses, income, debtors, creditors and provisions from transactions between consolidated companies are eliminated.

#### General business

##### i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

##### ii Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

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### iii Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

### iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

### v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

### vi Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

### vii Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

### viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

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**ix Basis of currency translation**

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the period in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

**x Debtors/creditors arising from insurance/reinsurance operations**

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

**xi Distribution of profits and collection of losses**

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

### 1.2 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

### 1.3 Goodwill

In accordance with Financial Reporting Standard 10, goodwill arising on the acquisition of subsidiary undertakings is capitalised as an intangible asset and amortised against profit over its useful life of 3 years.

### 1.4 Intangible assets

Costs incurred by the group in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

### 1.5 Investments

Investments held directly by the group, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.



# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2 Class of business	Gross written premiums	Gross premiums earned	Gross claims incurred	Operating expenses	Reinsurance balance
	£	£	£	£	£
<b>2014</b>					
<b>Direct</b>					
Accident and health	54,878	56,936	(28,128)	(24,336)	(3,690)
Motor - third party liability	7,305	7,356	(5,698)	(2,392)	10
Motor - other classes	127,679	125,922	(87,785)	(41,975)	(4,030)
Marine, aviation and transport	135,729	129,594	(78,890)	(40,618)	(5,013)
Fire and other damage to property	270,355	245,421	(108,837)	(78,183)	(42,058)
Third party liability	248,817	225,806	(143,365)	(76,513)	(8,924)
Credit and suretyship	17,747	15,324	(11,917)	(3,907)	93
Other	9,997	9,726	(5,161)	(3,953)	(55)
<b>Total direct</b>	<b>872,507</b>	<b>816,085</b>	<b>(469,781)</b>	<b>(271,877)</b>	<b>(63,667)</b>
<b>Reinsurance business</b>					
Reinsurance balance	232,468	245,553	(79,827)	(62,555)	(51,623)
<b>Total</b>	<b>1,104,975</b>	<b>1,061,638</b>	<b>(549,608)</b>	<b>(334,432)</b>	<b>(115,290)</b>
<b>2013</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Direct</b>					
Accident and health	61,111	31,369	(17,122)	(13,440)	(1,915)
Motor - third party liability	7,340	3,076	(2,217)	(1,138)	66
Motor - other classes	114,765	68,768	(64,643)	(24,153)	3,028
Marine, aviation and transport	129,720	79,416	(37,016)	(26,243)	(9,529)
Fire and other damage to property	231,271	135,937	(57,255)	(47,041)	(28,591)
Third party liability	236,157	130,515	(105,566)	(49,568)	2,504
Credit and suretyship	16,040	9,403	(975)	(2,709)	(1,808)
Other	8,330	4,913	(2,545)	(2,253)	(202)
<b>Total direct</b>	<b>804,734</b>	<b>463,397</b>	<b>(287,339)</b>	<b>(166,545)</b>	<b>(36,447)</b>
<b>Reinsurance business</b>					
Reinsurance balance	297,320	178,411	(52,079)	(43,085)	(46,669)
<b>Total</b>	<b>1,102,054</b>	<b>641,808</b>	<b>(339,418)</b>	<b>(209,630)</b>	<b>(83,116)</b>

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

<b>3</b>	<b>Geographical analysis</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Direct gross premiums written in:		
	United Kingdom	848,956	803,366
	Other EU member states	808	-
	The rest of the world	22,743	1,368
	<b>Total</b>	<b>872,507</b>	<b>804,734</b>
<b>4</b>	<b>Allocated investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Investment income	6,872	1,857
	Realised gain/(loss) on investments	1,930	(320)
	<b>Total</b>	<b>8,802</b>	<b>1,537</b>
<b>5</b>	<b>Net operating expenses</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Acquisition costs	257,021	136,415
	Administrative expenses	89,744	64,824
	(Profit)/Loss on exchange	(12,333)	8,391
	<b>Total</b>	<b>334,432</b>	<b>209,630</b>
<b>6</b>	<b>Investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Income from other investments (including interest receivable)	137	99
	Realised gain from other investments	-	-
	Unrealised gain from other investments	-	-
	<b>Total</b>	<b>137</b>	<b>99</b>

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

7	Other income	2014 £	2013 £
	Profit on sale of syndicate participation rights	3,312	2
	Other	203,651	236,303
	<b>Total</b>	<b>206,963</b>	<b>236,305</b>

8	Profit on ordinary activities before taxation	2014 £	2013 £
	This is stated after charging:		
	Auditor's remuneration - audit	1,614	1,410
	Auditor's remuneration - other	-	-
	Director's remuneration	-	-
	Employer's NIC	-	-
	Wages and salaries	-	-
	Amortisation of syndicate capacity	150,446	94,094
	Amortisation of goodwill	-	-

The company has no employees.

9	Group and Company Tangible assets	Motor vehicles & equipment £	Freehold Property £	Total £
	<b>Cost</b>			
	At 1 January 2014	-	-	-
	Additions	-	-	-
	Disposals	-	-	-
	<b>At 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Amortisation</b>			
	At 1 January 2014	-	-	-
	Charge for the period	-	-	-
	Impairment losses	-	-	-
	Disposals	-	-	-
	<b>At 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Net book value</b>			
	At 31 December 2014	-	-	-
	<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

10 Group intangible assets	Syndicate Participation Rights £	Goodwill £	2014 Total £
<b>Cost</b>			
At 1 January 2014	256,549	-	256,549
Additions	299,367	-	299,367
Disposals	(24,629)	-	(24,629)
At 31 December 2014	531,287	-	531,287
<b>Amortisation</b>			
At 1 January 2014	94,094	-	94,094
Charge for the period	150,446	-	150,446
Impairment losses	-	-	-
Disposals	(24,629)	-	(24,629)
At 31 December 2014	219,911	-	219,911
<b>Net book value</b>			
At 31 December 2014	311,376	-	311,376
At 31 December 2013	162,455	-	162,455

11 Investments: Financial investments	Syndicate £	Corporate £	2014 Total £	2013 Total £
<b>At market value</b>				
Shares and other variable yield securities	57,247	-	57,247	27,011
Debt securities and other fixed income securities	480,253	-	480,253	182,940
Participation in investment pools	9,660	-	9,660	3,258
Loans guaranteed by mortgage	513	-	513	379
Other loans	4,648	-	4,648	78
Deposits with credit institutions	802	-	802	118
Other	2,162	-	2,162	11
<b>Total</b>	<b>555,285</b>	<b>-</b>	<b>555,285</b>	<b>213,795</b>

The corporate investments held include £Nil (2013 - £Nil) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 21.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

### 11 Investments: Financial investments (continued)

	Syndicate	Corporate	2014 Total	2013 Total
	£	£	£	£
<i>At cost</i>				
Shares and other variable yield securities	56,424	-	56,424	26,509
Debt securities and other fixed income securities	482,005	-	482,005	183,670
Participation in investment pools	7,937	-	7,937	3,020
Loans guaranteed by mortgage	511	-	511	375
Other loans	4,648	-	4,648	78
Deposits with credit institutions	802	-	802	118
Other	1,553	-	1,553	6
<b>Total</b>	<b>553,880</b>	<b>-</b>	<b>553,880</b>	<b>213,776</b>

The company element of financial investments at market value is £Nil (2013: £Nil). The company has the following unlisted investments:

	Unlisted Investments £
<b>Cost</b>	
At 1 January 2014	22,602
Additions	15,068
Disposals	-
<b>At 31 December 2014</b>	<b>37,670</b>
<b>Impairment</b>	
At 1 January 2014	-
Impairment losses	-
Disposals	-
<b>At 31 December 2014</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 2014</b>	<b>37,670</b>
<b>At 31 December 2013</b>	<b>22,602</b>

The Unlisted Investment is a 100% subsidiary and represents the company's share in Amber Underwriting LLP. The LLP is an insurance underwriter through Lloyd's of London. The company's investment at the balance sheet date in the net assets of the LLP include the following:

	2014 £	2013 £
Loans and other debts due to members	262,010	116,671
Profit for the year	102,320	108,558

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

### 12 Group debtors arising out of direct insurance and reinsurance operations

	Syndicate	Corporate	2014 Total	2013 Total
	£	£	£	£
The following amounts are due after one year:				
Direct insurance operations	956	-	956	309
Reinsurance operations	824	-	824	290
<b>Total</b>	<b>1,780</b>	<b>-</b>	<b>1,780</b>	<b>599</b>

### 13 Group other debtors

	Syndicate	Corporate	2014 Total	2013 Total
	£	£	£	£
Deferred tax	-	-	-	-
Other	219,527	21,485	241,012	178,368
<b>Total</b>	<b>219,527</b>	<b>21,485</b>	<b>241,012</b>	<b>178,368</b>

Corporate other debtors includes £Nil (2013: £Nil) due to the group after more than one year.

Syndicate other debtors includes £50,458 (2013: £34,358) due to the group after more than one year.

Company other debtors total £46,139 (2013: £Nil)

### 14 Cash at bank

	Syndicate	Corporate	2014 Total	2013 Total
	£	£	£	£
Lloyd's deposit	20,787	22,187	42,974	36,270
Cash at bank and in hand	45,524	116,037	161,561	174,482
<b>Total</b>	<b>66,311</b>	<b>138,224</b>	<b>204,535</b>	<b>210,752</b>

Any Lloyd's deposit is held in accordance with the constraints detailed in note 21.

Company cash at bank totals £138,216 (2013: £180,882).

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

15 Group and company share capital	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
50 Ordinary A shares of £1.00	50	50
30 Ordinary B shares of £1.00	30	30
20 Ordinary C shares of £1.00	20	20
Nil Preference shares	-	-

16 Group statement of movements on reserves	Revaluation reserve	Share premium account	Profit and loss account
	£	£	£
At 1 January 2014	-	-	93,198
Premium on shares issued during the period	-	-	-
Revaluation during the period	-	-	-
Profit during the period	-	-	84,209
Dividends	-	-	-
At 31 December 2014	-	-	177,407

17 Reconciliation of movements in shareholders' funds	2014	2013
	£	£
Retained profit for the group	84,209	135,227
Revaluation during the period	-	-
Proceeds from the issue of shares	-	-
Dividend paid	-	-
Net addition to shareholders' funds	84,209	135,227
Opening shareholders' funds	93,298	(41,929)
Closing shareholders' funds	177,507	93,298

18 Taxation	2014	2013
	£	£
<i>Analysis of charge in period</i>		
<i>Current tax</i>		
UK Corporation Tax on profits of the period	-	-
Adjustments in respect of prior years	-	-
Foreign tax	1,544	-
Total current tax	1,544	-

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

18 Taxation (continued)	2014 £	2013 £
<i>Analysis of charge in period</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Changes in tax rates	-	-
Other items	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	1,544	-
<i>Factors affecting tax charge for the period</i>		
The tax assessed for the period is different than the standard rate of Corporation Tax in the UK of 20.00%. The differences are explained below:		
Profit on ordinary activities before taxation	107,985	135,227
Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 20.00%.	21,597	27,045
<i>Effects of:</i>		
(Income)/Expenses not (taxable)/deductible	(8,258)	(29,335)
Timing differences arising from the taxation of the underwriting results	(19,925)	(7,030)
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward	6,586	9,320
Adjustments to tax charge in respect of prior periods	-	-
Other adjustments	1,544	-
Current tax charge for the year	1,544	-

### *Factors that may affect future tax charges*

The group has trading losses of £108,144 (2013 - £80,525 ) available for carry forward against future trading profits.



# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

18 Taxation (continued)	2014 £	2013 £
<i>Provision for deferred tax</i>		
At 1 January	-	-
Charge to the profit and loss account	-	-
Released or utilised in the period	-	-
At 31 December	-	-

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £10,847 (2013 - £12,467).

19 Other creditors	Syndicate £	Corporate £	2014 £	2013 £
Other creditors	44,602	69,246	113,848	89,002
Bank overdraft	-	-	-	-
Social security costs	-	-	-	-
Corporation tax	-	-	-	-
Shareholders' loan account	-	280,229	280,229	200,616
	44,602	349,475	394,077	289,618

Company other creditors total £223,099 (2013: £237,417).

20 Reconciliation of operating profit before interest to net cash (outflow)/inflow from operating activities	2014 £	2013 £
Operating profit before interest	107,848	135,128
Prior year result distributable in year	-	-
Profit on sale of syndicate participation rights	(3,312)	(2)
Decrease in creditors	(69,967)	19,376
Increase in debtors	(9,832)	(11,653)
Negative goodwill	(193,819)	(217,378)
Amortisation and impairment of syndicate participation rights	150,446	94,094
Depreciation on tangible fixed assets	-	-
Net cash (outflow)/inflow from operating activities	(18,636)	19,565

Note that the current year technical profit of £70,239, which has not been distributed in the period, is included within the increase in debtors line above.

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

### 21 Funds at Lloyd's

Cash balances of £22,187 (2013 - £22,110 ) detailed in note 14 and investments of £Nil (2013 - £Nil) detailed in note 11 are held within the company's Lloyd's deposit. These balances exclude any amounts held via the syndicates.

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the company's underwriting activities as described in the accounting policies. The company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

The group's Lloyd's underwriting is also supported by a guarantee of £800,000 (2013 - £800,000 ) from Standard Chartered.

### 22 Related party transactions

Group related party transactions:

During the year to 31 December 2014, funding of £2,587 (2013: £45,595) was provided to the group by David Hall 2009 No 2 Settlement Trust. Mr S D Hall, a director of the group, is a trustee of the Trust. At the balance sheet date £55,790 (2013: £53,203) is due to the Trust.

During the year to 31 December 2014, funding of £32,272 (2013: £52,240) was provided by Mr S D Hall, a director of the group. At the balance sheet date £84,622 (2013: £52,350) was due to Mr S D Hall.

During the year to 31 December 2014, funding of £47,341 (2013: £26,082) was provided by Miss M K Hall, a director of the group. At the balance sheet date £195,607 (2013: £148,266) was due to Miss M K Hall.

Company related party transactions:

At the balance sheet date £7,608 (2013: £7,608) was due to David Hall 2009 No 2 Settlement Trust. Mr S D Hall, a director of the parent company, is a trustee of the Trust.

During the year to 31 December 2014, funding of £30,955 (2013: £16,169) was provided by Mr S D Hall, a director of the parent company. At the balance sheet date £47,234 (2013: £16,279) was due to Mr S D Hall.

During the period to 31 December 2013, funding of £46,048 (2013: £Nil) was provided to the company by Miss M K Hall, a director of the parent company. At the balance sheet date £168,232 (2013: £122,184) was due to Miss M K Hall.

### 23 Ultimate controlling party

There is no ultimate controlling party.

### 24 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year was £32,859 (2013: £4,996 profit).

### 25 Company statement of movements on reserves

	Revaluation reserve £	Share premium account £	Profit and loss account £
At 1 January 2014	-	-	(37,033)
Dividends	-	-	-
Profit during the period	-	-	32,859
At 31 December 2014	-	-	(4,174)

# ORANGE CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 DECEMBER 2014

### 26 Company reconciliation of movements in shareholders' funds

	2014 £	2013 £
Retained profit for the financial period	32,859	4,996
Revaluation during the period	-	-
Proceeds from the issue of shares	-	-
Dividend paid	-	-
Net addition to shareholders' funds	32,859	4,996
Opening shareholders' funds	(36,933)	(41,929)
Closing shareholders' funds	(4,074)	(36,933)

### 27 Acquisitions

On 1 January 2014, the company acquired a further 40% share in Amber Underwriting LLP. The acquisition has been included in the accounts under the acquisition method of accounting.

As the consideration paid was in excess of the acquired identifiable assets and liabilities at the acquisition date, the difference has been recognised as goodwill.

The following details of Amber Underwriting LLP's pre acquisition trading results for the previous year:

	2013 £		
Earned premium, net of reinsurance	974,440		
Technical account profit	137,335		
Non-technical loss	(28,777)		
Loss for the period	108,558		
	Book value £	Fair value adjustments £	Fair value £
Syndicate participation rights	2,468	208,887	211,355
Investments	1,291,641		1,291,641
Reinsurers' share of technical provisions	443,259		443,259
Debtors	672,006		672,006
Other assets	246,893		246,893
Prepayments and accrued income	132,590		132,590
Amounts due to members classified as a liability	(148,267)		(148,267)
Technical provisions	(2,312,448)		(2,312,448)
Creditors	(306,115)		(306,115)
Accruals and deferred income	(22,027)		(22,027)
Net assets acquired	-	208,887	208,887
Negative goodwill	-	(193,819)	(193,819)
Consideration - cash and cash equivalents	-	15,068	15,068

The book values of assets and liabilities taken from the financial statements of Amber Underwriting LLP to 31 December 2013 have been deemed to equal fair value except where otherwise stated above.

### 28 Minority interests

	2014 £	2013 £
At 1 January	-	-
Share of subsidiary's profit for the year	22,232	-
At 31 December	22,232	-