Registered number: 8164886

DUAL SPECIALTY RISKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Bankside House
107 Leadenhall Street
London
EC3A 4AF

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors present their report and the financial statements for the year ended 30 September 2015.

Principal activity

DUAL Specialty Risks Limited ("the Company") is an Appointed Representative of a fellow group undertaking, DUAL Corporate Risks Limited. The Company is an underwriting agency specialising in General Liability Insurance in the mid-market sector.

Directors

The directors who served during the year were:

R W N Kilpatrick (resigned 29 April 2016)
A H Elston (resigned 31 December 2015)
S P Doyle (resigned 10 November 2015)
G Marshall
J Murphy

Directors' indemnities

Hyperion Insurance Group Limited, the ultimate holding company, has made qualifying third party indemnity provisions for the benefit of the Company directors which were made during the year and remain in force at the date of this report.

Future developments

The Company intends to continue trading as an insurance intermediary. Market rates remain challenging in the current economic climate.

Matters covered in the Strategic report

Details of financial risk management objectives and policies are included in the Strategic report, and form part of this report by cross-reference.

Going concern

The Company's business activities, future prospects, business risks and uncertainties, financial risk management and details of its financial instruments and hedging activities are set out above and in the Strategic Report. The Company has adequate financial resources together with its business being geographically diverse. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Company participates in Hyperion Insurance Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:

Andrew Moore
Company Secretary
Date: 26 August 2016

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Review of business

The Company made a profit after taxation of £619,000 (2014: £351,000). The net assets for the Company at 30 September 2015 were £785,000 (2014: £166,000). Given the straightforward nature of the business, the Directors do not believe the further use of key performance indicators ("KPIs") is necessary for an adequate understanding of the financial statements.

No dividends were declared for the period.

Business risks and uncertainty

The Company's operations are exposed to the cyclical factors that affect the insurance market and therefore affect the level of premiums written and commissions earned.

The Company is not directly exposed to any ultimate underwriting losses on business written, but participates in underwriting profits which may vary significantly from year to year. As it is reliant on third party underwriting capital, the Company is exposed to potential changes in underwriting policy and practice by its capital providers.

The Company is also exposed to regulatory risk, but to date, the impact on the business has been slight due to the limited nature of regulation for the Company as it only acts as an insurance intermediary.

Financial risk management

The Company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings.

The Company's working capital comprises principally of insurance debtors, creditors and cash. These insurance balances are denominated in various currencies, predominantly Sterling, US Dollars and Euros. To minimise the foreign exchange exposure the Company will endeavour to match foreign currency assets with liabilities of similar maturities and vice versa. Where this is not possible for material exposures the Company will endeavour occasionally to purchase an appropriate financial instrument, although none have been purchased in either the current year or previous financial periods.

The Company's principal financial assets are cash and trade and other receivables. With regards to insurance balances, the Company's risk is limited as the Company acts as the agent on those transactions. Further information on insurance balances receivable and the risks relating to these balances can be found in the statement of accounting policies in the financial statements. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company outsources its treasury arrangements to Hyperion Insurance Group Limited, the ultimate holding company, which uses a mixture of long-term and short-term debt finance.

This report was approved by the Board and signed on its behalf by:

G Marshall
Director
Date: 26/8/16

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

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 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 are satisfied that they give a true and fair view of the state of affairs of the Company and 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUAL SPECIALTY RISKS LIMITED

We have audited the financial statements of DUAL Specialty Risks Limited for the year ended 30 September 2015, which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 18. 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 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, 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

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 Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent 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 Company's affairs as at 30 September 2015 and of its 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 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.

David Rush

David Rush (Senior statutory auditor)
for and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date:
6 September 2016

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 £000	2014 £000
TURNOVER	1,2	**2,922**	2,049
Administrative expenses		**(2,140)**	(1,590)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**782**	459
Tax on profit on ordinary activities	6	**(163)**	(108)
PROFIT FOR THE FINANCIAL YEAR	13	**619**	351

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account. Accordingly, a statement for total recognised gains and losses has not been prepared.

The notes on pages 9 to 18 form part of these financial statements.

REGISTERED NUMBER: 8164886

BALANCE SHEET
AS AT 30 SEPTEMBER 2015

	Note	£000	2015 £000	£000	2014 £000
FIXED ASSETS					
Tangible assets	7		1		2
CURRENT ASSETS					
Debtors	8	14,199		11,031	
Cash at bank	9	4,988		1,539	
		19,187		12,570	
CREDITORS: amounts falling due within one year	10	(18,403)		(12,406)	
NET CURRENT ASSETS			784		164
NET ASSETS			785		166
CAPITAL AND RESERVES					
Called up share capital	12		-		-
Profit and loss account	13		785		166
SHAREHOLDERS' FUNDS	14		785		166

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

G Marshall
Director 26/8/16

The notes on pages 9 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the year and preceding year in dealing with items that are considered material in relation to the financial statements:

a Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with applicable UK Accounting Standards.

The Company's business activities, future outlook, business risks and uncertainties and risk management are set out in the Directors' report and Strategic report. Despite the current uncertain economic outlook and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b Turnover

Turnover consists principally of brokerage, commission and fees associated with the placement of insurance and reinsurance contracts, net of commissions payable to other directly involved parties. Revenues from brokerage, commissions and fees are recognised on the inception date of the risk. Any adjustments to commission arising from premium additions or reductions are recognised as and when they are notified by third parties.

Profit commission is recognised when the amount can be reliably estimated with a reasonable degree of certainty and is equivalent to the minimum value expected to be achieved.
Where contractual obligations exist for the performance of post placement activities, and the cost of these activities is not expected to be covered by future revenue, a relevant proportion of revenue received on placement is deferred and recognised over the period during which the activities are performed.

c Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other costs, including repairs and maintenance costs are charged to the profit and loss account in the period in which they are incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following bases:

Computer equipment - 4-5 years

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

The gain or loss arising on disposal or scrapping of an asset is recognised in the profit and loss account.

d Employee benefits

The Company operates a defined contribution pension scheme and the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Company has no legal obligation to make any further payments to the plans other than the contributions due.

e Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

f Taxation

Corporation tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax balances are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the profit and loss account, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. PRINCIPAL ACCOUNTING POLICIES (continued)

g Insurance intermediary assets and liabilities

Insurance intermediaries usually act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance transactions are shown as assets and liabilities. This recognises that the insurance intermediary is entitled to retain the investment income on any cash flows arising from these transactions and is included as fiduciary investment income in the profit and loss account.

Debtors and creditors arising from a transaction between a client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance debtors and insurance creditors.

The position of the insurance intermediary as an agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance intermediary acquires credit risk – through statute, or through the act or omission of the insurance intermediary or one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposure and consequently they cannot be evaluated. Therefore, the total of insurance debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance intermediaries to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance debtors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of insolvency it is generally abandoned. Financial Reporting Standard No. 5 "Reporting the substance of transactions" requires that the offset of assets and liabilities should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance debtors and creditors.

h Cashflow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

2. TURNOVER

A geographical analysis of turnover is as follows:

	2015 £000	2014 £000
Turnover from within the EU	**2,810**	1,680
Turnover from outside the EU	**112**	369
Total	**2,922**	2,049

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the company	**1**	1
Auditor's remuneration	**8**	4
Auditor's remuneration - non-audit services in relation to taxation	**-**	5
Difference on foreign exchange	**35**	53

4. DIRECTORS' REMUNERATION

	2015 £000	2014 £000
Remuneration	**626**	256
Company pension contributions to defined contribution pension schemes	**41**	17

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £366,000 (2014 - £148,000).The value of the Company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2014 - £NIL).

Messrs SP Doyle, RWN Kilpatrick and AH Elston are remunerated by other group companies and receive no remuneration specifically in relation to their services to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	**874**	580
Social security costs	**105**	83
Other pension costs	**131**	122
	1,110	785

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Directors	**2**	1
Underwriters	**2**	1
Administration and claims	**3**	3
	7	5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

6. TAXATION

	2015 £000	2014 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	**191**	107
Adjustments in respect of prior periods	**(13)**	(1)
Total current tax	**178**	106
Deferred tax		
Origination and reversal of timing differences	(23)	2
Adjustments in respect of prior periods	8	-
Total deferred tax (see note 11)	**(15)**	**2**
Tax on profit on ordinary activities	**163**	108

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20.5% (2014 - 22%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	**782**	459
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 - 22%)	**160**	101
Effects of:		
Expenses not deductible for tax purposes	**8**	6
Other timing differences leading to an increase in taxation	**23**	-
Adjustments in respect of prior periods	**(13)**	(1)
Current tax charge for the year	**178**	106

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Factors that may affect future tax charges

Following the enactment of the Finance Act 2014 on 17 July 2014, the main rate of corporation tax has reduced from 21% to 20% from 1 April 2015. This will reduce to 19% on 1 April 2017 as announced in the Summer Budget 2015, and to 17% on 1 April 2020 following the Budget 2016. The Company's UK deferred tax balances have been recognised at 20%.

7. TANGIBLE FIXED ASSETS

	Computer equipment £000
Cost	
At 1 October 2014 and 30 September 2015	3
Depreciation	
At 1 October 2014	1
Charge for the year	1
At 30 September 2015	2
Net book value	
At 30 September 2015	1
At 30 September 2014	2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

8. DEBTORS

	2015 £000	2014 £000
Amounts owed by group undertakings	1,562	865
Insurance debtors	12,212	9,811
Other debtors	323	310
Prepayments and accrued income	10	6
Tax recoverable	66	28
Deferred tax asset (see note 11)	26	11
	14,199	11,031

9. CASH AT BANK AND IN HAND

	2015 £000	2014 £000
Insurance broker cash balances	4,855	1,468
Other cash balances	133	71
Total	4,988	1,539

The use of insurance broker cash balances is restricted in accordance with the regulations governing these accounts.

10. CREDITORS:
Amounts falling due within one year

	2015 £000	2014 £000
Insurance creditors	15,732	10,625
Other creditors	-	107
Amounts owed to group undertakings	1,895	1,612
Accruals and deferred income	776	62
	18,403	12,406

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

11. DEFERRED TAX ASSET

	2015 £000	2014 £000
At beginning of year	**11**	13
P&L movement (note 6)	**15**	(2)
At end of year	**26**	11

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Other timing differences	**26**	11

12. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	**1**	1

13. RESERVES

	Profit and loss account £000
At 1 October 2014	**166**
Profit for the year	**619**
At 30 September 2015	**785**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £000	2014 £000
Opening shareholders' funds/(deficit)	**166**	(185)
Profit for the financial year	**619**	351
Closing shareholders' funds	**785**	166

15. PENSION COSTS

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. The pension cost charge for the period is shown in note 5. No amount was accrued or prepaid as at period end.

16. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned and controlled subsidiary of Hyperion Insurance Group Limited, the Company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which are 100% members of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Hyperion Insurance Group Limited, within which this Company is included, can be obtained from the address given in note 18.

17. CONTINGENT LIABILITIES

On 29 April 2015, the ultimate parent company Hyperion Insurance Group Limited along with fellow subsidiaries HIG Finance Limited and Hyperion Refinance S.a.r.l., entered into a financing agreement with Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, HSBC Bank plc, Lloyds Bank plc, Royal Bank of Scotland and ING Capital LLC. Under the terms of this agreement, the Company together with a number of other subsidiaries have given guarantees in respect of Hyperion Refinance S.a.r.l's obligations under the terms of the agreement.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate holding company is Hyperion Insurance Group Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent company is DUAL International Limited, a company incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group of which the Company is a member for which group accounts are drawn up is that of Hyperion Insurance Group Limited. Copies of the financial statements of this Company can be obtained from The Group Finance Department, 16 Eastcheap, London, EC3M 1BD.