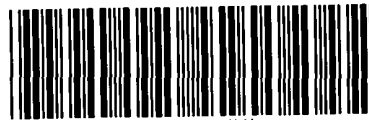


Company No: 08538477

ALOPUC LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2016**

THURSDAY



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COMPANIES HOUSE

ALOPUC LIMITED

DIRECTORS

RdWW Harries

JRF Lee

BRA Merriman

SECRETARY

M Bruce

Bruce Wallace Associates Limited

120 Pall Mall

London SW1Y 5EA

AUDITOR

KPMG LLP

15 Canada Square

London E14 5GL

BANKER

Barclays Bank plc

1 Churchill Place

Canary Wharf

London E14 5HP

REGISTERED OFFICE

Room 790, Lloyd's

1 Lime Street

London EC3M 7DQ

ALOPUC LIMITED

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2016.

Result

The profit after tax for the year amounted to \$23.0m (2015: \$24.5m).

Management has taken advantage of the exemption available in Section 401 of Companies Act 2006 allowing Alopuc Limited (Alopuc) to prepare and submit company only accounts on the basis that the Company and its subsidiaries were included within the consolidated accounts of Enstar Group Limited (Enstar), the ultimate parent company.

Principal activities and review of the business

Alopuc was incorporated on 21 May 2013 and is ultimately owned by Enstar, a company domiciled in Bermuda.

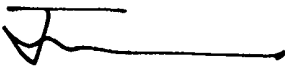
On 25 November 2013 the Company acquired its shareholding in Atrium Underwriting Group Limited (AUGL), which is the Company's sole subsidiary undertaking, the principal activity of which is the transaction of insurance and reinsurance business other than life insurance at Lloyd's of London. AUGL is incorporated in England and Wales.

The Company does not engage in any other material transactions on its own account.

Identification and management of principal risks and uncertainties

The Company's main risk exposure is to financial risk through its investment in its sole subsidiary company. The Company proposes to manage this risk by reviewing the performance of its subsidiary company through, inter alia, the regular monitoring of key performance indicators (KPIs). KPIs are used primarily to compare actual performance to the business plan. The impact of the investment in the direct subsidiary company, if any, is set out in note 7 to these Financial Statements. The Company entrusts the board of directors of AUGL with the management of AUGL's key risks, being underwriting risk, claims risk, reserving risk, investment risk, asset/liability mis-match, credit risk, liquidity risk and concentration risk. Further details regarding the management of these risks are set out in AUGL's financial statements.

By order of the board



JRF Lee
Director
26 May 2017

ALOPUC LIMITED

DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2016.

Dividends

The Directors do not recommend a final dividend, making the total of dividends paid in the year \$23m (2015: \$24.5m).

Directors and officers of the Company

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

The following directors were appointed during the year:

RdWW Harries (appointed effective 14 July 2016)

JRF Lee (appointed effective 14 July 2016)

BRA Merriman (appointed effective 14 July 2016)

The following directors resigned during the year:

DRD Reid (resigned effective 14 July 2016)

CP Thomas (resigned effective 14 July 2016)

AJ Turner (resigned effective 14 July 2016)

Future developments

The Company has no plans for any significant changes to its activities and current operations for the foreseeable future.

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Going concern

Following consideration, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The risk management of the Company has been detailed within the Strategic Report on page 2.

Disclosure of information to the auditor

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.

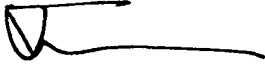
ALOPUC LIMITED

DIRECTORS' REPORT *(continued)*

Re-appointment of auditor

As permitted by provisions of the Companies Act 2006 relating to private companies, the Company has elected to dispense with the annual appointment of auditor.

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.

JRF Lee
Director
26 May 2017

ALOPUC 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)'.

Under company law the Directors must not approve the financial statements unless they are satisfied that the financial statements 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 including FRS 102 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 updated by FRS 102. They have general responsibility for taking such steps as are reasonably open to them to safeguard 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 ALOPUC LIMITED

We have audited the financial statements of ALOPUC Limited for the year ended 31 December 2016 set out on pages 07 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 05, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

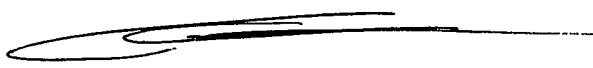
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

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

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
Canary Wharf
London E14 5GL
26 May 2017

ALOPUC LIMITED**INCOME STATEMENT****For the year ended 31 December 2016**

		2016	2015
	Notes	\$'000	\$'000
Administrative expenses		(7)	-
Operating loss		<u>(7)</u>	<u>-</u>
Income from shares in subsidiary		23,000	24,500
Profit on ordinary activities before tax		<u>22,993</u>	<u>24,500</u>
Tax on profit on ordinary activities	6	<u>1</u>	<u>-</u>
Profit on ordinary activities after tax		<u>22,994</u>	<u>24,500</u>

All results are derived from continuing activities.

The attached notes form an integral part of these financial statements.

ALOPUC LIMITED**BALANCE SHEET****As at 31 December 2016**

	Notes	2016 \$'000	2015 \$'000
Fixed assets			
Investment in subsidiary	7	158,000	158,000
Current assets			
Debtors	8	2,502	2,500
Current liabilities			
Creditors	9	(8)	-
Net assets		<u>160,494</u>	<u>160,500</u>
Capital and reserves			
Called up share capital	10	160,500	160,500
Retained earnings		<u>(6)</u>	<u>-</u>
Total shareholder's funds		<u>160,494</u>	<u>160,500</u>

The attached notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 26 May 2017 and were signed on its behalf by:



JRF Lee
Director

Company No: 08538477

ALOPUC LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2015	-	24,500	24,500
Profit for the year	-	24,500	24,500
Dividends	-	(24,500)	(24,500)
Balance as at 31 December 2015	160,500	-	160,500
Profit for the year	-	22,994	22,994
Dividends	-	(23,000)	(23,000)
Balance as at 31 December 2016	160,500	(6)	160,494

ALOPUC LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2016

1. GENERAL INFORMATION

The principal activity of the Company during the year remained as a parent company of the Atrium Group of Companies.

The Company is limited by shares and is incorporated in the United Kingdom. The address of its registered office is Room 790, Lloyd's, 1 Lime Street, London, EC3M 7DQ.

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

2. STATEMENT OF COMPLIANCE

The financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and section 396 of, and schedule 4 to, the Companies Act 2006.

The Company produces annual forecasts which take account of possible changes to the revenue streams and expense base of the Company. These forecasts show that the Company should have sufficient financial resources in order to continue trading for the foreseeable future. Following consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least a twelve month period from the date of issue of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(e).

(b) Change in accounting policy/prior period adjustment

There have been no changes in accounting policies or any prior period adjustments.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Alopuc Limited is a qualifying entity as its results are consolidated into the financial statements of Enstar Group Limited which are publicly available.

As a qualifying entity, the Company has taken exemption from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102.

(d) Investment income and expenses

Dividends are included as investment income when the investments to which they relate are declared "ex-dividend". Interest income and investment expenses are recognised on an accruals basis.

ALOPUC LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. There were no significant accounting judgements made during the year.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(f) Investment in subsidiary

The investment in subsidiary is stated at cost less provision for any permanent diminution in value. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is immediately recognised in the income statement.

4. AUDIT FEES AND EMPLOYEES

For the year ended 31 December 2016, the Company's audit fee of \$7,328 was recharged from Atrium group services Ltd (AGSL), a related company. For 2015, the audit fee was borne by a fellow group company. No other services were performed by the Company's auditor for which fees were charged.

The Company has no employees and all services were provided by a related party.

5. DIRECTORS' REMUNERATION

The Directors are employees of AGSL and are remunerated by member companies within the Atrium group for their services. They receive no remuneration as directors of the Company. Disclosures regarding directors' emoluments and staff costs are contained in the financial statements of AGSL.

6. TAXATION

	2016	2015
	\$'000	\$'000
The tax charge (credit) is made up as follows:		
Current tax	4,599	4,961
Inter group dividend exemption	(4,600)	(4,961)
Tax charge/(credit) on profit on ordinary activities	(1)	-

ALOPUC LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2016

7. INVESTMENT IN SUBSIDIARY

	2016 \$'000	2015 \$'000
As at beginning of period	158,000	158,000
Additions during the period	-	-
As at end of period	<u>158,000</u>	<u>158,000</u>

Name of subsidiary	Description of shares held	Business	Share interest	Economic/ voting rights in shares
Atrium Underwriting Group Limited (incorporated in England & Wales)	Ordinary shares	Insurance and Reinsurance at Lloyd's	100%	100% / 100%

8. DEBTORS

	2016 \$'000	2015 \$'000
Due within one year:		
Amounts due from group companies	<u>2,502</u>	<u>2,500</u>
	<u>2,502</u>	<u>2,500</u>

9. CREDITORS

	2016 \$'000	2015 \$'000
Due within one year:		
Amounts owed to group undertakings	4	-
Accruals and deferred income	<u>4</u>	<u>-</u>
	<u>8</u>	<u>-</u>

10. SHARE CAPITAL

		2016 \$'000	2015 \$'000
	<i>Allotted, called up</i>		
98,319,851 ordinary shares of \$1.607 each	Fully paid	158,000	158,000
1,555,694 ordinary shares of \$1.607 each	Unpaid	2,500	2,500
		<u>160,500</u>	<u>160,500</u>

The ordinary shares confer upon the holder 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.

ALOPUC LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2016

11. RELATED PARTIES

An amount of \$2,500,000 is included in debtors for an amount due from Northshore Holdings Limited for unpaid share capital (2015: \$2,500,000).

See note 5 for disclosure of the directors' remuneration. These directors are deemed to be key management personnel of the entity.

12. ULTIMATE HOLDING COMPANY

The Company's immediate parent and controlling party is Northshore Holdings Limited, incorporated in Bermuda.

The Company's ultimate parent undertaking, Enstar Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Enstar Group Limited are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), are available to the public and may be obtained from the US Securities and Exchange Commission (www.sec.gov). Refer to note 3(c) for exemptions claimed in relation to the preparation of the financial statements under FRS 102.