

**DCR (FI) LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2013**

**Bankside House**  
**107 Leadenhall Street**  
**London, EC3A 4AF**

**Registered Number 06404570**

**MONDAY**



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**COMPANIES HOUSE**

**DCR (FI) LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2013**

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**DCR (FI) LIMITED**

**DIRECTORS' REPORT**

**YEAR ENDED 30 SEPTEMBER 2013**

The directors submit their report and audited financial statements for the year ended 30 September 2013

**PRINCIPAL ACTIVITY**

The Company provides specialist technical underwriting services, on a non-regulated basis, to a fellow group undertaking, DUAL Corporate Risks Limited ("DCR"), in relation to a portfolio of Financial Institutions insurance business

**DIRECTORS**

The directors who served during the year were as follows

RWN Kilpatrick	
MA Bridges	(Resigned 30 November 2012)
R Patel	
E J Ogilvie	
PW Russell	
S P Doyle	(Appointed 18 March 2013)
A E Grant	(Appointed 18 March 2013, resigned 18 March 2013)
J Petho	(Appointed 21 November 2012, resigned 8 March 2013)

**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

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

**AUDITOR**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

By order of the Board



**H G Pallot**  
Secretary  
18 December 2013

## **DCR (FI) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 30 SEPTEMBER 2013**

The directors are responsible for preparing the Annual 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 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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

**DCR (FI) LIMITED**

**STRATEGIC REPORT**

**YEAR ENDED 30 SEPTEMBER 2013**

**RESULTS AND REVIEW OF THE BUSINESS**

**Overview**

The profit for the Company after taxation was £627,000 (2012 – loss of £45,000) The net assets of the Company at 30 September 2013 were £51,000 (2012 – net liabilities of £26,000) Given the straightforward nature of the business, the Directors do not believe the further use of key performance indicators ("KPIs") is necessary for adequate understanding of the financial statements

Final dividends of £550,000 were declared in the year (2012 - £nil)

**Going Concern**

The financial statements have been prepared under the going concern basis After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Despite having no cash balance, the Company has net receivables due from Group companies with adequate reserves

**Principal risks and uncertainties**

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 earned by DCR, which may vary significantly from year to year

**FINANCIAL RISK MANAGEMENT**

**Overview**

The Company's financial risk management objective is broadly to seek to mitigate specific financial risks where there is a possibility that any financial risk may lead to material changes in the Company's financial performance or position

**Credit risk**

The Company's principal financial assets are intercompany balances with DCR, relating to insurance balances on premiums written on behalf of DCR

The Company's credit risk is primarily attributable to its trade receivables An allowance for impairment is made where, in the opinion of the Directors, the balance is no longer recoverable in full

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

By order of the Board



**H G Pallot**  
Secretary

18 December 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCR (FI) LIMITED**

We have audited the financial statements of DCR (FI) Limited for the year ended 30 September 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow and the related notes 1 to 21. 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 Statement of Directors' Responsibilities, 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 2013 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 (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

18 December 2013

**DCR (FI) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2013**

	Notes	2013 £000	2012 £000
<b>Turnover</b>	<b>2</b>	<b>1,828</b>	<b>927</b>
<b>Total operating income</b>		<b>1,828</b>	<b>927</b>
Operating costs		<b>(1,013)</b>	<b>(977)</b>
<b>Operating profit/(loss)</b>	<b>3</b>	<b>815</b>	<b>(50)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>815</b>	<b>(50)</b>
Taxation	<b>6</b>	<b>(188)</b>	<b>5</b>
<b>Profit / (Loss) on ordinary activities after taxation</b>		<b>627</b>	<b>(45)</b>

All amounts relate to continuing operations

There are no recognised gains or losses for the period other than those included in the profit and loss account  
Accordingly, a statement of total recognised gains and losses is not prepared

The notes on pages 8 to 14 form part of these financial statements

**DCR (FI) LIMITED**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2013**

	Notes	2013 £000	2012 £000
<b>CURRENT ASSETS</b>			
Debtors Amounts falling due within one year	8	900	34
		900	34
<b>CREDITORS</b>			
Amounts falling due within one year	9	(849)	(60)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		51	(26)
<b>NET ASSETS / (LIABILITIES)</b>		51	(26)
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Profit and loss account	12	50	(27)
<b>EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)</b>	13	51	(26)

The notes on pages 8 to 14 form part of these financial statements

The financial statements were signed as approved and authorised for issue by the Board on 18 December 2013

Signed on behalf of the Board of Directors by



E J Ogilvie - Director



R Patel - Director

Company Registration number 6404570



DCR (FI) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2013

	Notes	2013 £000	2012 £000
Net cash inflow/(outflow) from operating activities	16	19	(5)
Taxation	17	(19)	5
Movement in own cash	18	-	-

## DCR (FI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

#### 1. 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, in accordance with applicable UK Accounting Standards and the going concern basis. The Company's business activities, future outlook and risk management together with its exposures to credit risk, are set out in the directors' report

Given 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. Although these resources do not include cash, the Company has receivables due from Group companies with adequate resources

##### (b) Turnover

Turnover consists principally of commission and fees associated with the placement of insurance and reinsurance contracts, net of commissions payable to other directly involved parties, underwritten on behalf of DCR. Revenues from 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 known and booked

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 received

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. These costs are recognised by DCR and recharged to the Company proportionate to the level of income written

##### (c) 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

##### (d) Pensions

The Company participates in a defined contribution scheme operated by Hyperion Insurance Group Limited. The pension charge in the profit and loss account represents the amounts payable by the Company in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

DCR (FI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

2. TURNOVER

Turnover is analysed by geographical markets as follows

	2013 £000	2012 £000
Commission and fees from within the EU	938	630
Commission and fees from outside the EU	890	297
	<u>1,828</u>	<u>927</u>

3. OPERATING PROFIT / (LOSS)

The operating profit / (loss) is stated after charging

	2013 £000	2012 £000
Auditor's remuneration		
- for audit of the company	4	4
- for taxation services	5	2
	<u>5</u>	<u>2</u>

4. DIRECTORS' EMOLUMENTS AND BENEFITS

	2013 £000	2012 £000
Directors' emoluments	408	371
Directors' pension contribution	27	22
	<u>435</u>	<u>393</u>
Highest paid director's emoluments	203	201
Highest paid director's pension contribution	15	15

In 2013, two directors were accruing benefits under a defined contribution pension scheme (2012 - two)

5. STAFF COSTS

Staff costs, including directors' emoluments, were as follows

	2013 £000	2012 £000
Wages and salaries	377	398
Social security	48	51
Pension costs	27	22
	<u>452</u>	<u>471</u>

DCR (FI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5. STAFF COSTS (continued)

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

	2013 Number	2012 Number
Directors/Management	2	2
Underwriters	1	1
Administration and claims	1	1
	<u>4</u>	<u>4</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

6(i) The tax charge/(credit) comprises:

	2013 £000	2012 £000
<b>Current tax</b>		
UK corporation tax on profits for the period	190	(5)
Adjustment in respect of previous periods	-	-
Total current tax charge/(credit) (Note 6(ii))	<u>190</u>	<u>(5)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 10)	8	-
Adjustments in respect of prior years	(10)	-
Total deferred tax credit	<u>(2)</u>	<u>-</u>
<b>Total tax charge/(credit) for the year</b>	<u>188</u>	<u>(5)</u>

6(ii) Factors affecting the tax charge/(credit) for the year:

The tax assessed for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 23.5% (2012 25%). The differences are explained as follows

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before tax	<u>815</u>	<u>(50)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.5% (2012 25%)	192	(12)
Effects of		
Expenses not deductible for taxation purposes	5	7
Other timing differences	(7)	-
<b>Current tax charge/(credit) for the period (note 6(i))</b>	<u>190</u>	<u>(5)</u>

6(iii) Circumstances affecting current and future tax charges

The 2012 Finance Act which was substantively enacted in July 2012 included a reduction of the main rate of UK Corporation tax from 24% to 23% with effect from 1 April 2013 and to 21% with effect from 1 April 2014. Accordingly, the rate of corporation tax for the accounting period 1 October 2012 to 30 September 2013 is 23.5%. Deferred tax balances have been revalued to reflect this change

DCR (FI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7. DIVIDENDS

	2013 £000	2012 £000
<b>Equity-Ordinary</b>		
Final declared	<u>550</u>	<u>-</u>

8. DEBTORS

	2013 £000	2012 £000
<b>Amounts falling due within one year:</b>		
Amounts due from group undertakings	324	26
Prepayments and accrued income	555	3
Corporation tax	19	-
Group tax relief debtor	-	5
Deferred tax recoverable (note 10)	2	-
	<u>900</u>	<u>34</u>

9. CREDITORS

	2013 £000	2012 £000
<b>Amounts falling due within one year</b>		
Accrual and deferred income	109	60
Group tax relief creditor	190	-
Dividends payable	550	-
	<u>849</u>	<u>60</u>

10. DEFERRED TAX

	2013 £000	2012 £000
Other timing differences	2	-
<b>Net deferred asset</b>	<u>2</u>	<u>-</u>
<b>Deferred tax asset</b>		
At beginning of year	-	-
Movement in the profit and loss (note 6)	2	-
<b>At end of year (note 8)</b>	<u>2</u>	<u>-</u>

11. SHARE CAPITAL

	2013		2012	
	Number	£000	Number	£000
<b>Allotted, Issued and Fully Paid Up</b>				
Ordinary shares of £1 each	1,000	1	1,000	1
Class B Ordinary shares of £1 each	57	-	57	-
Balance at year end	<u>1,057</u>	<u>1</u>	<u>1,057</u>	<u>1</u>

**DCR (FI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**12. RESERVES**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Profit and loss account</b>		
Balance at beginning of year	(27)	18
Profit/(loss) for the year	627	(45)
Dividends declared	(550)	-
Balance at end of year	50	(27)

**13. SHAREHOLDERS' FUNDS / (DEFICIT)**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Balance at beginning of year	(26)	19
Issue of share capital	-	-
Profit/(loss) for the year	627	(45)
Dividends declared	(550)	-
Shareholders' funds / (deficit) at end of year	51	(26)

**14. CONTINGENT LIABILITIES**

The Company, together with certain other subsidiaries, acts as an Obligor under the terms of a Senior Term and Multicurrency Revolving Facilities Agreement ("SFA") dated 31st May 2012 between Hyperion Insurance Group Limited ("Hyperion"), HSBC Bank Plc and Lloyds TSB Bank Plc. Accordingly the Company, together with Hyperion and those other subsidiaries, has given guarantees in respect of Hyperion's obligations under the SFA and has provided security to HSBC Bank Plc (as Security Agent for the SFA) in accordance with the terms of the SFA and the applicable law for each relevant subsidiary. After the date of this report, these obligations have been settled in full, and the abovementioned guarantees have been replaced as detailed in note 19.

**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 year is shown in note 5. There were no outstanding contributions at the end of the year (2012 - £nil).

**16. RECONCILIATION OF OPERATING PROFIT/ (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Operating Profit/(loss)	815	(50)
(Increase)/decrease in debtors	(845)	67
Increase/(decrease) in creditors	49	(22)
	19	(5)

**DCR (FI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**17. ANALYSIS OF CASH FLOWS**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b><i>Taxation</i></b>		
UK corporation tax (paid)/refunded	<u>(19)</u>	<u>5</u>
<b>Net taxation cash outflow</b>	<b><u>(19)</u></b>	<b><u>5</u></b>

**18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	-	-
Net cash flows	<u>-</u>	<u>-</u>
<b>At end of year</b>	<b><u>-</u></b>	<b><u>-</u></b>

**19. POST BALANCE SHEET EVENTS**

**Contingent Liability**

On the 17th of October 2013, Hyperion Finance S a r l , a fellow subsidiary, entered into a financing agreement with JPMorgan Chase Bank, N A , HSBC Bank plc, Lloyds Bank plc Under the terms of this agreement, the company together with a number of other subsidiaries have given guarantees in respect of Hyperion Finance S a r l 's obligations under the terms of the agreement

**20. RELATED PARTY TRANSACTIONS**

The Company receives all commissions from DCR Expenditure and taxes paid by DCR are recharged to the Company During the year, the Company received income of £1,305,000 (2012 £927,000) and profit commission of £551,000 (2012 £nil) and was recharged expenses of £428,000 (2012 £442,000) At 30 September 2013, the Company was owed £365,000 (2012 £25,000) by DUAL Corporate Risks Limited and owed £41,000

The Company was recharged expenses of £17,000 (2012 £nil) by DUAL International Limited At 30 September 2013, amount due to DUAL International Limited was £41,000 (2012 £1,000 due by DUAL International Limited)

The consolidated financial statements of Hyperion Insurance Group Limited, within which this Company is included, can be obtained from the address given in note 21 The Company had no other transactions with related parties outside the group during the period

**DCR (FI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**21. ULTIMATE HOLDING COMPANY**

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