

ASPEN MANAGING AGENCY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



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ASPEN MANAGING AGENCY LIMITED

REPORT OF THE DIRECTORS

Directors

H E Hutter (Chairman)
K A Green
K R L Vacher
S M Rouse
S J Postlewhite
R C C Villers
R J S Bucknall
J F Hobbs

Company secretary

Helen Lipscomb (*appointed 23 February 2011*)

Managing Agent's registered office

30 Fenchurch Street
London, EC3M 3BD
United Kingdom

Managing Agent's registered number

06459521

Bankers

Citibank N A

Registered Auditor

KPMG Audit Plc

ASPEN MANAGING AGENCY LIMITED

REPORT OF THE DIRECTORS

The directors of Aspen Managing Agency Limited ('the Company') present their report and the audited financial statements for the year ended 31 December 2011 (registered number 06459521)

Principal activity

The Company was incorporated on 21 December 2007 and commenced trading on 1 April 2008. The principal activity of the Company is that of a Lloyd's managing agent for Syndicate 4711, which was approved by Lloyd's on 7 April 2008 and commenced underwriting on 1 May 2008.

Review of the business

The managed capacity for the 2011 year of account was £267m. The managed capacity, agreed with Lloyd's, for 2012 has increased to £280m.

Results and dividends	2011 £000	2010 £000
Turnover	7,655	2,619
Administrative expenses	(238)	(754)
Interest payable	(10)	(9)
Tax	(1,963)	(520)
Profit for the year after tax	<u>5,444</u>	<u>1,336</u>

No dividend is proposed (2010 nil)

Going concern

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

Directors

The directors of the Company who served during the year ended 31 December 2011 are as follows:

H E Hutter	Non-executive Chairman
K A Green	Chief Executive Officer
K R L Vacher	Active Underwriter
S M Rouse	Chief Financial Officer
S J Postlewhite	Chief Risk Officer
R C C Villers	Director
R J Ingham Clark (resigned 21 April 2011)	Risk and Compliance Officer
R J S Bucknall	Non-executive Director
J F Hobbs	Non-executive Director

Company Secretary

The secretaries of the Company who served during the year ended 31 December 2011 are as follows

	Date of appointment	Date of resignation
H Lipscomb	23 February 2011	
P Roufca	18 May 2010	23 February 2011

No director had any interest in the voting share capital of the Company at any time during the period

Parent Company

The Company's parent is Aspen Insurance Holdings Limited (AIHL), a company registered in Bermuda. AIHL is the ultimate parent company of the Aspen Group. Copies of the consolidated financial statements may be obtained from the registered office at 141 Front Street, Hamilton, Bermuda HM19.

The interests in, and options to acquire, ordinary shares of AIHL, of those directors who were also directors of the ultimate parent company are disclosed in the financial statements of that company.

Directors and Officers Insurance

The Aspen Group has continued to maintain a Directors and Officers insurance policy, which was in place throughout the year ended 31 December 2011, and provides cover for its directors and officers of the Company. During the year and up to and including the date of approval of this report, the Company's Articles provided a qualifying third party indemnity to the Company's Directors and Officers.

Principal Risks and Uncertainties

The Company manages Syndicate 4711 in return for an agency fee and profit commission, out of which it must meet retained expenses. The Company must also maintain certain regulatory solvency surpluses. The Company monitors its financial position by way of quarterly management accounts and action would be taken to maintain the regulatory solvency position if necessary. The Company outsources a number of functions to Aspen Insurance UK Services Limited (AIUKS) including IT, finance and accounting, actuarial, risk management, compliance, legal and human resources.

Employment of disabled persons

The Company has no employees of its own. All personnel are employed by AIUKS.

AIUKS encourages its employees to develop their full potential by providing opportunities for training and professional development. Such opportunities, as well as career development and promotion, are equally available to disabled employees, whether newly recruited or existing employees who become disabled whilst in the Company's employment.

AIUKS's equal opportunities policy aims to ensure that no potential or existing employee receives less favourable treatment because of his/her sex, actual or perceived sexual orientation, gender (including gender reassignment), marital or family state, age, ethnic origin, disability, race, colour, nationality, national origin, creed, political affiliation, part-time status, or any other condition, unless it can be shown to be legally justifiable.

Copies of the AIUKS's policies are available on the Company's website or on request.

Statement of disclosure of information to Auditors

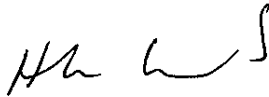
Each person who is a director at the date of approval of this Report confirms that

- So far as the director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's Auditors are unaware, and
- He or she has taken all the steps that ought to have been taken in order to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information

Auditors

Pursuant to s487 of the Companies Act 2006, KPMG Audit Plc will be treated as being reappointed annually

By order of the Board



Helen Lipscomb
Secretary

15 March 2012

ASPEN MANAGING AGENCY LIMITED

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN MANAGING AGENCY LIMITED

We have audited the financial statements of Aspen Managing Agency Limited for the year ended 31 December 2011 set out on pages 9 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

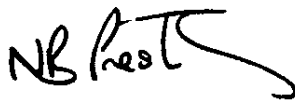
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



N B Priestley (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

15 March 2012

ASPEN MANAGING AGENCY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£000	£000
Turnover	3	7,655	2,619
Administrative expenses		<u>(238)</u>	<u>(754)</u>
Operating Profit	4	7,417	1,865
Interest payable	5	<u>(10)</u>	<u>(9)</u>
Profit on ordinary activities before taxation		7,407	1,856
Tax on profit on ordinary activities	7	<u>(1,963)</u>	<u>(520)</u>
Profit for the year	10	<u>5,444</u>	<u>1,336</u>

All operations of the Company are continuing

There were no unrecognised gains and losses relating to the current period other than those included in the Profit and Loss Account. Therefore, no Statement of Total Recognised Gains and Losses has been prepared.

The notes on pages 11 to 15 form an integral part of these annual accounts

ASPEN MANAGING AGENCY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	<u>Notes</u>	<u>2011</u> <u>£000</u>	<u>2010</u> <u>£000</u>
Current assets			
Debtors			
Amounts falling due within one year	8	8,145	1,937
Cash at bank and in hand		2,089	929
		<u>10,234</u>	<u>2,866</u>
Creditors			
Amounts falling due within one year	9	2,485	561
Total assets less current liabilities		<u>7,749</u>	<u>2,305</u>
Amounts falling due after more than one year	9	400	400
Net assets		<u>7,349</u>	<u>1,905</u>
Capital and reserves			
Called up share capital	12	400	400
Profit and loss account	10	6,949	1,505
	11	<u>7,349</u>	<u>1,905</u>

The financial statements were approved by the Board of Directors on 15 March 2012 and were signed on its behalf by



S M Rouse
Chief Financial Officer

Managing Agent's registered number
06459521

The notes on pages 11 to 15 form an integral part of these annual accounts

ASPEN MANAGING AGENCY LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2011

1. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2. Accounting policies

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) 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 consolidated financial statements

Turnover

Turnover represents managing agency fees and profit commission derived from underwriting members at Lloyd's

Managing agent's fees represent fees received in respect of the current year of account

Profit commission is recognised on an earned basis, in line with the earning of the syndicate profit from which it is derived

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax

The profit/(loss) chargeable to tax may differ from the profit/(loss) before tax in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's asset for current tax is calculated using tax rates applicable at the balance sheet date

Deferred taxation is provided in full on timing differences that 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. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. 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 are not discounted

ASPEN MANAGING AGENCY LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2011

3. Turnover

	<u>2011</u> £000	<u>2010</u> £000
Managing agency fees	1,497	1,410
Profit commission	<u>6,158</u>	<u>1,209</u>
	<u>7,655</u>	<u>2,619</u>

Turnover and profit before taxation arise in the United Kingdom from managing underwriting business at Lloyd's

4. Operating Profit

Operating profit is stated after charging

	<u>2011</u> £000	<u>2010</u> £000
Fees payable to the Company's auditor for the audit of the Company's financial statements	8	7

5. Interest Payable

	<u>2011</u> £000	<u>2010</u> £000
Interest payable on subordinated loan from Aspen Insurance UK Limited	10	9

6. Staff costs

The managing agent has no employees. All directors and staff performing services for the Company are employed by AIUKS.

7. Taxation

a) Analysis of taxation for the period

	<u>2011</u> £000	<u>2010</u> £000
United Kingdom corporation tax	(1,963)	(520)
Total tax on profit on ordinary activities	<u>(1,963)</u>	<u>(520)</u>

ASPEN MANAGING AGENCY LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2011

7. Taxation (continued)

(b) Factors affecting the taxation charge for the current year

The tax charge for the year is equal to the standard rate of corporation tax in the UK 26.5%

	<u>2011</u> £000	<u>2010</u> £000
Profit on ordinary activities before tax	<u>7,407</u>	1,856
Tax at 26.5% thereon	<u>1,963</u>	520
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	-
Group Tax Relief	<u>-</u>	<u>-</u>
Total current tax charge	<u>1,963</u>	520

8. Debtors

	<u>2011</u> £000	<u>2010</u> £000
Due within one year		
Amounts due from Group companies	<u>8,145</u>	1,937
	<u>8,145</u>	1,937

9. Creditors

	<u>2011</u> £000	<u>2010</u> £000
Due within one year		
Interest on long term debt	3	41
Taxation	<u>2,482</u>	520
	<u>2,485</u>	561
	<u>2011</u> £000	<u>2010</u> £000
Due after one year		
Subordinated loan	<u>400</u>	400
	<u>400</u>	400

The subordinated loan has been provided by Aspen Insurance UK Limited and it is subordinated to all other creditors of the Company and (a) shall be repayable only if and when all creditors have been paid or satisfied in full and (b) in any event shall not be repaid without the prior written consent of the Council of Lloyd's

Interest on the subordinated amount from time to time outstanding shall accrue at a rate of 3-month LIBOR plus 1.6% per annum

ASPEN MANAGING AGENCY LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2011

10. Profit and loss account

	<u>2011</u> £000	<u>2010</u> £000
At beginning of the year	1,505	169
Retained profit for the year	5,444	1,336
At end of the year	<u>6,949</u>	<u>1,505</u>

11. Reconciliation of movements in shareholder's funds

	<u>2011</u> £000	<u>2010</u> £000
Shareholders funds b/f at beginning of the year	1,905	569
Retained profit for the year	5,444	1,336
Shareholder's funds at end of the year	<u>7,349</u>	<u>1,905</u>

12. Called up share capital

	<u>2011</u> £000	<u>2010</u> £000
Ordinary Shares of £1 each		
Called up, issued and fully paid	400	400

13. Ultimate parent company

The ultimate parent company and controlling party is Aspen Insurance Holdings Limited, a company incorporated in Bermuda. Copies of these consolidated statements may be obtained from the registered office at 141 Front Street, Hamilton, Bermuda HM19.

ASPEN MANAGING AGENCY LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2011

14 Related parties

The Company is a subsidiary of Aspen Insurance Holdings Limited

Certain management services are recharged to the Company from Aspen Insurance UK Services Limited, a fellow subsidiary, the amounts charged to and balances due from the Company at the end of the year are

	<u>2011</u> £000	<u>2010</u> £000
Expenses recharge	304	716
Year end balance	25	73

Aspen Managing Agency Limited was the managing agency of Syndicate 4711 for the year of this report

The amounts charged to and balances due from the Company, from Syndicate 4711, at the end of the year are

	<u>2011</u> £000	<u>2010</u> £000
Managing agency fees	1,497	1,410
Year end balance	-	-

The balance due from Syndicate 4711 at 31 December 2011 is nil (2010 nil)

The amounts charged to and balances due from the Company, from Aspen Underwriting Limited at the end of the year are

	<u>2011</u> £000	<u>2010</u> £000
Profit commission	6,158	1,209
Year end balance	6,158	1,209

The balance due from Aspen Underwriting Limited at 31 December 2011 is £6,158 (2010 £1,209)