

Company Registration Number
03110970

INK UNDERWRITING AGENCIES LIMITED

Annual Report and Financial Statements
For the year ended 31 August 2009



INK UNDERWRITING AGENCIES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009**

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INK UNDERWRITING AGENCIES LIMITED

**OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2009**

DIRECTORS

C M Giles
P D Matson
S E Lyons
H J McIntyre
M Addis

COMPANY SECRETARY

AG Hessett

REGISTERED OFFICE

Birchin Court
3rd Floor
20 Birchin Lane
London
EC3V 9DU

BANKERS

Bank of Scotland plc
Bishopsgate Exchange
155 Bishopsgate
London
EC2M 3YB

SOLICITORS

Dickson Minto
Royal London House
22 – 25 Finsbury Square
London
EC2A 1DX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

INK UNDERWRITING AGENCIES LIMITED
COMPANY REGISTRATION NUMBER: 03110970

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of insurance broking.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the profit and loss account and balance sheet on pages 7 and 9 respectively.

In the view of the directors the main key performance indicator for the business is the level of turnover and operating profit. Turnover was £4,274,000 for the year ended 31 August 2009 (2008: £2,683,000). Operating profit for the year amounted to £2,614,000 (2008: £851,000).

The profit after tax for the year was £2,509,000 (2008: £966,000).

No dividends were paid or proposed during the year.

POST BALANCE SHEET EVENTS

On 6 November 2009 the trade, assets and liabilities of Dallas Kirkland (Professions) Limited were hived up into the company.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risk

The company is affected by the insurance market cycle. The current assessment is of soft market conditions with the company tackling this risk by both new business initiatives and ongoing supplier negotiations. A further market risk factor is the strength of the supply base. The company ensures the supply base is appropriate by regular monitoring and assessment of insurer credit ratings.

Regulatory Risk

The regulatory environment is set by the Financial Services Authority ("FSA"). The company operates a fully resourced compliance department reporting direct to the Finance Director. This compliance department monitors all regulatory developments with a particular focus on regular updates and meetings with the FSA.

Credit Risk

Credit risk is minimised by the company ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers.

Liquidity Risk

The main financing liabilities of the group, being DMWSL 585 Limited and subsidiary companies, are a bank overdraft facility, term loans which accrue interest at variable rates and loan notes which accrue interest at a fixed rate. The directors manage and monitor the financing of the companies on a group basis to mitigate the liquidity risks. To manage the risk of interest rate movements relating to the group's variable rate borrowings, the group has entered into an interest rate swap arrangement. Further details are provided in the consolidated financial statements of the group.

INK UNDERWRITING AGENCIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009 (CONTINUED)

GOING CONCERN

The company and the group's business activities, together with the factors likely to affect the future development, performance and position are set out in the business review above. This includes commentary on regulatory and market risk management objectives and exposure to credit risk and liquidity risk.

In common with other companies in the sector, the company and the group are operating under difficult market conditions. However, the company and the group have access to considerable financial resources through bank funding available to be drawn down. In addition, as part of the group's banking facility, there are cross guarantees in place between this company and its fellow subsidiaries to provide each other with financial support should it be required. As a consequence, the directors believe the group is well placed to manage its business risks successfully despite the current economic outlook.

The company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors who served the company during the year and up to the date of signing the financial statements subsequently are as follows:

C M Giles	
P D Matson	
S E Lyons	(appointed 15 September 2009)
H J McIntyre	(appointed 15 September 2009)
M Addis	(appointed 15 September 2009)

DIRECTORS' INDEMNITY PROVISIONS

The directors benefited from third party indemnity provisions in place during the financial year and to the date of this report.

EMPLOYEE INVOLVEMENT

It is the company policy that there should be effective communication with employees at all levels on matters which affect their current jobs or future prospects.

DISABLED EMPLOYEES

The policy of the company with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion. Wherever possible, employees who become disabled during their employment are offered suitable alternative employment.

INK UNDERWRITING AGENCIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they 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;
- 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.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors at the date of approval of this report confirm that:

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

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

PricewaterhouseCoopers LLP were appointed as auditors of the company during the year and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



A G Hessett
Company Secretary
18th December 2009

INK UNDERWRITING AGENCIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INK UNDERWRITING AGENCIES LIMITED

We have audited the financial statements of Ink Underwriting Agencies Limited for the year ended 31 August 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 August 2009 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 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.

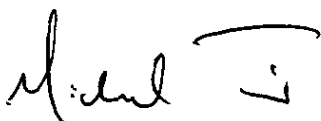
INK UNDERWRITING AGENCIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INK UNDERWRITING AGENCIES LIMITED (CONTINUED)

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.



Michael Timar (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

18th December 2009

INK UNDERWRITING AGENCIES LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 August 2009

	Note	2009 £'000	2008 £'000
TURNOVER	2	4,274	2,683
Administrative expenses		(1,660)	(1,832)
OPERATING PROFIT	3	2,614	851
Interest receivable		11	28
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,625	879
Tax (charge) / credit on profit on ordinary activities	5	(116)	87
PROFIT FOR THE FINANCIAL YEAR		<u>2,509</u>	<u>966</u>

All of the activities of the company in the current and prior year are classed as continuing.

INK UNDERWRITING AGENCIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 August 2009

	2009 £'000	2008 £'000
PROFIT FOR THE FINANCIAL YEAR	<u>2,509</u>	966
Prior year adjustment		<u>(26)</u>
TOTAL GAINS SINCE LAST ANNUAL REPORT		<u>940</u>

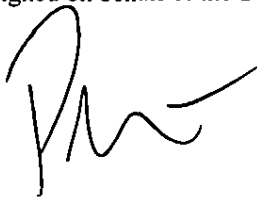
INK UNDERWRITING AGENCIES LIMITED

BALANCE SHEET For the year ended 31 August 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		3		31
			<u>3</u>		<u>31</u>
CURRENT ASSETS					
Debtors	7	9,183		5,126	
Cash at bank and in hand	8	4,298		1,104	
		<u>13,481</u>		<u>6,230</u>	
CREDITORS: amounts falling due within one year	9	<u>(6,943)</u>		<u>(2,229)</u>	
NET CURRENT ASSETS			<u>6,538</u>		<u>4,001</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,541</u>		<u>4,032</u>
NET ASSETS			<u>6,541</u>		<u>4,032</u>
CAPITAL AND RESERVES					
Called up share capital	10		-		-
Profit and loss account	11		6,541		4,032
TOTAL SHAREHOLDERS' FUNDS	12		<u>6,541</u>		<u>4,032</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors on 18th December 2009.

Signed on behalf of the Board of Directors



P D Matson
Director

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards and accounting policies which have been consistently applied.

Going concern

The financial statements have been prepared under the going concern concept as discussed in the directors' report.

Turnover

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients and also financing income. The company recognises this income when earned. Brokerage is recognised at policy inception date with a proportion of income deferred over the period of the underlying contracts to recognise the ongoing contractual obligations of maintaining and servicing the contracts over that period.

Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated so as to write off the cost or valuation less estimated residual value, over its estimated useful life as follows:

Office furniture and equipment - 3 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Current taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that will result in an obligation to pay more, or a right to pay less tax, in the future. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2009

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Insurance broking debtors and creditors

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions and accordingly such investment income is included in operating profits. Such cash is held in a client account separate from the general funds of the company. The company has applied Financial Reporting Standard 5 'Reporting the Substance of Transactions' and offsets debtors and creditors from insurance transactions only when it is legally enforceable.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 "Cash Flow Statements (Revised 1996)" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company's financial statements includes a consolidated cash flow statement.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

The company derived its entire turnover from operations in the United Kingdom.

3. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is stated after charging:		
Operating lease rentals on land and buildings	34	39
Depreciation of owned assets	28	60
	<u> </u>	<u> </u>

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these accounts is £6,000 (2008: £15,000) and in respect of the taxation services is £4,000 (2008: £5,000). These costs have been borne and paid for by Giles Insurance Brokers Limited, a fellow subsidiary undertaking.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2009

4. DIRECTORS AND EMPLOYEES

Staff costs including directors' emoluments	2009 £'000	2008 £'000
Wages and salaries	1,193	1,089
Social security costs	135	139
Other pension costs	16	6
	<u>1,344</u>	<u>1,234</u>

The average number of persons employed during the year, pro-rated for the previous period, including executive directors was:	2009 Number	2008 Number
Insurance broking and administration	<u>39</u>	<u>35</u>

Directors	2009 £'000	2008 £'000
Aggregate emoluments	<u>-</u>	<u>-</u>

The directors during the year were remunerated by Giles Insurance Brokers Limited, a fellow subsidiary undertaking. Details of their emoluments are given in the financial statements of Giles Insurance Brokers Limited. The directors no longer consider it practical to allocate the percentage of their remuneration to INK Underwriting Agencies Limited.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2009

5. TAXATION

(a) Analysis of tax charge / (credit) in the year

The tax charge / (credit) on the profit on ordinary activities for the year was as follows:

	2009 £'000	2008 £'000
Current tax:		
UK Corporation tax based on the results for the year at 28% (2008: 28%)	-	-
Adjustment in respect of prior years	116	(87)
Total current tax	<u>116</u>	<u>(87)</u>

(b) Factors affecting tax charge

The tax assessed on the profit before taxation for the year is lower (2008: higher) than the standard rate of corporation tax applicable to the group of 28%. The difference is explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>2,625</u>	<u>879</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28%)	735	258
Effects of:		
Capital allowances in excess of depreciation	5	13
Expenses not deductible for tax purposes	75	(6)
Provisions disallowed	-	8
Group relief (claimed)	(815)	(273)
Adjustment in respect of previous periods	116	(87)
Current tax charge / (credit)	<u>116</u>	<u>(87)</u>

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2009

6. TANGIBLE FIXED ASSETS

	Office furniture and equipment £'000
COST	
At 1 September 2008 and at 31 August 2009	<u>309</u>
ACCUMULATED DEPRECIATION	
At 1 September 2008	278
Charge for the year	<u>28</u>
At 31 August 2009	<u><u>306</u></u>
NET BOOK VALUE	
At 31 August 2009	<u><u>3</u></u>
At 31 August 2008	<u><u>31</u></u>

7. DEBTORS

	2009 £'000	2008 £'000
Insurance debtors	4,265	1,900
Amounts owed by group undertakings	3,878	2,803
Prepayments and accrued income	<u>1,040</u>	<u>423</u>
	<u><u>9,183</u></u>	<u><u>5,126</u></u>

Amounts owed by group undertakings are repayable on demand and are on an interest free basis.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2009

8. CASH AT BANK AND IN HAND

	2009 £'000	2008 £'000
Insurance bank accounts	1,544	386
Other cash at bank and in hand	2,754	718
	<u>4,298</u>	<u>1,104</u>

Insurance bank accounts hold cash on behalf of clients and insurers.

9. CREDITORS: Amounts falling due within one year

	2009 £'000	2008 £'000
Insurance creditors	6,700	2,044
Corporation tax	-	87
Other taxes & social security	42	36
Other creditors	72	10
Accruals and deferred income	129	52
	<u>6,943</u>	<u>2,229</u>

10. CALLED UP SHARE CAPITAL

	31 August 2009		31 August 2008	
	No	£	No	£
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2009

11. PROFIT AND LOSS ACCOUNT

	2009 £'000	2008 £'000
Balance brought forward	4,032	3,066
Retained profit for the financial year	2,509	966
	<u>6,541</u>	<u>4,032</u>
Balance carried forward	<u>6,541</u>	<u>4,032</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Opening shareholders' funds	4,032	3,066
Profit for the financial year	2,509	966
	<u>6,541</u>	<u>4,032</u>
Closing shareholders' funds	<u>6,541</u>	<u>4,032</u>

13. OPERATING LEASE COMMITMENTS

At 31 August 2009 the company had annual commitments under non-cancellable operating leases as set out below.

Annual commitments under land and buildings operating leases which expire:	2009 £'000	2008 £'000
Within one year	34	-
Within two to five years	-	39
	<u>34</u>	<u>39</u>
	<u>34</u>	<u>39</u>

14. CONTINGENCIES AND COMMITMENTS

The Group has a £320,000,000 Senior Credit Agreement ('the Debt Agreement') with Bank of Scotland plc to fund the acquisition of the entire share capital of Quillico 226 Limited and its subsidiary companies.

The Company has a deed of accession as a Guarantor to this Agreement and an intercreditor deed whereby the Company will agree certain ranking and priority arrangements relating to the Debt and a Debenture whereby the Company will create a first ranking fixed and floating charge over its assets, property and undertaking and assign by way of security all their rights, interest, title and benefit in their present and future assets to the Bank of Scotland plc.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2009

15. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Quillco 227 Limited. The ultimate holding company is DMWSL 585 Limited, which is incorporated in Great Britain and registered in England and Wales, and is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements is available from DMWSL 585 Limited, Birchin Court, 3rd Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to subsidiary undertakings in FRS 8 "Related Party Disclosures" not to report transactions with other group companies on the basis that consolidated financial statements are available for the ultimate parent undertaking.

17. POST BALANCE SHEET EVENTS

On 6 November 2009 the trade, assets and liabilities of Dallas Kirkland (Professions) Limited were hived up into the company.