

Company Number: 03110970

INK UNDERWRITING AGENCIES LIMITED

Directors' Report and Financial Statements

For the year ended 31 August 2011

TUESDAY



A19XVYVD

A23

29/05/2012

#298

COMPANIES HOUSE

INK UNDERWRITING AGENCIES LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

CONTENTS

	Page
Officers and professional advisers	1
Directors' report for the year ended 31 August 2011	2
Independent auditors' report	5
Profit and loss account for the year ended 31 August 2011	7
Balance sheet as at 31 August 2011	8
Notes to the financial statements for the year ended 31 August 2011	9

INK UNDERWRITING AGENCIES LIMITED

**OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2011**

DIRECTORS

M Addis
J Arden
M Chambers
C Giles
S Lyons
H McIntyre
G Prescott
M Scales
M Smith

COMPANY SECRETARY

A G Hessett

REGISTERED OFFICE

Birchun Court
3rd Floor
20 Birchun 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 2011

The directors present their report and the audited financial statements of the company for the year ended 31 August 2011

REVIEW OF BUSINESS

The principal activity of the company during the year was that of wholesale insurance broking. Company trading has been satisfactory in the year with turnover from core continuing activities increasing from £8,778,000 to £10,058,000. During the year the company acquired the FSJ, Marine and Recruitinsure books of business from Giles Insurance Brokers Limited, a fellow subsidiary of the group (the group being Expectrum Limited and subsidiary companies)

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 8 respectively

In the view of the directors the main key performance indicator for the business is the level of turnover. Turnover from existing operations was £10,058,000 for the year ended 31 August 2011 (2010 £8,778,000). The increase in turnover from existing operations in 2011 reflects a full year of turnover from the hive up of Dallas Kirkland (Professions) Limited. Turnover from acquisitions in the year was £1,266,000 for the period since acquisition and is shown in the profit and loss account on page 7

The profit for the financial year was £7,133,000 (2010 £6,003,000)

No dividends were paid or proposed during the year (2010 nil)

FUTURE DEVELOPMENTS

The company's strategic focus continues to be on the organic growth of existing core business and the acquisition of businesses to enhance the future turnover and profitability of the company and group

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year (2010 nil)

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated in the principal risks of the group, being Expectrum Limited and subsidiary companies, and are not managed separately. Accordingly, the principal risks and uncertainties of Expectrum Limited, which includes those of the company, are discussed on page 3 of the group's annual report which does not form part of this report

GOING CONCERN

The group has 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 at least 12 months from the signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements

INK UNDERWRITING AGENCIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)

DIRECTORS

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

M Addis
J Arden (appointed 13 September 2011)
M Chambers (appointed 26 October 2010)
C Giles
S Lyons
P Matson (resigned 9 February 2011)
H McIntyre
G Prescott
M Scales (appointed 13 June 2011)
M Smith (appointed 19 April 2011)

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

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 prepared 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,
- 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

INK UNDERWRITING AGENCIES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)

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

By order of the Board



A G Hessett
Company Secretary
19 December 2011

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 2011 which comprise the profit and loss account, 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 statement of directors' responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 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. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. 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 31 August 2011 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

21 December 2011

INK UNDERWRITING AGENCIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2		
Existing operations		10,058	5,352
Acquisitions		1,266	3,426
		<u>11,324</u>	<u>8,778</u>
Goodwill amortisation		(51)	-
Other administrative expenses		(4,154)	(2,774)
Total administrative expenses		<u>(4,205)</u>	<u>(2,774)</u>
OPERATING PROFIT	3		
Existing operations		6,323	3,662
Acquisitions		796	2,342
		<u>7,119</u>	<u>6,004</u>
Interest receivable and similar income	5	14	-
Interest payable and similar charges		-	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>7,133</u>	<u>6,003</u>
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR		<u><u>7,133</u></u>	<u><u>6,003</u></u>

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

There are no recognised gains and losses for the current financial year other than as stated in the profit and loss account Accordingly, no statement of total recognised gains and losses has been presented

INK UNDERWRITING AGENCIES LIMITED

BALANCE SHEET AS AT 31 AUGUST 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible fixed assets	7	1,047	-
Tangible assets	8	-	1
Investments	9	7,399	7,943
		<u>8,446</u>	<u>7,944</u>
CURRENT ASSETS			
Debtors	10	33,993	29,394
Cash at bank and in hand	11	10,621	5,939
		<u>44,614</u>	<u>35,333</u>
CREDITORS: amounts falling due within one year	12	<u>(32,383)</u>	<u>(28,484)</u>
NET CURRENT ASSETS		<u>12,231</u>	<u>6,849</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,677</u>	<u>14,793</u>
CREDITORS: amounts falling due after more than one year	13	(1,000)	(2,249)
NET ASSETS		<u><u>19,677</u></u>	<u><u>12,544</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account	16	19,677	12,544
TOTAL SHAREHOLDERS' FUNDS	17	<u><u>19,677</u></u>	<u><u>12,544</u></u>

The financial statements on pages 7 to 19 were approved by the Board of Directors on 19 December 2011.

On behalf of the Board of Directors



M Chambers
Director

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

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

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration originally paid over the fair value of the identifiable assets and liabilities at the time of hive up, is capitalised and written off on a straight line basis over its useful economic life, which the directors have assessed to be 12 years. Provision is made for any impairment

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Investments in subsidiaries

Investments in subsidiary companies are recorded at cost less any provision for impairment. Impairment reviews are performed by the directors where there has been an indication of potential impairment

Consolidation

The financial statements contain information about Ink Underwriting Agencies Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Expectrum Limited

Cash flow statement

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

Turnover

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients and income from business placed with financing companies. 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

Turnover attributable to company's activities which were hived up into Ink Underwriting Agencies Limited during the year, and books of business purchased during the year, is shown on the face of the profit and loss account as turnover from acquisitions

Accrued income

Income is accrued when it has been earned in the year but will be received in a future accounting period, and when the amount earned can be estimated with reasonable certainty

Deferred income

Income is deferred when it has been received in the year but will be earned in a future accounting period

Tangible fixed assets

Tangible fixed assets are recorded at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES (CONTINUED)

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 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.

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 FRS 5 'Reporting the Substance of Transactions' and offsets debtors and creditors from insurance transactions only when it is legally enforceable.

Deferred considerations

The total consideration payable by the company when acquiring businesses often includes a deferred element which is based on the future trading performance of the acquired business. The company provides for the deferred consideration where there is a reasonable expectation that the acquired business will meet the targets specified in the acquisition agreement.

2. TURNOVER ON ORDINARY ACTIVITIES

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.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

3. OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit is stated after charging:		
Operating lease rentals on land and buildings	101	112
Depreciation of owned assets	1	2
	<u>1</u>	<u>2</u>

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these financial statements is £13,000 (2010 £21,000) and in respect of the taxation services is £5,000 (2010 £12,000). These costs have been borne and paid for by Giles Insurance Brokers Limited, a fellow subsidiary undertaking.

4 PARTICULARS OF EMPLOYEES

Staff costs	2011 £'000	2010 £'000
Wages and salaries	2,808	1,826
Social security costs	378	239
Other pension costs	72	52
	<u>3,258</u>	<u>2,117</u>

	2011 Number	2010 Number
The average number of persons employed during the year, including executive directors was		
Insurance broking and administration	<u>101</u>	<u>55</u>

Directors	2011 £'000	2010 £'000
Aggregate emoluments	<u>-</u>	<u>-</u>

The directors during the year were remunerated by Giles Insurance Brokers Limited, a fellow subsidiary undertaking. The directors do not 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 2011

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Bank interest receivable	14	-

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2011 £'000	2010 £'000
Current tax:		
UK Corporation tax based on the results for the year at 27.17% (2010: 28%)	-	-
Adjustment in respect of previous years	-	-
Total current tax	-	-

(b) Factors affecting tax credit

The tax assessed on the profit on ordinary activities before taxation for the year is lower (2010: lower) than the standard rate of corporation tax applicable to the group of 27.17% (2010: 28%). The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	7,133	6,003
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 27.17% (2010: 28%)	1,938	1,681
Effects of:		
Capital allowances in excess of depreciation	-	(3)
Expenses not deductible for tax purposes	140	147
Other timing differences	24	(8)
Group relief claimed	(2,102)	(1,817)
Adjustments in respect of previous years	-	-
Total current tax	-	-

Ink Underwriting Agencies Limited has an unrecognised deferred tax asset at 31 August 2011 of £43,363 (2010: £22,619). This asset is not recognised on the balance sheet due to the availability of losses to shelter the group from corporation tax for the following period.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting tax credit (continued)

During the year, a change in the UK corporation tax rate from 28% to 26%, effective from 1 April 2011 was substantively enacted in March 2011. A further reduction to 25%, effective from 1 April 2012 was substantively enacted in July 2011 and the relevant deferred tax balances have been re-measured accordingly.

In addition to the change in rate of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 20 UK Budget Statement. Further reductions to the main corporation tax rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Had the change in rate to 23% been substantively enacted as at the balance sheet date there would have been no significant impact on the accounts.

7. INTANGIBLE ASSETS

	Goodwill £'000
COST	
At 1 September 2010	-
Additions	1,098
	<hr/>
At 31 August 2011	1,098
	<hr/> <hr/>
ACCUMULATED AMORTISATION	
At 1 September 2010	-
Charge for the year	51
	<hr/>
At 31 August 2011	51
	<hr/> <hr/>
NET BOOK VALUE	
At 31 August 2011	1,047
	<hr/> <hr/>
At 31 August 2010	-
	<hr/> <hr/>

Additions to goodwill include the purchase of the FSJ, Marine and Recruitment books of business from Giles Insurance Brokers Limited, a fellow subsidiary of the group.

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

7. INTANGIBLE ASSETS (CONTINUED)

Acquisitions

- (a) On 1 November 2010 the company acquired the FSJ book of business

	Book and fair value £'000
Assets/(liabilities)	
Net assets acquired	-
Goodwill arising on acquisition	482
	<u>482</u>
Discharged by:	
Initial cash consideration	<u>482</u>

As noted above, the company acquired the FSJ book of business and therefore no assets and liabilities were acquired in the transaction

- (b) On 28 February 2011 the company acquired the Marine book of business

	Book and fair value £'000
Assets/(liabilities)	
Net assets acquired	-
Goodwill arising on acquisition	230
	<u>230</u>
Discharged by:	
Initial cash consideration	<u>230</u>

As noted above, the company acquired the Marine book of business and therefore no assets and liabilities were acquired in the transaction

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

7. INTANGIBLE ASSETS (CONTINUED)

Acquisitions (continued)

- (c) On 8 June 2011 the company acquired the Recruitinsure book of business

	Book and fair value £'000
Assets/(liabilities)	
Net assets acquired	-
Goodwill arising on acquisition	386
	<u>386</u>
Discharged by:	
Initial cash consideration	386
	<u>386</u>

As noted above, the company acquired the Recruitinsure book of business and therefore no assets and liabilities were acquired in the transaction

Summary of goodwill relating to acquisitions

	Goodwill £'000
Acquired entity:	
FSJ	482
Marine	230
Recruitinsure	386
	<u>1,098</u>
Total	<u>1,098</u>

8. TANGIBLE FIXED ASSETS

	Office furniture and equipment £'000
COST	
At 1 September 2010 and at 31 August 2011	<u>309</u>
ACCUMULATED DEPRECIATION	
At 1 September 2010	308
Charge for the year	1
	<u>309</u>
At 31 August 2011	<u>309</u>
NET BOOK VALUE	
At 31 August 2011	<u>-</u>
At 31 August 2010	<u>1</u>

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

9. INVESTMENTS

	Investments in subsidiaries £'000
COST	
At 1 September 2010	7,943
Additions	(544)
At 31 August 2011	<u>7,399</u>
PROVISIONS FOR IMPAIRMENT	
At 1 September 2010 and 31 August 2011	-
NET BOOK VALUE	
At 31 August 2011	<u>7,399</u>
At 31 August 2010	<u>7,943</u>

Additions relate to additional consideration paid for the purchase of the entire share capital of Westinsure Group Limited and subsidiary companies, together with an adjustment to the deferred consideration payable

The directors believe that the carrying value of the investments is supported by their underlying net assets

At 31 August 2011 the company held the entire issued share capital of the following companies

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Westinsure Group Limited	England	Ordinary shares	100%	Insurance broker network
Westinsure Online Limited (i)	England	Ordinary shares	100%	Non trading
Insurance Watchdog Limited (i)	England	Ordinary shares	100%	Non trading

(i) = held indirectly through Westinsure Group Limited

10 DEBTORS

	2011 £'000	2010 £'000
Insurance debtors	3,756	1,992
Amounts owed by group undertakings	27,644	25,786
Prepayments and accrued income	2,593	1,616
	<u>33,993</u>	<u>29,394</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 2011

11. CASH AT BANK AND IN HAND

	2011 £'000	2010 £'000
Insurance bank accounts	6,513	5,537
Other cash at bank and in hand	4,108	402
	<u>10,621</u>	<u>5,939</u>

Insurance bank accounts hold cash on behalf of clients and insurers

12. CREDITORS: Amounts falling due within one year

	2011 £'000	2010 £'000
Insurance creditors	11,553	8,841
Amounts owed to group undertakings	19,834	19,203
Taxation and social security	131	61
Other creditors	288	45
Accruals and deferred income	197	334
Deferred consideration (see note 13)	380	-
	<u>32,383</u>	<u>28,484</u>

13. CREDITORS: amounts falling due after more than one year

	2011 £'000	2010 £'000
Deferred consideration	1,000	2,249
	<u>1,000</u>	<u>2,249</u>

The deferred consideration is based on the future trading performance of Westinsure Group Limited and the amount payable could range from £nil to £2,000,000. The consideration is payable in two tranches, being December 2011 and December 2012.

14. PENSIONS

The company operates a contributory pension scheme. They are defined contribution schemes and contributions are charged in the profit and loss account as they accrue. The charge for the period was £72,000 (2010 £52,000). The unpaid contributions outstanding at the year end, included in creditors, are £nil (2010 £nil).

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

15 CALLED UP SHARE CAPITAL

Authorised	31 August 2011		31 August 2010	
	Number	£	Number	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16. PROFIT AND LOSS ACCOUNT

	2011 £'000	2010 £'000
Balance brought forward	12,544	6,541
Profit for the financial year	<u>7,133</u>	<u>6,003</u>
Balance carried forward	<u><u>19,677</u></u>	<u><u>12,544</u></u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Opening shareholders' funds	12,544	6,541
Profit for the financial year	<u>7,133</u>	<u>6,003</u>
Closing shareholders' funds	<u><u>19,677</u></u>	<u><u>12,544</u></u>

18. OPERATING LEASE COMMITMENTS

At 31 August 2011 the company had annual commitments under non-cancellable operating leases as set out below

Annual commitments under land and buildings operating leases which expire	2011 £'000	2010 £'000
Within one year	-	-
Within two to five years	132	100
After more than 5 years	-	-
	<u>132</u>	<u>100</u>

INK UNDERWRITING AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2011

19. CONTINGENCIES AND COMMITMENTS

The Group has a £181,005,910 (2010 £245,000,000) Senior Credit Agreement ('the Debt Agreement') with the Bank of Scotland plc to fund the acquisition of the entire share capital of Quillco 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 has agreed certain ranking and priority arrangements relating to the Debt and a Debenture whereby the company has created 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

The company, together with certain other group subsidiary companies, has an intra-group loan agreement with DMWSL 588 Limited to provide a revolving credit facility of up to £800,000,000. Advances made under the terms of this agreement are subject to interest at a rate of 2% above base and are subject to the terms of the intercreditor deed as described above

20. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Quillco 227 Limited. The ultimate holding company is Expectrum 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 Expectrum Limited, Birchin Court, 3rd Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 "Related Party Disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Expectrum Limited, whose accounts are publicly available.

22. POST BALANCE SHEET EVENTS

In the opinion of the directors there have been no significant post balance sheet events.