

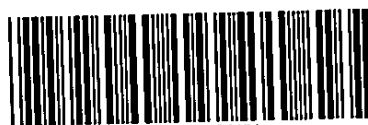
Company Registration Number  
03110970

**INK UNDERWRITING AGENCIES LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 August 2010**

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**INK UNDERWRITING AGENCIES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2010**

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**INK UNDERWRITING AGENCIES LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2010**

**DIRECTORS**

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

**COMPANY SECRETARY**

AG Hessett

**REGISTERED OFFICE**

Birchin Court  
3<sup>rd</sup> 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 2010**

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2010

### **REVIEW OF BUSINESS**

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

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

On 19 August 2010 the company purchased the entire issued share capital of Westinsure Group Limited, an insurance broker network. The directors of the group, being DMWSL 585 Limited and subsidiary companies, are confident that this acquisition will enhance the future turnover and profitability of the company and the group by expanding the customer base

### **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 and operating profit. Turnover from existing operations was £5,352,000 for the year ended 31 August 2010 (2009 £4,274,000). Turnover from the hive up of Dallas Kirkland (Professions) Limited was £3,426,000 for the period since hive up. Operating profit for the year amounted to £6,004,000 (2009 £2,614,000)

The profit after tax for the year was £6,003,000 (2009 £2,509,000)

No dividends were paid or proposed during the year (2009 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 (2009 nil)

### **PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS**

#### **Governance**

The management of the business and the execution of the group's strategy are subject to a number of risks. The group has implemented a three lines of defence corporate governance model to mitigate and manage risks the business. All risk exposures are monitored by the Risk Committee and the Board regularly. The Risk Committee is chaired by a Non Executive Director and comprises members of Executive and Senior Management.

**First line:** During the year the Executive Management team has been reviewed and strengthened with a number of new hires, including the promotion of the Group Operations Director into a Group Managing Director Role. The mitigation of risk is a key consideration within the delivery of our strategy by our Executive Management team.

**Second Line:** Risk and Compliance Department. We have formal risk strategy appropriate to our business model and a revised risk register has been implemented across the business, which has a formal review cycle.

Our risk management reporting framework is reviewed by the Risk Committee and during the year has been enhanced through development of our Key Risk Indicators (KRIs), and reporting of risk management information, which is tracked and reported by the Risk and Compliance Department.

The compliance monitoring team also supports this work undertaking risk based branch and thematic audits, reviewed by both the Risk and Compliance Department and the first line Executive Management.

**Third line:** Internal Audit Department, which follows the Internal Audit Framework, as identified by the Audit Committee, and highlights areas where control weaknesses exist in order that these can be addressed. Internal audit includes regular review of areas where risk exists. Internal Audit Department reports to the Audit Committee which is chaired by a Non Executive Director.

# INK UNDERWRITING AGENCIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010 (CONTINUED)

### PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS (CONTINUED)

#### Key Risks

The key risks which are considered to have a material impact on the business are detailed below

#### **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 through the Securities and Markets Authorisation Committee.

#### **Regulatory Risk**

The regulatory environment applicable to the company is set by the Financial Services Authority ("FSA"). A breach of FSA regulations by the company could lead to financial penalties and could restrict the company's ability to operate.

To minimise this risk, the group operates a three lines of defence model as described above, as well as a dedicated Compliance Policy department who, along side the business, develop and implement controls to mitigate risk of FSA regulatory breaches.

#### **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 group's main financing facilities are term loans which accrue interest at variable rates and loan notes and eurobonds 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.

A breach of the group's loan covenants may lead to funding being withdrawn. The risk is mitigated by closely monitoring forecast and actual performance against these covenants.

#### **Staff recruitment and retention risk**

The company relies on its key employees to maintain the delivery of high quality service to its customers. The loss of key employees is a risk to the company. The company aims to attract, retain and motivate employees by providing competitive remuneration packages.

#### **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.

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.

## **INK UNDERWRITING AGENCIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010 (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	(appointed 15 September 2009)
M Chambers	(appointed 26 October 2010)
C M Giles	
S E Lyons	(appointed 15 September 2009)
P D Matson	
H J McIntyre	(appointed 15 September 2009)
G Prescott	(appointed 15 November 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

#### **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

# INK UNDERWRITING AGENCIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010 (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

PricewaterhouseCoopers LLP 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  
9 December 2010

## **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 2010 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 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 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.

#### **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 2010 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.



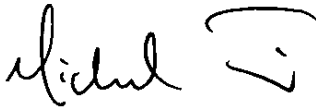
## **INK UNDERWRITING AGENCIES LIMITED**

### **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  
9 December 2010

## INK UNDERWRITING AGENCIES LIMITED

### PROFIT AND LOSS ACCOUNT For the year ended 31 August 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2		
Existing operations		5,352	4,274
Acquisitions		3,426	-
		<u>8,778</u>	<u>4,274</u>
Administrative expenses		(2,774)	(1,660)
<b>OPERATING PROFIT</b>	3		
Existing operations		3,662	2,614
Acquisitions		2,342	-
		<u>6,004</u>	<u>2,614</u>
Interest receivable and similar income		-	11
Interest payable and similar charges		(1)	-
		<u>6,003</u>	<u>2,625</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
		6,003	2,625
Tax charge on profit on ordinary activities	5	-	(116)
		<u>6,003</u>	<u>2,509</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>6,003</u>	<u>2,509</u>

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

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

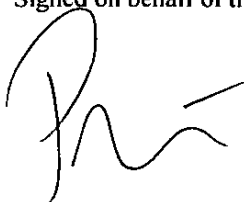
# INK UNDERWRITING AGENCIES LIMITED

## BALANCE SHEET As at 31 August 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		1		3
Investments	7		7,943		-
			<u>7,944</u>		<u>3</u>
<b>CURRENT ASSETS</b>					
Debtors	9	29,394		9,183	
Cash at bank and in hand	10	5,939		4,298	
		<u>35,333</u>		<u>13,481</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(28,484)</u>		<u>(6,943)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,849</u>		<u>6,538</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,793</u>		<u>6,541</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		(2,249)		-
<b>NET ASSETS</b>			<u>12,544</u>		<u>6,541</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		-		-
Profit and loss account	14		12,544		6,541
<b>TOTAL SHAREHOLDERS' FUNDS</b>	15		<u>12,544</u>		<u>6,541</u>

The financial statements on pages 8 to 18 were approved by the Board of Directors on 9 December 2010

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 2010

### 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

#### **Investments in subsidiaries**

Investments in subsidiary companies are recorded at cost less any provision for impairment

#### **Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts therefore reflect the position of the company as an entity and not of the group

#### **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 parent publishes a consolidated cash flow statement

#### **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

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 & loss account as turnover from acquisitions

#### **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 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

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

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

### 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

	2010 £'000	2009 £'000
<b>Operating profit is stated after charging:</b>		
Operating lease rentals on land and buildings	112	34
Depreciation of owned assets	2	28
	<u>          </u>	<u>          </u>

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these accounts is £21,000 (2009 £6,000) and in respect of the taxation services is £12,000 (2009 £4,000). 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 2010

### 4. DIRECTORS AND EMPLOYEES

Staff costs including directors' emoluments	2010 £'000	2009 £'000
Wages and salaries	1,826	1,193
Social security costs	239	135
Other pension costs	52	16
	<u>2,117</u>	<u>1,344</u>

	2010 Number	2009 Number
The average number of persons employed during the year, including executive directors was		
Insurance broking and administration	<u>55</u>	<u>39</u>

Directors	2010 £'000	2009 £'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 do not consider it practical to allocate the percentage of their remuneration to INK Underwriting Agencies Limited.

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of tax charge in the year

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £'000	2009 £'000
<b>Current tax:</b>		
UK Corporation tax based on the results for the year at 28% (2009 28%)	-	-
Adjustment in respect of prior years	-	116
Total current tax	<u>-</u>	<u>116</u>

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2010

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### (b) Factors affecting tax charge

The tax assessed on the profit before taxation for the year is lower (2009 lower) than the standard rate of corporation tax applicable to the group of 28%. The difference is explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	6,003	2,625
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	1,681	735
<b>Effects of</b>		
Capital allowances in excess of depreciation	(3)	5
Expenses not deductible for tax purposes	147	75
Other timing differences	(8)	-
Group relief (claimed)	(1,817)	(815)
Adjustment in respect of previous periods	-	116
<b>Current tax charge</b>	<b>-</b>	<b>116</b>

### 6. TANGIBLE FIXED ASSETS

	Office furniture and equipment £'000
<b>COST</b>	
At 1 September 2009 and at 31 August 2010	309
<b>ACCUMULATED DEPRECIATION</b>	
At 1 September 2009	306
Charge for the year	2
<b>At 31 August 2010</b>	<b>308</b>
<b>NET BOOK VALUE</b>	
At 31 August 2010	1
At 31 August 2009	3

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2010

### 7. INVESTMENTS

	Investments in subsidiaries £'000
<b>COST</b>	
At 1 September 2009	-
Additions	7,943
	<u>7,943</u>
<b>At 31 August 2010</b>	<u>7,943</u>
<b>PROVISIONS FOR IMPAIRMENT</b>	
At 1 September 2009 and 31 August 2010	-
	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 August 2010	7,943
	<u>7,943</u>
At 31 August 2009	-
	<u>-</u>

Additions relate to the purchase of the entire share capital of Westinsure Group Limited and subsidiary companies

The total cost of the investment in Westinsure Group Limited of £7,943,000 includes £2,249,000 of deferred consideration and £135,000 of legal expenses

The deferred consideration is based on the future trading performance of the acquired business 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. A further consideration of £249,000 is payable on receipt of funds which were due to the business at the date of acquisition.

At 31 August 2010 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



# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

### 8 BUSINESS COMBINATIONS

On 6 November 2009 the trade and net assets of Dallas Kirkland (Professions) Limited were transferred to the company as follows

Assets/(liabilities)	Book and fair value £'000
Debtors	14,872
Net cash and overdrafts	1,528
Creditors	(2,541)
Corporation tax	304
	<u>14,163</u>
<b>Discharged by:</b>	
Initial cash consideration	<u>14,163</u>
	<u>14,163</u>

There were no fair value adjustments to the book values of the assets and liabilities acquired at hive up. Dallas Kirkland (Professions) Limited made a profit after tax of £2,649,000 for the year ended 31 August 2009. Its result for the period from 1 September 2009 to the date of hive up was a profit after tax of £498,000.

### 9 DEBTORS

	2010 £'000	2009 £'000
Insurance debtors	1,992	740
Amounts owed by group undertakings	25,786	7,403
Prepayments and accrued income	1,616	1,040
	<u>29,394</u>	<u>9,183</u>

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

### 10. CASH AT BANK AND IN HAND

	2010 £'000	2009 £'000
Insurance bank accounts	5,537	1,544
Other cash at bank and in hand	402	2,754
	<u>5,939</u>	<u>4,298</u>

Insurance bank accounts hold cash on behalf of clients and insurers

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2010

### 11. CREDITORS: Amounts falling due within one year

	2010 £'000	2009 £'000
Insurance creditors	8,841	6,700
Amounts owed to group undertakings	19,203	-
Other taxes & social security	61	42
Other creditors	45	72
Accruals and deferred income	334	129
	<u>28,484</u>	<u>6,943</u>

### 12. CREDITORS: amounts falling due after more than one year

	2010 £'000	2009 £'000
Deferred consideration (see note 7)	2,249	-
	<u>2,249</u>	<u>-</u>

### 13. CALLED UP SHARE CAPITAL

Authorised	31 August 2010		31 August 2009	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 14. PROFIT AND LOSS ACCOUNT

	2010 £'000	2009 £'000
Balance brought forward	6,541	4,032
Retained profit for the financial year	6,003	2,509
<b>Balance carried forward</b>	<u>12,544</u>	<u>6,541</u>

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Opening shareholders' funds	6,541	4,032
Profit for the financial year	6,003	2,509
<b>Closing shareholders' funds</b>	<b>12,544</b>	<b>6,541</b>

### 16. OPERATING LEASE COMMITMENTS

At 31 August 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010 £'000	2009 £'000
Annual commitments under land and buildings operating leases which expire		
Within one year	-	34
Within two to five years	100	-
After more than 5 years	-	-
	<b>100</b>	<b>34</b>

### 17. CONTINGENCIES AND COMMITMENTS

The Group has a £245,000,000 Senior Credit Agreement ('the Debt Agreement') with 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

### 18. 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, 3<sup>rd</sup> Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP

### 19. 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

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**INK UNDERWRITING AGENCIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 August 2010**

**20. POST BALANCE SHEET EVENTS**

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