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COOPER GAY (HOLDINGS) LIMITED
Consolidated Financial Statements
Year ended 31 December 2010

Registered Number 998625

Contents

Company Information

Directors

Toby Esser
Philip Rock
John Flanagan

Company Secretary

John Flanagan

Registered office

52 Leadenhall Street
London
EC3A 2EB

Registered number

998625

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Principal bankers

National Australia Bank (London Branch) Limited
88 Wood Street
London
EC2V 7QQ

Report of the Directors for the year ended 31 December 2010

The Directors present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 December 2010

Principal activities

Cooper Gay (Holdings) Limited ("CGH") is the Holding company of the Cooper Gay Group, incorporated in England under Company Number 998625 The ultimate parent undertaking is Cooper Gay Swett & Crawford Limited ("CGSC") The primary business activities of the CGH Group are international insurance and reinsurance intermediation outside North America The CGH Group operates from a number of offices worldwide and will continue to carry on these activities

Business Review

During the year the CGH Group continued to expand its international network of new offices and has made targeted investments in new people The strategy is expected to continue in the foreseeable future The CGH Group operates a high margin business, with exciting organic growth prospects The key strategic development during the year was the acquisition of the Company by CGSC as part of the wider business combination between Cooper Gay and the Swett & Crawford Group in the US, which completed on 9 July 2010 As part of the combination, the CGH Group's US and Canadian entities were transferred to HMSC Holdings Inc , the holding company of the Swett & Crawford Group which is also owned by CGSC Accordingly the CGH Group no longer has any direct subsidiaries in the US or North America, though the subsidiaries remain part of the wider CGSC Group

The CGH Group enjoys the benefits of being geographically diversified Against a backdrop of low economic growth and tough trading conditions in mature markets, the CGH Group continued to grow strongly in emerging markets, most notably Latin America and Asia The financial crisis did not have the impact that some expected of reducing excess capital in the market Despite a high level of catastrophe driven market losses in 2010, the insurance environment remains highly competitive and at year end there was little sign of a material hardening of rates or of capital scarcity

Current rating conditions appear historically unsustainable and there are potential catalysts for change The increased catastrophe environment in early 2011, in conjunction with further share buy-backs by insurers and reinsurers, has reduced surplus capital in the market Nonetheless, it remains to be seen when increasing capital pressures coupled with economic factors will cause a significant change in the market

The global economy was showing signs of stabilising by the end of the year, but other than in emerging markets, there was no return to sustainable GDP growth during 2010 Looking forward, economic recovery in mature markets is expected to provide opportunities for improved organic growth

The Board's approach to managing key risks affecting the CGH Group is set out in this Report

Results and dividends

The CGH Group's Operating Profit from continuing operations for the financial year as reported under IFRS is £15 6m (2009 £12 5m), and the shareholders' funds of the CGH Group total £39 4m (2009 £6 3m)

There was no dividend paid (2009 nil) during the year

Changes in share capital

On 11 May 2010 the authorised share capital of the Company was increased from 18,000,000 to 19,406,798 ordinary shares of 1p each

Report of the Directors for the year ended 31 December 2010 (continued)

Directors and their interests

The Directors who held office during the year and to the date of this report are given below

T C D Esser
J Flanagan
JM Fonseca (resigned 9 July 2010)
V M Gould (resigned 26 March 2010)
K R Harris (resigned 9 July 2010)
AR Pauperio (resigned 9 July 2010)
P P Rock
J L P Whiter (resigned 9 July 2010)
FC Witthun (resigned 9 July 2010)

J Magalhães (Alternate - resigned 9 July 2010)
AV Riberio (Alternate - resigned 9 July 2010)

Details of directors' remuneration are shown in Note 5 of the financial statements No director has any beneficial interest in the shares of any group companies other than the ultimate parent company Cooper Gay Swett & Crawford Limited

Donations

The CGH Group made charitable donations of £30,000 (2009 £31,000) during the year

Risk policies

The policies set by the Board of Directors in respect of Risk management are implemented by the Group's Finance and Operations departments

Financial Risk Management

1) Foreign currency risk

The CGH Group's cash flow, income statement and balance sheet are reported in Sterling Results are inevitably therefore affected by fluctuations in exchange rates because a significant portion of the CGH Group's business activities is conducted in US Dollars, and the CGH Group holds substantial US Dollar denominated assets The CGH Group estimates that, other factors being constant and without taking into account the measures taken to mitigate this risk, a 1 cent decrease in the US Dollar exchange rate against Sterling in 2010 would increase reported Operating Profit by approximately £0 2m

This foreign currency risk is mitigated through the use of derivative financial instruments The CGH Group estimates that, a similar strengthening of 1 cent in the USD exchange rate against sterling in 2010 would have increased realised losses in the year on these derivative financial instruments of approximately £0 2m

2) Interest rate risk

The CGH Group derives interest from cash held with financial institutions and pays interest on variable interest rate loan obligations The CGH Group estimates that, other factors being constant and without taking into account the measures taken to mitigate this risk, a 1% increase in interest rates in 2010 would have increased profit before tax by approximately £0 2m The CGH Group seeks to limit the adverse effects on the financial performance of the CGH Group by monitoring debt finance and the related finance costs

Report of the Directors for the year ended 31 December 2010 (continued)

3) Credit risk

The challenging credit environment during the recent past has highlighted the importance of governance and management of credit risk The CGH Group's exposure to credit risk takes the form of a loss that would be recognised if counterparties failed to, or were unable to, meet their payment obligations These risks may arise in certain agreements in relation to amounts owed for fees and commissions, the use of derivative instruments, and the investment of surplus cash balances The CGH Group is also exposed to political and economic risk events, which may cause non-payment of foreign currency obligations to the CGH Group Poor economic conditions also increase the likelihood of failure of companies in the sector, potentially including partners, contractors and suppliers The CGH Group monitors its credit risk through client acceptance procedures and credit control and holds its cash with financial institutions with a high credit rating The maximum credit risk exposure to the CGH Group represents the total of its trade and other receivables, cash and cash equivalents, investments & deposits classified as Available-for-sale investments and derivative financial instruments classified as current and non-current assets At the balance sheet date this amounted to £166 6m

4) Liquidity risk

The CGH Group is also exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value Failure to manage financing risks could have a material impact on the CGH Group's cash flow, balance sheet and financial position The CGH Group seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods Given the size and nature of operations, the CGH Group attempts to operate with 100% of its debt being repayable within 5 years

Risk Management

The CGH Group actively manages the potential risk of loss from inadequate or failed internal controls, service providers or external events by implementing and monitoring benchmark controls throughout the business, and a project to roll out risk management throughout the CGH Group is underway The potential impact of control failures is quantified and related to the effectiveness of the control, and this is reviewed by risk and control owners to identify where to focus resources Accountability is a key element of the group's risk culture and ensuring risks are clearly defined, understood, quantified and controlled ensures that individuals own and manage risk The Board is ultimately responsible for the CGH Group's systems of internal control and for reviewing their effectiveness

The quantative potential impact of risks crystallising, and the associated controls designed to mitigate those risks are captured in the scenario and stress testing work completed by the risk management function, and includes an analysis, which is reported throughout the corporate governance structure, of the potential impact on both capital and cash This analysis is used to ensure risks are effectively managed to an acceptable level within the CGH Group's risk appetite Risks and their associated mitigating controls are signed off by risk and control owners using an online risk management tool, and the results are reported by risk management

In common with other insurance brokers the key risks affecting the CGH Group are potential 'errors and omissions', and regulatory compliance, and the focus of embedding risk management throughout the CGH Group is ensuring best practice controls are in place to mitigate these risks

The CGH Group's internal audit resource works closely with both compliance and risk management resources as well as business management to ensure a solution driven and risk based approach Together these functions ensure the business has three lines of defence against the risks facing the CGH Group

Report of the Directors for the year ended 31 December 2010 (continued)

Employees

The Directors recognise that the continuing success of the CGH Group depends on its employees and continues to adopt policies designed to attract, train and retain skilled and talented individuals Consultation with employees has continued at all levels with the aim of ensuring that views are considered when reaching decisions that may impact the employees Communication with employees has continued through various means including newsletters, journals and regular briefing and update sessions

Equal opportunities

The CGH Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation or disability

Applications for employment from disabled persons are given full consideration where the requirements of the job can be adequately fulfilled by a disabled person In the event of an existing employee becoming disabled, the CGH Group's policy is to provide, wherever practicable, continuing employment under normal terms and conditions and to provide training and career development and promotion identical to that of a person who does not suffer from a disability wherever appropriate

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting

So far as each Director is aware, there is no relevant audit information (as defined in Section 668 of the Companies Act 2006) of which the CGH Group's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of, and to establish that the auditors are aware of, any relevant audit information

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the CGH Group and of the profit or loss of the CGH Group for that period The Directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the CGH Group will continue in business

The Directors confirm that suitable policies have been used and applied consistently They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2010 and that applicable accounting standards have been followed

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the CGH Group 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 CGH Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

J. Flanagan

John Flanagan
Secretary
29 March 2011

Consolidated income statement for the year ended 31 December 2010

Continuing operations	Notes	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Fees and commissions	1	96,815	87,811
Investment income	3	422	656
Other operating income	2	1,348	782
Other operating costs	2	(79,542)	(73,556)
Depreciation, amortisation and impairment charges	2	(3,470)	(3,145)
Operating profit	2	15,573	12,548
Analysed as:			
Operating profit before exceptional items & impairment charges		15,573	14,153
Exceptional items	2	-	(1,605)
Operating profit	2	15,573	12,548
Finance costs	4	(6,330)	(4,018)
Finance income	4	373	16,913
Net finance (costs) / income	4	(5,957)	12,895
Share of profit / (loss) of associates after tax & minority interests	12	54	(36)
Profit before tax		9,670	25,407
Income tax expense	7	(7,966)	(10,285)
Profit for the year from continuing operations		1,704	15,122
Profit for the year from discontinued operations	26	26,692	2,104
Profit for the year		28,396	17,226
Attributable to:			
Owners of the Company		26,034	15,057
Non-controlling interests	24	2,362	2,169
		28,396	17,226

Consolidated statement of comprehensive income for the year ended 31 December 2010

	Notes	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Profit for year		28,396	17,226
Other comprehensive income			
Fair value gains / (losses) net of tax			
- available-for-sale		3	(4)
Actuarial gains / (losses) in post retirement benefit schemes	27	5,154	(5,316)
Tax thereon		(1,384)	1,488
Currency translation differences		495	(1,462)
Total comprehensive income for the year		32,664	11,932
Attributable to			
Owners of the Company		30,302	9,763
Non-controlling interests	24	2,362	2,169
		32,664	11,932

Consolidated statement of financial position as at 31 December 2010

	Notes	2010 £'000	2009 £'000
Non-current assets			
Goodwill	9	16,916	17,337
Other intangible assets	10	4,904	7,634
Property, plant and equipment	11	3,282	2,561
Investment in associates	12	87	49
Held-to-maturity investments	13	1,724	1,593
Trade and other receivables	16	710	-
Derivative financial instruments	15	171	3 123
Deferred tax assets	21	7,518	12,545
		35,312	44,842
Current assets			
Trade and other receivables	16	66,675	34,741
Current tax assets		134	454
Derivative financial instruments	15	89	1,395
Available-for-sale investments	14	380	229
Cash and cash equivalents	17	98,564	89,512
		165,842	126,331
Current liabilities			
Borrowings	20	(24,065)	(2,540)
Trade and other payables	18	(106,215)	(94,252)
Derivative financial instruments	15	(2,168)	(5,003)
Current tax liabilities		(1,738)	(981)
Provisions for liabilities and charges	22	(1,691)	(1,286)
		(135,877)	(104,062)
Net current assets		29,965	22,269
Non-current liabilities			
Borrowings	20	-	(27,489)
Derivative financial instruments	15	(3,020)	(4,748)
Deferred tax liabilities	21	(3,243)	(3,688)
Retirement benefit obligations	27	(13,419)	(18 675)
Provisions for liabilities and charges	22	(960)	(1,598)
		(20,642)	(56,198)
		44,635	10 913
TOTAL EQUITY			
Ordinary shares	23	265	265
Share premium	23	16,952	16,952
Capital redemption reserve	23	276	276
Fair value & other reserves	23	65	62
Foreign currency translation reserve	23	3 022	2,527
Retained earnings / (accumulated deficit)	23	18,850	(13,741)
Equity attributable to owners of the Company		39,430	6,341
Non-controlling interests	24	5,205	4,572
Total equity		44,635	10,913

The Accounting Policies and Notes on pages 11 to 60 form an integral part of these financial statements
Approved by the Board and signed on its behalf on 29 March 2011 by

Phil Rock
Director

Consolidated statement of changes in equity for the year ended 31 December 2010

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Fair value & other reserves £'000	Foreign currency translation reserve £'000	Retained earnings / (accumulated deficit) £'000	Equity attributable to owners of the Company £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2010		**265**	**16,952**	**276**	**62**	**2,527**	**(13,741)**	**6,341**	**4,572**	**10,913**
Actuarial losses recognised in post retirement benefit schemes, net of tax	27	-	-	-	-	-	3,770	3,770	-	3,770
Fair value gains/(losses) net of tax										
- available-for-sale		-	-	-	3	-	-	3	-	3
Currency translation differences		-	-	-	-	495	-	495	-	495
Net gains / (losses) recognised directly in equity		-	-	-	3	495	3,770	**4,268**	-	**4,268**
Profit for the year		-	-	-	-	-	26,034	26,034	2,362	28 396
Total comprehensive income for the year		-	-	-	3	495	**29,804**	**30,302**	**2,362**	**32,664**
Dividends paid	8/24	-	-	-	-	-	-	-	(2,111)	(2,111)
Share based payments		-	-	-	-	-	539	539	-	539
Purchase of shares by the ESOT and employee benefit trust		-	-	-	-	-	2,248	2 248	-	2,248
Non-controlling interests										
Exchange adjustment	24	-	-	-	-	-	-	-	382	382
Balance at 31 December 2010		**265**	**16,952**	**276**	**65**	**3,022**	**18,850**	**39,430**	**5,205**	**44,635**
Balance at 1 January 2009		**265**	**16,952**	**276**	**66**	**3,989**	**(25,096)**	**(3,548)**	**3,753**	**205**
Actuarial losses recognised in post retirement benefit schemes, net of tax	27	-	-	-	-	-	(3,828)	(3,828)	-	(3,828)
Fair value gains/(losses) net of tax										
- available-for-sale		-	-	-	(4)	-	-	(4)	-	(4)
Currency translation differences		-	-	-	-	(1,462)	-	(1 462)	-	(1,462)
Net gains / (losses) recognised directly in equity		-	-	-	(4)	(1,462)	**(3,828)**	**(5,294)**	-	**(5,294)**
(Loss)/Profit for the year		-	-	-	-	-	15,057	15,057	2 169	17,226
Total comprehensive income for the year		-	-	-	(4)	(1,462)	**11,229**	**9,763**	**2,169**	**11,932**
Dividends paid	8/24	-	-	-	-	-	-	-	(2,398)	(2,398)
Share based payments		-	-	-	-	-	540	540	-	540
Purchase of shares by the ESOT and employee benefit trust		-	-	-	-	-	1,322	1 322	-	1,322
Goodwill arising from purchases of non-controlling interests	9/24	-	-	-	-	-	(1,736)	(1,736)	(144)	(1,880)
Non-controlling interests										
Exchange adjustment	24	-	-	-	-	-	-	-	(78)	(78)
Purchase of subsidiary with minority interest	24	-	-	-	-	-	-	-	1,270	1,270
Balance at 31 December 2009		**265**	**16,952**	**276**	**62**	**2,527**	**(13,741)**	**6,341**	**4,572**	**10,913**

Consolidated statement of cash flows for the year ended 31 December 2010

	Notes	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Net cash generated by / (used in) operating activities	25	9,805	(1,347)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,908)	(1,037)
Purchase of intangible assets		(271)	(3,932)
Disposal of property, plant and equipment		67	25
Acquisition of businesses, (net of cash acquired)		(405)	(1,413)
Disposal of business, (net of cash disposed of)		10,777	-
Purchase of held-to-maturity investments		(84)	-
Purchase of available-for-sale investments		(144)	(20)
Disposal of available-for-sale investments		-	107
Realised (loss) / gain on derivative financial instruments		(3,093)	(6,307)
Net cash generated by / (used in) investing activities		4,939	(12,577)
Cash flows from financing activities			
Interest income derived from own funds		83	141
Sale of shares by ESOT and EBT		1,815	1,322
Receipts from new loans		1,750	6,340
Repayment of loans		(8,410)	(1,990)
Dividend paid to minority shareholders		(2,111)	(2,398)
Net cash (used by) / generated in financing activities		(6,873)	3,415
Net increase/(decrease) in cash and cash equivalents		7,871	(10,509)
Cash and cash equivalents at beginning of year		89,512	107,134
Effects of exchange rate changes		1,181	(7,113)
Cash and cash equivalents at end of year	17	98,564	89,512

Accounting policies

Basis of preparation

The consolidated financial statements of Cooper Gay (Holdings) Limited ('the CGH Group') have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments and derivative instruments

The separate financial statements of Cooper Gay Holdings Limited ('the Company') have been prepared in accordance with UK GAAP and the Companies Act 2006 A separate income statement for Cooper Gay (Holdings) Limited has not been presented as permitted by section 408 of the United Kingdom Companies Act 2006

Going Concern

The CGH Group's borrowings are due for repayment during 2011 After making enquiries, and reviewing detailed financial projections, the directors have a reasonable expectation that the Group has adequate resources to continue to operate in the foreseeable future The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements

Basis of consolidation

The consolidated financial statements include those of Cooper Gay (Holdings) Limited, its subsidiaries and the CGH Groups' interests in associates as at 31 December 2010

Subsidiaries

The profit and losses of subsidiaries and the CGH Groups' interests in the results of associates are included from the effective date of acquisition until the effective date of disposal

An entity is regarded as a subsidiary if the CGH Group has control over its operating and financial policies, generally determined by the ownership of more than 50% of the voting stock of the investee Entities over which the CGH Group has the ability to exercise significant influence, generally determined by ownership of between 20% and 50% of the voting stock of the investee, are accounted for under the equity method of accounting as associates

Inter-company transactions, balances and unrealised gains on transactions between CGH Group companies are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the CGH Group

The results of discontinued operations are included up to the date of disposal and are shown within profit for the year from discontinued operations on the income statement

Associates

The CGH Group's share of profit of associates is included in the financial statements based on the audited accounts or unaudited management accounts of the companies for periods ended on or before 31 December 2010

Associates are all entities over which the CGH Group has significant influence but not control, generally accompanying a shareholding of 20% and 50% of the voting rights Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost The CGH Group's share of its associates' post acquisition profits or losses is recognised in the income statement and its share of post acquisition movements in reserves is recognised in reserves The cumulative post acquisition movements are adjusted against the carrying amount of the investment When the CGH Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate

Business combinations

Business combinations have been accounted for by the purchase method of accounting The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest The excess of the cost of the acquisition over the fair value of the CGH Group's share of the identifiable net assets acquired is recorded as goodwill If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Foreign currency translation

Items included in the financial statements of each of the CGH Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency")

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the date of the transaction Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related translation gains and losses are reported in the consolidated income statement within net finance costs / income Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined Non-monetary assets and liabilities carried at historical cost that are denominated in foreign currencies are translated at the historical exchange rate

The results of foreign entities are translated into Pounds sterling, the Company's functional and presentational currency, at the average rate of exchange applicable to the relevant period The assets and liabilities of the foreign entities are translated into Pounds sterling at the exchange rates ruling at the balance sheet date Goodwill and fair value adjustments arising on the acquisition of an overseas business are treated as assets and liabilities of the foreign entity and translated at the closing rate, these foreign exchange differences are shown in the consolidated statement of comprehensive income

Revenue

The CGH Group generates revenue principally from commissions and fees associated with placing insurance and reinsurance contracts

Revenue represents brokerage, fees, commissions and other related income Revenue relating to insurance broking is recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation Fees and other income receivable are recognised in the period to which they relate or later when they can be measured with reasonable certainty

In certain circumstances, where the revenue cannot be reliably measured at the contract or policy inception date, commissions and fees are recognised on a periodic basis when consideration becomes due Commissions and fees related to return and additional premiums or adjustments are recognised as they occur Brokerage on multi-year policies that are non-cancellable is recognised at the date of inception of the risk Brokerage on multi-year policies which can be cancelled or varied at the inception of the risk is apportioned on an annual basis

Other income receivable is recognised in the period to which it relates or, if later, when it can be measured with reasonable certainty

Investment income and interest expense

Investment income is recognised as earned and includes interest earned on cash flows arising from the settlement of insurance broking debtors and creditors Investment income derived from fiduciary funds forms an integral part of the CGH Group's operating activities and is included as part of operating profit Investment income derived from own funds is included below the operating profit line in 'Finance income'

Interest expense incurred on borrowings is recognised in the income statements in 'Finance costs' and is calculated using the effective interest rate method The calculation includes all transaction costs, fees and points paid between parties to the contract that are an integral part of the effective rate

Operating leases

Rentals payable under operating leases are charged to the income statement as incurred over the lease term

Non-recurring items ('exceptional items')

Income or expenditure in relation to events that are unusual due to their size or incidence are credited or charged to operating profit and classified under the appropriate heading in the income statement Such items are disclosed separately as 'exceptional items' when they are considered material, in order that the effects of these items on operating profit can be fully appreciated

Taxation

Income tax expense comprises current and deferred tax Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the corresponding bases used in the computation of taxable profit Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset will be utilised Deferred tax liabilities are only offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously Deferred tax balances are not discounted

Share based payments

The share option programme allows CGH Group employees to acquire shares of the ultimate parent company, these awards are granted by the ultimate parent The fair value of options granted is recognised as an employee expense with a corresponding increase in equity The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting

In accordance with the Articles of Association, employee shareholders of the CGSC Group are subject to certain restrictions over the sale of their shares The existence of these restrictions results in the shares being captured by IFRS 2 "Share based payments" CGSC has a choice of whether to acquire such shares from employees who choose to sell them or leave the CGH Group CGSC is under no present obligation to do so either through the relevant rules of the Articles or as a result of stated policy or past practice Accordingly these shares are accounted for as equity settled Where these shares are acquired by employees at a value below the unrestricted fair market value, the difference is recognised as an employee expense, with a corresponding increase to equity, and spread over the vesting period

Employee share ownership trust ('ESOT') and employee benefit trust ('EBT')

In 1997 the Company established an employee share ownership trust The trustee is Cooper Gay (Employee Trust) (Jersey) Limited, a subsidiary, and its assets are held separately from those of the CGH Group

In 2009 the Company established The Cooper Gay (Holdings) Limited Employee Benefit Trust, the trustees of which jointly own shares in the Company together with a small number of employees

Whilst the trustees have a fiduciary duty to act in the best interests of the beneficiaries of the trust, in practice the ultimate parent company's advice as to how the assets are used for the benefit of employees is generally accepted and the Company bears the major risks and rewards of the assets held within the trust

The accounts of the trusts have been incorporated in the consolidated financial statements as subsidiaries

Investments in CGSC's shares are held at cost and are included as a deduction from shareholders' equity Purchases, sales and transfers of these shares are disclosed as changes in shareholders' equity

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the CGH Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition

For acquisitions prior to 1 January 1998, any goodwill arising has been written off to reserves on consolidation Following the adoption of IFRS, this goodwill will remain written off to reserves and no adjustment will be made on subsequent disposal For acquisitions completed on or after 1 January 1998 and before 1 January 2007, goodwill is stated on the balance sheet at its amortised net book value For acquisitions made after 1 January 2007, goodwill is stated on the balance sheet at historic cost to the extent that it does not arise on the acquisition of non-controlling interests Goodwill in relation to the acquisition of non-controlling interests is written off to reserves

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses Goodwill is allocated to cash-generating units for the purposes of impairment testing Cash-generating units represent the lowest level of geographical and business unit combinations that the CGH Group uses for internal reporting purposes

The gain or loss on disposal of an entity includes the carrying amount of any goodwill relating to the entity sold

Transactions and non-controlling interests

The CGH Group applies a policy of treating transactions with the owners of the non-controlling interests as transactions with parties external to the CGH Group Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary The goodwill arising from purchases of non-controlling interests are written off to retained earnings

Other intangible assets

Other intangible assets comprise computer software, software development costs and the contractual customer relationships to acquire the benefit of client contracts, intellectual property, information and business records The acquisition of the contractual customer relationships provide the CGH Group the exclusive right to represent and hold itself out as carrying on the business in succession and the right to act as broker to existing clients in respect of renewal of existing insurance and reinsurance policies and contracts and new insurance and reinsurance policies and contracts and to provide other insurance and reinsurance related services to existing clients

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred Software costs recognised as assets are amortised on a straight line basis over their estimated useful lives (five years)

Contractual customer relationships are amortised to the income statement over the life of the contract or their estimated useful life The amortisation charge for the year is included in the income statement under 'Depreciation, amortisation and impairment charges' The contractual customer relationships current maximum estimated useful life is five years

Impairment of assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment Assets subject to amortisation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable

To the extent that the carrying amount exceeds the recoverable amount, which is the higher of net realisable value and value in use, the asset is written down to its recoverable amount Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs Value in use is the estimate of the discounted future cash flows generated from the asset's continued use, including those resulting from its ultimate disposal For the purposes of assessing value in use, assets are grouped at the lowest levels for which there are separately identifiable cash flows

Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated annual depreciation Depreciation is calculated so as to write off the cost of such assets on a straight-line basis over their estimated useful lives at the following annual rates

- Leasehold premises – over the term of the lease
- Fixtures and fittings – 10% - 20% per annum
- Computers – 33% per annum
- Motor vehicles – 25% per annum

Financial assets

The CGH Group classifies its financial assets as loans and receivables, held-to-maturity investments, available-for-sale investments and derivative financial instruments (see below) The classification depends upon the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the CGH Group has transferred substantially all risks and rewards of ownership

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date Loans and receivables are recognised at cost, being the fair value of the consideration together with any associated issue costs

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the CGH Group's management has positive intention and ability to hold to maturity Held-to-maturity investments are subsequently carried at amortised cost If the CGH Group were to sell a significant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale

Available-for-sale financial assets are categorised according to their nature into one of two categories

(i) Fixed deposits held at fair value and classified between current and non-current assets according to maturity date Impairment charges on available-for-sale investments are recognised in the income statement, and
(ii) Other investments, which include securities and other investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices

Available-for-sale financial assets are subsequently carried at fair value with gains and losses arising from changes in the fair value recognised directly in equity until the financial asset is derecognised or impaired

Interest on deposits and interest-bearing investments is credited to the income statement as it is earned using the effective interest rate method

Insurance broking assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions Accordingly, receivables arising from insurance broking transactions are not included as an asset of the CGH Group Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the CGH Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client In certain circumstances, the CGH Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection These advances are reflected in the balance sheet as part of trade receivables

Fiduciary cash arising from insurance broking transactions is included within cash and cash equivalents

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment provision An impairment provision is created when there is evidence that the CGH Group will not be able to collect all amounts due Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current account balances, bank deposits and other short-term liquid investments with maturity dates of ninety (90) days or less at the date of purchase Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

Trade payables

Trade payables are initially recognised at fair value, which usually represents their cost, and subsequently measured at amortised cost

Borrowings

Borrowings are initially recognised at fair value, which usually represents their cost, less the transaction costs that are directly attributable to the issue of the financial liability Borrowings are subsequently stated at amortised cost using the effective interest rate method

Borrowings are classified as current liabilities unless the CGH Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Derivative financial instruments

The CGH Group uses derivative financial instruments to manage exposure to foreign exchange and interest rate risks

Derivative financial instruments include foreign exchange contracts, interest rate futures, currency and interest rate swaps, currency and interest rate options and other financial instruments that derive their value mainly from underlying interest rates and foreign exchange rates Derivative financial instruments are initially recognised at fair value, which usually represents their cost, on the date a derivative contract is entered into

Movements in fair value are recognised within the income statement as they occur

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously

Pension obligations

The CGH Group operates defined benefit pension schemes The pension liability recognised in the balance sheet is the present value of the scheme's liabilities less the fair value of the schemes' assets

The pension cost for the scheme is analysed between current service cost, past service cost and net return on pension scheme Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the income statement on a straight-line basis over the period in which the increase in benefits vest

Net expected return on the pension asset comprises the expected return on the pension scheme assets less interest on scheme liabilities

The actuarial gains and losses which arise from a valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the consolidated statement of comprehensive income for the period

Pension obligations (continued)

The attributable deferred taxation is shown separately in the consolidated statement of comprehensive income

The CGH Group also operates a defined contribution pension scheme Contributions made to the scheme in the year are charged to the income statement

Provisions for liabilities and charges

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Dividends

Dividends are recognised as a liability in the period in which the dividends are approved by the shareholders for the final dividend or when paid for the interim dividend

Financial and capital risk management

The CGH Group's exposure to financial risks and its financial and capital management policies are detailed in the Report of the Directors on pages 2 to 5

Critical accounting estimates and judgements

Preparation of the financial statements requires certain estimates and assumptions to be made concerning future events that may affect the reported amounts in the financial statements and accompanying notes Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable Consequently, the actual results can differ from these estimates Key estimates made by management are as follows

i) *Intangible assets*
The contractual customer relationships acquired are initially recognised at cost, which represents their initial fair value, and are amortised over the estimated useful lives of the assets purchased Management determines the estimated useful lives and related amortisation charges at acquisition The estimated useful lives are reviewed annually and the amortisation charge is revised where useful lives are subsequently found to be different to those previously estimated

ii) *Property, plant and equipment*
Property, plant and equipment is carried at historical cost less depreciation, calculated to write off the costs of such assets over their estimated useful lives Management determines the estimated useful lives and related depreciation charges at acquisition The estimated useful life is reviewed annually and the depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated

iii) *Impairment*
The CGH Group tests goodwill annually for impairment in accordance with the accounting policy for "Impairment of assets" described above The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations are based on management assumptions and required the use of estimates This determination requires significant judgment In making this judgment, the Group evaluates the duration and extent to which fair value of an investment is less than its cost and the financial health of and near term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flows

iv) *Taxation*
The CGH Group is subject to income taxes in the various jurisdictions in which it operates Significant judgement is required in determining the provision for income taxes There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

Critical accounting estimates and judgements (continued)

v) *Fair value of financial assets*
The fair value of financial assets that are not traded in an active market is determined by reference to recent comparable transactions, when applicable When no such comparison transactions exist, the financial asset is reviewed annually for impairment in accordance with the accounting policy "Impairment of assets" described above The CGH Group uses its judgement and makes assumptions that are mainly based on existing market conditions to determine whether the carrying value of the asset should be written down

vi) *Pension obligations*
Defined benefit pension schemes
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plans' assets, mortality assumptions and the discount rate Any changes in these assumptions will impact the carrying amount of pension obligations

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns The Group determines the appropriate discount rate at the end of each year This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations In determining the appropriate discount rate, the CGH Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability Other key assumptions for pension obligations are based in part on current market conditions

vii) *Errors and omissions liabilities*
In the ordinary course of the CGH Group's business it can be subject to claims for errors and omissions made in connection with its broking activities A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated The CGH Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability

Standards, amendments to published standards and interpretations effective on or after 1 January 2010

a) *New and amended standards adopted by the Group*

IFRS 3 (revised), "Business Combinations", and consequential amendments to IAS 27 "Consolidated and separate financial statements", IAS 28, "Investments in Associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or the non-controlling interest's proportionate share of the acquiree's net assets All acquisition-related costs are expensed

IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations" The amendment clarifies that IFRS 5 specifies the disclosure required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation and uncertainty) of IAS 1

IAS 36 (amendment), "Impairment of assets", effective 1 January 2010 The amendment clarifies that the largest cash-generating-unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 "Operating segments" (that is, before the aggregation of segments with similar economic characteristics) *b) New and amended standards, and interpretations mandatory for the first time for the financial period beginning 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions)*

IAS 27 (revised) "Consolidated and separate financial statements" requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost Any remaining interest in equity is re-measured to fair value, and a gain or loss is recognised in the income statement IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance, there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests

IFRIC 9, "Reassessment of embedded derivatives" and IAS 39, "Financial instruments Recognition and measurement", effective 1 July 2009 This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through income statement" category This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through income statement in its entirety

IFRIC 16, "Hedges of a net investment in a foreign operation" effective 1 July 2009 This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedge instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relates to a net investment hedge are satisfied In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group

IAS 38 (amendment), "Intangible assets", effective 1 January 2010 The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives

IAS 1 (amendment), "Presentation of financial statements" The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as a current or non current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time

IFRS 2 (amendments), "Group cash-settled share-based payment transactions", effective from 1 January 2010 In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation

Standards, amendments to published standards and interpretations early adopted by the CGH Group

In 2010, the CGH Group did not early adopt any new, revised or amended standards

Future accounting standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and have not been early adopted by the CGH Group

i) IFRS 9, "Financial instruments" IFRS 9 addresses classification and measurement of financial assets and is available for early adoption immediately IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories amortised cost and fair value IFRS 9 is effective for annual periods beginning on or after 1 January 2013 When the IFRS becomes effective, it is expected to have an impact of the classification of financial assets

ii) IAS 24 (revised), "Related party disclosures", issued in November 2009 It supersedes IAS 24, "Related party disclosures", issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1

January 2011 Earlier application, in whole or in part, is permitted When the revised standard is applied, the CGH Group will need to disclose any transactions between its subsidiaries and associates

iii) "Classification of rights issues" (amendment to IAS 32), issued in October 2009 The amendment applies to annual periods beginning on or after 1 February 2010 Earlier application is permitted The amendment addresses the accounting for rights issues in a currency other than the functional currency of the issuer Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated Previously, these issues would have been accounted for as a derivative liability

iv) IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010 The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap) It requires a gain or loss to be recognised in income statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished The group will apply the interpretation from 1 January 2011, subject to endorsement by the EU It is not expected to have any impact on the group or the parent entity's financial statements

v) "Prepayments of a minimum funding requirement" (amendments to IFRIC 14) The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented The CGH Group will apply these amendments for the financial reporting period commencing on 1 January 2011 It is not expected to have any impact on the group or the parent entity's financial statements

Notes to the financial statements

1 Commission and fees

Brokerage and commissions by source from continuing operations are as follows

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Europe	40,488	40,075
North America	5,759	7,039
Caribbean	5,167	4,949
Latin America	36,731	27,291
Australasia	6,712	5,339
Other	1,958	3,118
Commission and fees	96,815	87,811

Turnover and profit before tax relate wholly to insurance and reinsurance broking activity which in the opinion of the directors is carried out in one global insurance and reinsurance market

IFRS 8 'Operating Segments' has not been adopted as the CGH Group does not have debt or equity instruments traded in a public market nor is in the process of filing the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of financial instruments in a public market

Notes to the financial statements

2 Operating profit

Continuing operations	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000	
Other operating income			
The following 'other operating income' has been credited in arriving at operating profit			
Profit on disposal of property, plant and equipment	-	11	
Other income	1,348	771	
Total other operating income	1,348	782	
Depreciation, amortisation and impairment charges			
Amortisation of intangible assets			
- software and development costs	178	109	
- books of business	2,040	2,097	
Depreciation on property, plant and equipment			
- owned assets	960	781	
Impairment charges			
- other intangible assets	292	158	
Total depreciation, amortisation and impairment charges	3,470	3,145	
Other operating costs			
The following operating costs have been charged in arriving at operating profit			
Operating lease rentals payable			
land & buildings	2,471	2,185	
furniture, equipment & motor vehicles	220	237	
computer equipment & software	44	31	
- sub-lease receipts			
land & buildings	(42)	(32)	
Non-recurring items / exceptional items:			
Exceptional costs of outsourcing	-	1,188	a
Exceptional (income) / costs relating to certain commercial liabilities	-	417	b
Total exceptional items	-	1,605	

[a] Exceptional costs of outsourcing certain back office functions
[b] Exposures relating to certain commercial liabilities from prior years now quantified and settled

Notes to the financial statements

3 Investment Income

Continuing operations	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Interest receivable – fiduciary funds	422	656

Interest receivable includes only interest derived from fiduciary funds Interest receivable from own funds is included in 'Finance income'

4 Net Finance (Cost) / Income

Continuing operations	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Interest receivable - own funds	83	141
Investment income from fixed asset investments	-	3
Interest receivable from parent company	199	-
Interest receivable from fellow CGSC Group company	72	-
Interest expense		
- bank and other borrowings	(1,092)	(1,416)
Pension financing		
- expected return on post employment scheme assets	1,725	1,436
- interest on post employment scheme liabilities	(2,576)	(2,314)
Net pension financing costs	(851)	(878)
Fair value (losses) / gains on financial instruments		
- derivative financial instruments	(2,788)	14,653
	(2,788)	14,653
Foreign exchange differences		
Foreign exchange (losses) / gains on loans payable	(1,121)	2,116
Foreign exchange (losses) / gains – other monetary items	(251)	(1,510)
	(1,372)	606
Amortisation of borrowing costs	(227)	(212)
Other finance income /(costs)	19	(2)
Net finance (costs) / income	(5,957)	12,895
Analysed as		
Finance costs	(6,330)	(4,018)
Finance income	373	16,913
Net finance (costs) / income	(5,957)	12,895

Notes to the financial statements

5 Employee and Directors' information

Continuing operations	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
a) Salaries and associated expenses		
Wages and salaries	44,243	36,208
Social Security costs	4,106	3,728
Pension costs	2,630	2,535
Share based payments	450	422
	51,429	42,893

b) Analysis of employees
Average number of persons, including Executive Directors, employed by the CGH Group during the year

	Number of people	Number of people
By activity		
Broking and Insurance	399	444
Management and administration	202	217
	601	661

Included within the above analysis for 2009 are 76 employees employed by discontinued operations

c) Key management compensation	£'000	£'000
Salaries and short term employee benefits	2,012	1,408
Post employment benefits	62	40
Share based payments	359	376
	2,433	1,824
Highest paid Director		
Total amount of emoluments	1,074	584
Defined benefit scheme		
Accrued pension at end of year	58	54

	2010	2009
Number of directors accruing benefits in a defined benefit scheme	2	2
Number of directors exercising share options	3	-
Aggregate number of share options exercised by management	220,621	-

Share based payment schemes

During 2010, £450,000 (2009 £422,000) was debited to the profit & loss account in respect of share-based payments On 9 July 2010, all outstanding options in the Company shares were converted into options in shares of the ultimate parent company, Cooper Gay Swett & Crawford Limited ("CGSC") following the acquisition of the Company This has been treated as a modification and the fair values remain unchanged accordingly

Calculation of fair values

Fair values of share options/awards, measured at the date of grant of the option/award, are calculated using a binomial lattice methodology The model is based on the standard "binomial" option pricing model but takes into account particular features which are common to employee share options The expected life of options depends on the behaviour of option holders, which is incorporated into the option model consistent with historic observable data The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used

5 Employees and Directors' information (continued)

The significant assumptions used to estimate the fair value of the options granted in 2010 are as follows

	LTIP 2010
Risk free interest rate (%)	2 18
Expected life (years)	10 00
Expected volatility (%)	15 00

The risk-free rate was determined using the yield available on similarly dated zero coupon UK governments bonds at the time of the option grants, using historical information taken from the records of the Bank of England Expected life is not a single input parameter but a function of various behavioural assumptions Expected volatility is estimated by considering both historic average share price volatility and implied volatility of similar listed entities, for which share price or option price information was available

All options granted under the share option schemes are conditional upon the employee remaining in the Group's employment during the vesting period of the option

Group Share Option Plan

The Group Share Option Plan was a long-term incentive plan available to certain employees during 2007 The aim of the plan was to align the interest of certain employees to the creation of shareholder value Options were granted at market value and are normally exercisable between four years and 7 months, and five years and 1 month after the date of grant, subject to vesting conditions

	2010		2009	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	637,500	1 30	687,500	1 30
Granted	-	-	-	-
Lapsed	(25,000)	-	(50,000)	-
Exercised	(200,234)	-	-	-
At 9 July 2010	412,266	1 30		
Modification to CGSC options	1,649,071	-		
CGSC options at 9 July 2010	2,061,337	0 26		
Lapsed	(126,204)	-	-	-
Outstanding at 31 December	1,935,133	0 26	637,500	1 30

As part of the formation of the new CGSC Group, the outstanding CGH options at 9 July 2010 were converted into CGSC options at the ratio of 1 5 on the basis that the CGH shareholders exchanged 1 CGH share for 5 CGSC shares

Notes to the financial statements

5 Employees and Directors' information (continued)

Group Share Allocation Scheme

The Group Share Allocation Scheme was a long-term incentive plan available to certain employees during 2009 The aim of the plan was to align the interest of certain employees to the creation of shareholder value Shares were granted at market value and are normally exercisable at two years and 5 months, subject to vesting conditions During 2009 the scheme was cancelled for all UK employees and replaced by the Joint Equity Scheme In accordance with IFRS2 the full fair value of the scheme for UK employees was charged to the income statement The scheme remains in place for overseas employees

	2010		2009	
			Number	Weighted average exercise price £
Outstanding at 1 January	87,950	1 75	-	-
Granted	-	-	2,357,675	1 75
Cancelled	-	-	(2,269,725)	1 75
Modification to CGSC options	351,800	-		
CGSC options at 9 July 2010	439,750	0 35		
Cancelled	-	-	-	-
Outstanding at 31 December	439,750	0 35	87,950	1 75

As part of the formation of the new CGSC Group, the outstanding CGH options at 9 July 2010 were converted into CGSC options at the ratio of 1 5 on the basis that the CGH shareholders exchanged 1 CGH share for 5 CGSC shares

Joint Ownership Equity Scheme

The Joint Ownership Equity Scheme (JOE) was available to certain employees during 2009 The aim of the plan was to align the interest of certain employees to the creation of shareholder value Some shares granted under the JOE scheme are subject to performance conditions and some are not Shares were granted at market value and are normally exercisable at four years (performance conditions) and five years (no performance conditions), subject to vesting conditions

	2010 No performance conditions		2010 Performance conditions	
		Weighted average exercise price		Weighted average exercise price
	Number	£	Number	£
Outstanding at 1 January	776,400	2 25	2,269,725	2 25
Granted	-	-	-	-
Exercised	(171,585)	-	-	-
At 9 July 2010	604,815	2 25	2,269,725	2 25
Modification to CGSC options	2,419.260	-	9,078,900	-
CGSC options at 9 July 2010	3,024,075	0 45	11,348,625	0 45
Cancelled	-	-	-	-
Outstanding at 31 December	3.024,075	0 45	11,348,625	0 45

Notes to the financial statements

5 Employees and Directors' information (continued)

	2009 No performance conditions		2009 Performance conditions	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	-	-	-	-
Granted	776,400	2 25	2,269,725	2 25
Outstanding at 31 December	776,400	2 25	2,269,725	2 25

As part of the formation of the new CGSC Group, the outstanding CGH options at 9 July 2010 were converted into CGSC options at the ratio of 1 5 on the basis that the CGH shareholders exchanged 1 CGH share for 5 CGSC shares

Long Term Incentive Plan

The Long Term Incentive Plans (LTIPs) were available to certain employees during 2010 The aim of the plans was to align the interest of certain employees to the creation of shareholder value Shares were granted at market value and are normally exercisable at three years and 1 month and two years and 3 months and one year and 3 months from grant respectively These are subject to vesting conditions associated with the CGH Group's performance over defined 3 year periods ending 2010, 2011 and 2012

	LTIP 2010		LTIP 2009		LTIP 2008		LTIP 2007	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	-	-	201,026	2 25	161,964	1 75	115,131	1 75
Allowance for lapses	-	-	-	-	(68,563)	-	-	-
Lapsed	-	-	-	-	-	-	(50,181)	-
Exercised	-	-	-	-	-	-	(64,950)	1 75
At 9 July 2010	-	-	201,026	2 25	93,401	1 75	-	-
Modification to CGSC options	-	-	804 104	-	373,604	-	-	-
CGSC options at 9 July 2010	-	-	1,005,130	0 45	467,005	0 35	-	-
Granted	950,550	0 61	-	-	-	-	-	-
Outstanding at 31 December	950,550	0 61	1,005,130	0 45	467,005	0 35	-	-

The table above reflects the number of LTIPs used in deriving the share based payment charge for the year The number of options which vest will depend upon group performance

As part of the formation of the new CGSC Group, the outstanding CGH options at 9 July 2010 were converted into CGSC options at the ratio of 1 5 on the basis that the CGH shareholders exchanged 1 CGH share for 5 CGSC shares

The fair value of options granted in the year as at the date of grant was £579,836

Notes to the financial statements

6 Services provided by the Group's auditor and network firms

During the year, the CGH Group obtained the following services from the Group's auditor at the costs detailed below

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Fees payable to the Group's auditor for the audit of the Company	35	105
Fees payable to the Group's auditor and its associates for other services		
The audit of the Group's subsidiaries, pursuant to legislation	281	297
The audit of a Group subsidiary client money, pursuant to the FSA	10	10
Tax services	17	121
All other services	-	225
	343	758

Notes to the financial statements

7 Income Tax Expense

Continuing operations	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Current tax expense/(credit):		
United Kingdom:		
Corporation tax on profits for the year	191	38
(Over) / under provided in prior years	(5)	89
	186	127
Foreign tax:		
Current tax on income for the year	4,952	4,592
(Over)/Under provided in prior years	(255)	16
	4,697	4,608
Total current tax	4,883	4,735
Deferred tax expense:		
Origination and reversal of temporary differences	657	5,933
Benefit of tax losses recognised	1,808	397
Prior year adjustments	618	(780)
Total deferred tax expense	3,083	5,550
Total income tax expense	7,966	10,285

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows

Profit before tax·	9,670	25,407
Tax calculated at UK Corporation Tax of 28% (2009 28%)	2,708	7,114
Non-deductible expenses*	1,167	424
Share based payments	90	122
Other adjustments to taxable profit	-	(2)
Adjustments to tax charge in respect of prior periods	358	(675)
Effect of UK and non-UK tax rate differences	327	865
Unrecognised deferred tax adjustments	3,316	2,437
Total income tax expense	7,966	10,285

*The non-deductible expenses for 2010 and previous periods principally relate to non-deductible entertainment expenses and non-eligible depreciation, intangibles amortisation and foreign exchange differences on intangibles

Notes to the financial statements

8 Dividends

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Interim dividend in respect of 2010 of nil p per share (2009 nil p per share)	-	-
	-	-

No final dividend for 2010 is proposed by the Board (2009 nil p)

9 Goodwill

	Gross Amount £'000	Impairment Losses £'000	Net carrying Amount £'000
As at 31 December 2010			
Opening net book amount	17,337	-	17,337
Exchange differences	(421)	-	(421)
Closing net book amount	16,916	-	16,916
As at 31 December 2009			
Opening net book amount	16,802	-	16,802
Exchange differences	(730)	-	(730)
Acquisitions	3,001	-	3,001
Goodwill arising from purchases of non-controlling interests written off to retained earnings	(1,736)	-	(1,736)
Closing net book amount	17,337	-	17,337

Notes to the financial statements

9 Goodwill (continued)

Impairment tests for goodwill
Goodwill is allocated to the CGH Group's cash generating units (CGUs) identified according to country of operation A summary of the goodwill allocation is presented below

	Total £000s
Geographical region	
Europe	14,126
Latin America	2,790
As at 31 December 2010	16,916
Europe	14,692
Latin America	2,645
As at 31 December 2009	17,337

The recoverable amount of a CGU is determined based on value in use calculations These calculations use cash flow projections based on financial budgets approved by management covering a 3 year period Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below

Key assumptions used for value-in-use calculations:

At 31 December 2010

	Growth Rate %	Discount Rate %
Geographical region:		
Europe	2	10
Latin America	5	15

The key assumptions used in value-in-use calculations were:
The budgeted trading profit growth management determines budgeted trading profit based on past experience and its expectations for the market development The discount rates used are pre-tax and reflect specific risks relating to the relevant geographical region and country of operation

Notes to the financial statements

10 Other intangible assets

	Contractual customer relationships acquired £'000	Computer software £'000	Software development costs £'000	Total £'000
Cost				
At 1 January 2010	10,451	1,015	604	12,070
Exchange differences	(3)	(8)	-	(11)
Additions	-	242	29	271
Companies disposed	-	(186)	(385)	(571)
Adjustments	(46)	-	-	(46)
At 31 December 2010	10,402	1,063	248	11,713
Accumulated amortisation				
At 1 January 2010	3,617	632	187	4,436
Amortisation charge	2,020	187	28	2,235
Impairment	292	-	-	292
Companies disposed	-	(145)	-	(145)
Exchange differences	-	(11)	2	(9)
At 31 December 2010	5,929	663	217	6,809
Net book amount at 31 December 2010	4,473	400	31	4,904
Cost				
At 1 January 2009	10,267	702	453	11,422
Exchange differences	-	(7)	16	9
Additions	304	320	135	759
Adjustments	(120)	-	-	(120)
At 31 December 2009	10,451	1,015	604	12,070
Accumulated amortisation				
At 1 January 2009	1,362	537	160	2,059
Amortisation charge	2,097	100	30	2,227
Impairment	158	-	-	158
Exchange differences	-	(5)	(3)	(8)
At 31 December 2009	3,617	632	187	4,436
Net book amount at 31 December 2009	6,834	383	417	7,634

Notes to the financial statements

11 Property, plant and equipment

Cost	Leasehold improvements £'000	Computer Equipment £'000	Furniture Equipment & other £'000	Motor vehicles £'000	Total £'000
At 1 January 2010	2,302	2,257	3,181	645	8,385
Exchange differences	15	36	50	49	150
Additions	851	501	414	142	1,908
Companies disposed	(149)	(393)	(726)	-	(1,268)
Disposals	(40)	(48)	(11)	(125)	(224)
At 31 December 2010	2,979	2,353	2,908	711	8,951
Accumulated depreciation					
At 1 January 2010	1,688	1,660	2,230	246	5,824
Exchange differences	(1)	21	30	17	67
Charge for year	297	391	203	113	1,004
Companies disposed	(112)	(341)	(614)	-	(1,067)
Disposals	(40)	(48)	(6)	(65)	(159)
At 31 December 2010	1,832	1,683	1,843	311	5,669
Net closing amount at 31 December 2010	1,147	670	1,065	400	3,282
Cost					
At 1 January 2009	2,080	1,991	3,054	575	7,700
Exchange differences	(45)	(26)	(85)	(29)	(185)
Additions	285	341	256	155	1,037
Companies acquired	11	7	8	-	26
Disposals	(29)	(56)	(52)	(56)	(193)
At 31 December 2009	2,302	2,257	3,181	645	8,385
Accumulated depreciation					
At 1 January 2009	1,546	1,415	2,008	251	5,220
Exchange differences	(39)	(23)	(47)	(47)	(156)
Charge for year	203	318	319	99	939
Disposals	(22)	(50)	(50)	(57)	(179)
At 31 December 2009	1,688	1,660	2,230	246	5,824
Net closing amount at 31 December 2009	614	597	951	399	2,561

The net book value of property, plant and equipment held under finance leases is £nil at 31 December 2010 (2009 £nil)

12 Investments in associates

	2010 £'000	2009 £'000
Value		
At 1 January	49	63
Exchange differences	(16)	22
Share of results after tax and minority interests	74	(36)
Disposals	(20)	-
At 31 December	87	49
Net book amount	87	49

No impairment losses have been incurred during the year (2009 £nil) relating to investments in associates

Notes to the financial statements

13 Held-to-maturity investments

	2010 £'000	2009 £'000
Government bills and bonds	729	751
Corporate bonds	995	842
	1,724	1,593

The credit quality of the held-to-maturity investments can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates
The credit ratings presented in this note indicate that the investments are investment grade with limited chance of default

AA	792	732
BB/B	666	616
Not rated	266	245
Total	1,724	1,593

The maturity profile of the held-to-maturity investments is as follows

Up to 1 year	405	76
Between 1 and 5 years	588	605
Over 5 years	731	912
Total	1,724	1,593

14 Available for sale financial assets

Available for sale financial assets are categorised according to their nature into one of two categories

1) Investments and deposits, which consist mainly of fixed deposits - these investments are held at fair value and are classified between current and non-current assets according to maturity date

2) Other investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment

	Other Investments £'000	Investments & Deposits £'000	Total £'000
At 31 December 2010	348	32	380
At 31 December 2009	208	21	229

Analysis of available for sale financial assets:

	Non-current £'000	Current £'000	Total £'000
At 31 December 2010	-	380	380
At 31 December 2009	-	229	229

Most of the available for sale financial assets are not assessed by external credit rating agencies Historically, the counterparty default rate has been low All the available for sale financial assets have a maturity profile of less than one year at the balance sheet date

Notes to the financial statements

15 Derivatives

	2010 Assets £'000	2010 Liabilities £'000	2009 Assets £'000	2009 Liabilities £'000
Interest rate swaps	-	232	6	440
Foreign currency derivatives	137	2,482	1,506	9,180
Forward foreign exchange	123	2,474	3,006	131
	260	5,188	4,518	9,751
Current	89	2,168	1,395	5,003
Non-current	171	3,020	3,123	4,748
	260	5,188	4,518	9,751

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
The derivatives held with AA/A rated counterparties	260	4,518

Financial assets	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 4 years £'000	Total £'000
31 December 2010				
Interest rate swaps	-	-	-	-
Foreign currency derivatives	56	81	-	137
Forward foreign exchange contracts	33	51	39	123
	89	132	39	260
31 December 2009				
Interest rate swaps	6	-	-	6
Foreign currency derivatives	772	433	301	1,506
Forward foreign exchange contracts	617	834	1,555	3,006
	1,395	1,267	1,856	4,518

Notes to the financial statements

15 Derivatives (continued)

Financial liabilities

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 4 years £'000	Total £'000
31 December 2010				
Interest rate swaps	232	-	-	232
Foreign currency derivatives	1,831	651	-	2,482
Forward foreign exchange contracts	105	1,922	447	2,474
	2,168	2,573	447	5,188
31 December 2009				
Interest rate swaps	440	-	-	440
Foreign currency derivatives	4,561	2,975	1,643	9,179
Forward foreign exchange contracts	2	9	121	132
	5,003	2,984	1,764	9,751

The CGH Group's treasury policies are approved by the Board The policies and procedures in place establish specific guidelines to manage currency risk, liquidity risk and interest rate risk and the use of counter-parties and financial instruments to manage these

The CGH Group uses various derivative instruments including forward foreign exchange contracts, interest rate contracts and foreign currency derivatives to manage the risks arising from variations in currency and interest earnings that arise from movements in exchange and interest rates Derivative instruments purchased are primarily dominated in the currencies of the CGH Group's main markets

Transactions maturing within 12 months of the balance sheet date are classified in current maturities Transactions maturing in a period in excess of 12 months of the balance sheet date are classified as non-current maturities

a) Forward Foreign Exchange Contracts

The CGH Group's major currency transaction exposure arises in US Dollars and Euros and the CGH Group continues to adopt a prudent approach in actively managing this exposure As at 31 December 2010 the CGH Group had outstanding foreign exchange contracts, US Dollars and Euros, amounting to a principal value of £66 3 million (2009 £34 2 million)

b) Interest Rate Contract

The CGH Group periodically uses interest rate hedges, principally interest rate swaps, to mitigate the impact upon interest earnings and expense of changes in interest rates The notional principal amounts of outstanding interest rate contracts as at 31 December 2010 was US Dollars 15 7m at a floor of 3 75%, capped rate of 6% and termination date of 30 September 2011 (2009 US Dollars 17 4 million at a floor of 3 25%, capped rate of 6% and termination date of 30 September 2011)

c) Foreign currency derivatives

The CGH Group uses foreign currency derivatives to hedge currency exposures arising in US Dollars and Euros and the CGH Group continues to adopt a prudent approach in actively managing this exposure

Notes to the financial statements

15 Derivatives (continued)

d) Price risk

The CGH Group does not have a material exposure to commodity price risk

Fair Value Estimation

1) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets traded on liquid markets are determined with reference to quoted market prices (includes listed equity securities within 'other investments' classified as 'Available for Sale')

The fair values of other financial assets and liabilities (excluding derivative instruments) are derived by assessing the discounted cash flow expected to be derived including an impairment provision, where necessary (includes 'Investments and Deposits' classified as 'Available for Sale')

The fair values of derivative financial instruments are calculated using quoted prices Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives Foreign currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves from quoted interest rates

2) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities This category includes investments, deposits and listed equity securities classified as available-for-sale and measured at fair value

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i e as prices) or indirectly (i e derived from prices) This category includes certain unlisted equity securities and derivative financial instruments

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) The CGH Group does not have any financial instruments that fall under this category

	Level 1	Level 2	Level 3	2010 Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Derivative financial assets	-	260	-	260
Available-for-sale financial assets				
Investment and deposits	20	12	-	32
Other investments	348	-	-	348
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	-	(5,188)	-	(5,188)

There were no transfers between Level 1 and 2 in the period

Notes to the financial statements

16 Trade and other receivables

	2010 £'000	2009 £'000
Receivables and prepayments		
Trade receivables	32,530	29,014
Amounts due from associates	-	455
Less provision for bad debt	(1,587)	(1,368)
Trade receivables - net	30,943	28,101
Amounts due from parent company	19,006	-
Amounts due from fellow CGSC Group companies	10,376	-
Other debtors	4,996	4,499
Prepayments	2,064	2,141
	67,385	34,741
Analysed as		
Current	66,675	34,741
Non-current	710	-
	67,385	34,741

As at 31 December 2010, the Group had exposures to individual trade counterparties within trade receivables In accordance with Group policy, Group operating companies continually monitor exposures against individual clients No individual trade counterparty credit exposures is considered significant in the ordinary course of trading activity Management does not expect any significant losses from non-performance by trade counterparties with exception of those where a provision has already been established

The trade and other receivables carrying amount approximates its fair value

Movements on the Group provision for impairment of trade receivables are as follows

	2010 £'000	2009 £'000
At 1 January	(1,368)	(939)
Currency translation adjustments	-	(2)
Provisions made for receivables impairment	(303)	(467)
Receivables written off during the year as uncollectible	84	40
Unused amounts reversed	-	-
At 31 December	(1,587)	(1,368)

At 31 December 2010	Trade receivables £'000	Bad debt provision £'000	Net trade receivables £'000
Not overdue	23,805	-	23,805
Past due not more than three months	1,159	-	1,159
Past due more than three months and not more than six months	3,301	(40)	3,261
Past due more than six months	4,265	(1,547)	2,718
	32,530	(1,587)	30,943

Notes to the financial statements

16 Trade and other receivables (continued)

At 31 December 2009	Trade receivables £'000	Bad debt provision £'000	Net trade receivables £'000
Not overdue	18,520	-	18,520
Past due not more than three months	5,592	-	5,592
Past due more than three months and not more than six months	1,909	(13)	1,896
Past due more than six months	3,448	(1,355)	2,093
	29,469	(1,368)	28,101

17 Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	86,973	80,907
Short term deposits	11,591	8,605
	98,564	89,512
Fiduciary	84,660	76,229
Own funds	13,904	13,283
	98,564	89,512

The credit quality of cash at bank and short-term deposits can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates

AAA	898	4,497
AA	47,972	27,064
A	46,128	54,603
Not rated	3,566	3,348
	98,564	89,512

The effective interest rate for cash and cash equivalents was 0 9% (2009 0 9%) These deposits have an average maturity of 12 days (2009 2 days)

Notes to the financial statements

18 Trade and other payables

	2010 £'000	2009 £'000
Insurance creditors	88,532	76,976
Social security and other taxes	1,466	1,059
Amounts due to associates	-	202
Other creditors	2,808	5,905
Accruals and deferred income	13,409	10,110
	106,215	94,252

19 Financial Instruments by category

The accounting policies for financial instruments have been applied to the line items below

At 31 December 2010 Assets per balance sheet	Loans and receivables £'000	Held-to-maturity £'000	Derivatives £'000	Available for sale £'000	Total £'000
Available-for-sale financial assets	-	-	-	380	380
Held-to-maturity investments	-	1,724	-	-	1,724
Derivative financial instruments	-	-	260	-	260
Trade and other receivables	67,385	-	-	-	67,385
Cash and cash equivalents	98,564	-	-	-	98,564
	165,949	1,724	260	380	168,313

Liabilities per balance sheet	Derivatives £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	24,065	24,065
Trade and other payables	-	106,215	106,215
Derivative financial instruments	5,188	-	5,188
	5,188	130,280	135,468

At 31 December 2009 Assets per balance sheet	Loans and receivables £'000	Held-to-maturity £'000	Derivatives £'000	Available for sale £'000	Total £'000
Available-for-sale financial assets	-	-	-	229	229
Held-to-maturity investments	-	1,593	-	-	1,593
Derivative financial instruments	-	-	4,518	-	4,518
Trade and other receivables	34,741	-	-	-	34,741
Cash and cash equivalents	89,512	-	-	-	89,512
	124,253	1,593	4,518	229	130,593

Liabilities per balance sheet	Derivatives £'000	Other financial liabilities £'000	Total £'000
Borrowings	-	30,029	30,029
Trade and other payables	-	94,252	94,252
Derivative financial instruments	9,751	-	9,751
	9,751	124,281	134,032

Notes to the financial statements

20 Borrowings

	2010 £'000	2009 £'000
Current		
Bank borrowing	24,065	2,540
	24,065	2,540
Non-current		
Bank borrowing	-	27,489
	-	27,489
Total borrowings	24,065	30,029

The total borrowings are denominated in US$ and British Pounds At 31 December 2010, the US$ denominated loans amounted to US$31 2 million (2009 US$34 6 million)

The bank borrowings within this note are stated gross of issue costs, which have been capitalised and will be written off over the life of the loans The carrying amounts of the total 'Borrowings' stated above approximate their fair values as at 31 December 2010 and 31 December 2009

The exposure of the borrowings of the CGH Group to interest rate changes and periods in which the borrowings reprice are as follows

	Less than 1 year £'000	1-5 years £'000	Over 5 years £'000	Fixed rate £'000	Total £'000
Total borrowings at 31 December 2010	24,065	-	-	-	24,065
Total borrowings at 31 December 2009	30,029	-	-	-	30,029

Notes to the financial statements

20 Borrowings (continued)

The effective interest rates at the balance sheet dates were as follows

	2010 %	2009 %
Bank overdrafts	-	-
Unsecured loan notes	-	-
Bank borrowings	4 02	2 36

Maturity of borrowings	2010 £'000	2009 £'000
Less than 1 year	24,065	2,540
Between 1 and 2 years	-	27,489
Between 2 and 3 years	-	-
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
Over 5 years	-	-
	24,065	30,029

The CGH Group has undrawn committed borrowing facilities

Maturity of borrowings	2010 £'000	2009 £'000
Floating rate		
- expiring within one year	5,925	-
- expiring beyond one year	-	4,242
Fixed rate		
- expiring within one year	-	-
- expiring beyond one year	-	-
	5,925	4,242

The committed working capital and acquisition facilities are secured by a floating charge over the assets of the company The cost of drawings are between 150 and 200 basis points above the relevant LIBOR These facilities include common debt and interest cover covenants which the Group expects to continue to comply with

Notes to the financial statements

21 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet

	Assets 2010 £'000	Liabilities 2010 £'000	Net 2010 £'000
Property, plant and equipment	116	-	116
Provisions	536	-	536
Losses	1,351	-	1,351
Deferred income	-	(3,049)	(3,049)
Intangibles other than goodwill	-	(194)	(194)
Pensions	3,773	-	3,773
Share based payments & other remuneration accrued but not paid	412	-	412
Derivative financial instruments	1,330	-	1,330
Other	-	-	-
Tax assets / (liabilities)	7,518	(3,243)	4,275
Set off tax	-	-	-
Net tax assets / (liabilities)	7,518	(3,243)	4,275

	Assets 2009 £'000	Liabilities 2009 £'000	Net 2009 £'000
Property, plant and equipment	140	(6)	134
Provisions	375	-	375
Losses	5,188	-	5,188
Deferred income	-	(3,525)	(3,525)
Intangibles other than goodwill	-	(146)	(146)
Pensions	5,148	-	5,148
Share based payments & other remuneration accrued but not paid	223	-	223
Derivative financial instruments	1,465	-	1,465
Other	6	(11)	(5)
Tax assets / (liabilities)	12,545	(3,688)	8,857
Set off tax	-	-	-
Net tax assets / (liabilities)	12,545	(3,688)	8,857

Notes to the financial statements

21 Deferred income taxes (continued)

	At 1 January 2010 £'000	Exchange differences £'000	Charge/ (credit) to income £'000	Charge/ (credit) to equity £'000	Acquisition / disposal of sub £'000	At 31 December 2010 £'000
Accelerated tax depreciation	(134)	-	18	-	-	(116)
Provisions	(375)	-	(161)	-	-	(536)
Losses	(5,188)	(75)	2,543	-	1,369	(1,351)
Deferred income	3,525	52	596	-	(1,124)	3,049
Intangibles other than goodwill	146	-	48	-	-	194
Pensions	(5,148)	-	(9)	1,384	-	(3,773)
Share based payments	(223)	(17)	(82)	(90)	-	(412)
Derivative financial instruments	(1,465)	-	135	-	-	(1,330)
Other	5	-	(5)	-	-	-
Net tax (assets) / liabilities	(8,857)	(40)	3,083	1,294	245	(4,275)

Deferred tax assets are recognised for tax losses to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable A deferred tax asset of £5,254,000 (2009 £3,352,000) has not been recognised in the balance sheet in respect of certain of the CGH Group's operations, principally in the United Kingdom where it is considered that the losses are unlikely to be utilised in the foreseeable future

Notes to the financial statements

22 Provisions

	Litigation provisions £'000	Deferred consideration £'000	Total £'000
At 1 January 2010	625	2,259	2,884
Exchange adjustment	9	82	91
Charged to the income statement	804	-	804
Adjustment	-	(46)	(46)
Paid/utilised in the year	(114)	(968)	(1,082)
At 31 December 2010	1,324	1,327	2,651
At 1 January 2009	2,702	5,681	8,383
Exchange adjustment	-	22	22
Charged to the income statement	216	-	216
Additions	-	232	232
Paid in the year	(2,293)	(3,676)	(5,969)
At 31 December 2009	625	2,259	2,884

Analysis of total provisions:	2010 £'000	2009 £'000
Non-current to be utilised in over 1 year	960	1,598
Current to be utilised within 1 year	1,691	1,286
	2,651	2,884

Litigation provisions
The Group is subject to various claims and legal proceedings principally consisting of alleged errors and omissions in connection with the placement of insurance / reinsurance and consulting services A balance sheet provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated The CGH Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability Where appropriate, the CGH Group also provides for the cost of defending such matters The value of the litigation provision may be revised from time to time prior to final settlement Where a litigation provision has been established, it is stated gross of any third party recovery, all such recoveries are included as "other debtors", within trade and other receivables As at 31 December 2010, in connection with certain litigation matters, the CGH Group's litigation provisions include an amount of £1 million (2009 £nil) to reflect this gross basis and the corresponding insurance recovery has been included within trade and other receivables

Deferred consideration
Provision is made in respect of additional consideration payable following the completion of an acquisition The value of the deferred consideration may be revised from time to time prior to final settlement

Notes to the financial statements

23 Capital and reserves attributable to the Company's equity holders

Capital	2010 Number of shares	2010 Nominal values £'000s	2009 Number of shares	2009 Nominal values £'000s
At 31 December				
Authorised				
Ordinary shares of 1p each	19,406,798	194	18,000,000	180
Preferred ordinary shares of 1p each	8,516,056	85	8,516,056	85
Total at 31 December		**279**		**265**
Allotted, called up and fully paid				
Ordinary shares of 1p each	18,000,000	180	18,000,000	180
Preferred ordinary shares of 1p each	8,516,056	85	8,516,056	85
Total share capital at 31 December		**265**		**265**
Movement during year of allotted, called up and fully paid.				
Ordinary shares of 1p each				
At 1 January	18,000,000	180	18,000,000	180
Issued / (redeemed) during the year	-	-	-	-
At 31 December	18,000,000	180	18,000,000	180
Preferred ordinary shares of 1p each				
At 1 January	8,516,056	85	8,516,056	85
Issued during the year	-	-	-	-
At 31 December	8,516,056	85	8,516,056	85

The preferred ordinary shares carry enhanced voting rights and preferential rights to return of capital in a winding up

Purchases of shares by the ESOT and EBT are deducted against retained earnings, see Note 29 Employee Share Ownership Trust (ESOT) and Employee Benefit Trust (EBT)

Notes to the financial statements

23 Capital and reserves attributable to the Company's equity holders (continued)

Reserves

Share premium
The share premium arises from the issue of shares in excess of nominal value Amounts held within this reserve cannot be distributed to shareholders by way of dividend

Capital redemption reserve
The capital redemption reserve is a reserve fund required to be created by the UK Companies Act (2006) when shares are redeemed out of retained profits and not out of a new issue of share capital The reserve is created by making a transfer out of the retained earnings account to a specially designated account, the capital redemption reserve account Amounts held in this account cannot be distributed to shareholders by way of dividend, although they may be used to make bonus issues of share capital The purpose of the reserve is to ensure that the company's capital is not diluted by the redemption of some of the shares

The capital redemption reserve was £276,000 as at 31 December 2010 (2009 £276,000) and is shown in the consolidated statement of changes in equity on page 9

Fair value and other reserves
The fair value and other reserves represent accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the income statement when those assets have been disposed of or are determined to be impaired The analysis of this reserve is shown in the consolidated statement of changes in equity

Foreign currency translation reserve
Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentational currency (£ sterling) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve The analysis of this reserve is shown in the consolidated statement of changes in equity

Retained earnings
The analysis of this reserve is shown in the consolidated statement of changes in equity

Notes to the financial statements

24 Non-controlling interest

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
At 1 January	4,572	3,753
Exchange adjustment	382	(78)
Minority interest change in shareholding	-	1,126
Profit for the year	2,362	2,169
Dividends	(2,111)	(2,398)
At 31 December	5,205	4,572

The non-controlling interests relate mainly to subsidiaries in Latin America On 11 January 2011, the CGH Group acquired the outstanding non-controlling interest in Cooper Gay Martinez Del Rio SA De CV See note 32

25 Cash flow from operating activities

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Cash flows from operating activities		
Profit before tax including discontinued operations	34,091	27,805
Interest income receivable	(776)	(817)
Interest payable on bank loans	1,092	1,416
Unrealised mark-to-market on derivative financial instruments loss / (gain)	2,788	(14,653)
Unrealised foreign exchange loss	1,490	805
Pension financing net expense	851	878
Amortisation of finance costs	227	212
Depreciation on property, plant and equipment	1,004	939
Amortisation of intangible assets	2,234	2,227
Impairment of intangible assets	292	158
Amortisation of share based payments	450	422
Share of results of associates	(74)	36
Profit on disposal of property, plant and equipment	(2)	(11)
Loss on disposal of associate investment	20	-
Profit on disposal of subsidiary undertakings	(18,874)	-
Increase in trade and other receivables	(33,518)	(5,381)
Increase / (decrease) in trade and other payables	23,480	(6,000)
Increase / (decrease) in provisions for liabilities and charges	690	(2,077)
Decrease in retirement benefit obligation	(778)	(989)
Cash generated from operations	14,687	4,970
Interest paid	(1,091)	(1,302)
Interest received	422	676
Tax paid - UK corporation tax received	-	551
Tax paid - Overseas tax paid	(4,213)	(6,242)
Net cash generated by / (used in) operating activities	9,805	(1,347)

Notes to the financial statements

26 Business disposals

On 9th July 2010, the Company disposed of its shareholdings in its North American subsidiaries to Swett & Crawford Group, Inc , a fellow subsidiary of the ultimate parent undertaking, Cooper Gay Swett & Crawford Limited

The subsidiaries and shareholdings disposed of are as follows

Cooper Gay Steele & Company Limited	100%
Cooper Gay Risk Services Inc	100%
Creechurch International Underwriters Limited	100%
Cooper Gay North America Inc	100%
Creechurch Insurance Underwriters Agency Inc	100%

	Total £'000
Net assets disposed of	12,936
Gain on disposal	18,874
Fair value of consideration receivable	31,810

Analysis of the profit for the year from discontinued operations is as follows:

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Fees and commissions	10,163	12.661
Other operating income	101	385
Other operating costs	(4,731)	(10,464)
Depreciation, amortisation and impairment charges	(60)	(179)
Operating profit	5,473	2,403
Net finance costs	74	(5)
Gain on disposal of subsidiaries	18,874	-
Profit before tax	24,421	2,398
Income tax expense	2,271	(294)
Profit for the year from discontinuing operations	26,692	2,104

Following the disposal of Cooper Gay Steele & Company Limited, a new subsidiary, Cooper Gay Holdings, Inc was incorporated in Florida as the new intermediate holding company for the CGH Groups' investment in Cooper Gay LLC

Notes to the financial statements

27 Retirement benefit obligations

The CGH Group operates a number of pension schemes throughout the world The principal pension schemes are in the United Kingdom ('UK') the Cooper Gay Defined Contribution Scheme and the Cooper Gay Defined Benefit Scheme In addition to the UK, the Group operates other defined benefit pension schemes for some employees in Germany Pension schemes that hold assets are held in a separately administered fund

Since October 2001, new joiners in the U K are generally eligible to join the Cooper Gay Defined Contribution Scheme Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over the employees working lives with the entity The cost of the contributions to the group scheme amount to £1,746,000 (2009 £1,617,000) being between 10% and 17 5% of pensionable salary

In addition to the UK scheme, five (2009 nine) overseas subsidiaries operate non-contributory defined contribution pension schemes covering all eligible employees Contributions are at the discretion of the directors of those companies based on a percentage of eligible salary The charge for the year was £322,000 (2009 £673,000)

The Group pension costs for the year are comprised as follows

	2010 UK £'000	2010 Overseas £'000	2010 Total £'000
Defined benefit schemes	1,143	374	1,517
Defined contribution schemes	1,746	322	2,068
	2,889	696	3,585

	2009 UK £'000	2009 Overseas £'000	2009 Total £'000
Defined benefit schemes	1,067	354	1,421
Defined contribution schemes	1,617	673	2,290
	2,684	1,027	3,711

Notes to the financial statements

27 Retirement benefit obligations (continued)

UK defined benefit scheme and German defined benefit scheme

The principal assumptions made in the valuations as at 31 December 2010 and prior year were as follows

31 December 2010	**Note**	**UK Scheme**	**German Scheme**
Rate of increase in salaries		-	2 50%
Rate of increase in pension payments	a	3 20%	1 75%
Discount rate		5 40%	5 50%
Inflation rate		3 50%	2 90%
Revaluation rate for deferred pensioners		2 80%	n/a
Expected return on plan assets	b	6 31%	n/a
Mortality - life expectancy at age 65 for male member	c	22 9	20 0

31 December 2009	**Note**	**UK Scheme**	**German Scheme**
Rate of increase in salaries		-	2 50%
Rate of increase in pension payments	a	3 80%	1 75%
Discount rate		5 60%	6 25%
Inflation rate		3 60%	2 90%
Revaluation rate for deferred pensioners		3 60%	n/a
Expected return on plan assets	b	6 28%	n/a
Mortality - life expectancy at age 65 for male member	c	22 8	18 04

a) UK Scheme - Limited Price Indexation to a maximum of 5%, minimum 3% appropriate

b) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period Expected returns on equity reflect the long-term real rates of return experienced in the respective markets

c) Mortality assumptions for the UK scheme are based on the 92 Medium Cohort Year of Birth Mortality assumptions for the German scheme are based on the Heubeck 2005 G tables

Defined benefit obligation recognised in the balance sheet	**2010 £'000**	**2009 £'000**
Present value of funded obligations	(44,518)	(46,007)
Fair value of plan assets	31,099	27,332
Net liability	(13,419)	(18,675)

Notes to the financial statements

27 Retirement benefit obligations (continued)

Reconciliation of defined benefit liability

	UK Scheme	
	2010	2009
	£'000	£'000
Opening defined benefit liability	(14,115)	(9,339)
Pension income / (expense)	(1,143)	(1,067)
Employer contributions	1,445	1,531
Total gain / (loss) recognised in SOCI	5,394	(5,240)
Net liability recognised in the balance sheet	(8,419)	(14,115)

Reconciliation of defined benefit liability

	German Scheme	
	2010	2009
	£'000	£'000
Opening defined benefit liability	(4,560)	(4,408)
Exchange differences	174	277
Pension income / (expense)	(374)	(353)
Total gain / (loss) recognised in SOCI	(240)	(76)
Net liability recognised in the balance sheet	(5,000)	(4,560)

	Total	
	2010	2009
	£'000	£'000
Opening defined benefit liability	(18,675)	(13,747)
Exchange differences	174	277
Pension income / (expense)	(1,517)	(1,420)
Employer contributions	1,445	1,531
Total (gain) / loss recognised in SOCI	5,154	(5,316)
Net liability recognised in the balance sheet	(13,419)	(18,675)

Reconciliation of defined benefit obligation

	UK Scheme	
	2010	2009
	£'000	£'000
Opening defined benefit obligation	(41,447)	(32,401)
Service cost	(547)	(429)
Interest cost	(2,321)	(2,074)
Gain / (loss) on defined benefit obligation	3,612	(223)
Changes in assumptions	-	(7,616)
Actual benefit payments	1,185	1,296
Closing defined benefit obligation	(39,518)	(41,447)

Notes to the financial statements

27 Retirement benefit obligations (continued)

	German Scheme	
	2010	2009
	£'000	£'000
Opening defined benefit obligation	(4,560)	(4,408)
Exchange differences	174	277
Service cost	(120)	(113)
Interest cost	(254)	(240)
Gain / (loss) on defined benefit obligation	9	(148)
Changes in assumptions	(249)	72
Closing defined benefit obligation	(5,000)	(4,560)

	Total	
	2010	2009
	£'000	£'000
Opening defined benefit obligation	(46,007)	(36,809)
Exchange differences	174	277
Service cost	(667)	(542)
Interest cost	(2,575)	(2,314)
Gain / (loss) on defined benefit obligation	3,621	(371)
Changes in assumptions	(249)	(7,544)
Actual benefit payments	1,185	1,296
Closing defined benefit obligation	(44,518)	(46,007)

Reconciliation of fair value of assets

	UK Scheme	
	2010	2009
	£'000	£'000
Opening value of assets	27,332	23,062
Expected return of assets	1,725	1,436
Gain / (loss) on assets	1,782	2,599
Employer contributions	1,445	1,531
Actual benefit payments	(1,185)	(1,296)
Closing value of assets	31,099	27,332

The German Scheme does not hold any assets

Notes to the financial statements

27 Retirement benefit obligations (continued)

The analysis of the fair value of the scheme assets is as follows:

31 December 2010	**Long-term rate of return %**	**Value £'000**	**%**
Equities	7 50%	15,225	48 96%
Bonds	5 30%	12,751	41 00%
Other assets	6 00%	2,153	6 92%
Cash	1 70%	970	3 12%
Interest cost		31,099	100 00%

31 December 2009	**Long-term rate of return %**	**Value £'000**	**%**
Equities	8 00%	12,195	44 62%
Bonds	5 50%	12,232	44 75%
Other assets	6 20%	123	0 45%
Cash	2 20%	2,782	10 18%
Interest cost		27,332	100 00%

Reconciliation of return on assets	**UK Scheme**	
	2010	**2009**
	£'000	**£'000**
Expected return on assets	1,725	1,436
Gain / (loss) on assets	1,782	2,599
Actual return on assets	3,507	4,035

The amounts recognised in the consolidated income statement are as follows

	UK Scheme	
	2010	**2009**
	£'000	**£'000**
Service cost (included as part of staff costs)	(547)	(429)
Interest cost	(2,321)	(2,074)
Expected return on assets	1,725	1,436
Total (included within finance costs)	(596)	(638)
Impact on profit/(loss) before tax	(1,143)	(1,067)

Notes to the financial statements

27 Retirement benefit obligations (continued)

	German Scheme	
	2010	2009
	£'000	£'000
Service cost (included as part of staff costs)	(120)	(113)
Interest cost	(254)	(240)
Expected return on assets	-	-
Total (included within finance costs)	(254)	(240)
Impact on profit/(loss) before tax	(374)	(353)

	Total	
	2010	2009
	£'000	£'000
Service cost (included as part of staff costs)	(667)	(542)
Interest cost	(2,575)	(2,314)
Expected return on assets	1,725	1,436
Total (included within finance costs)	(850)	(878)
Impact on profit/(loss) before tax	(1,517)	(1,420)

The amounts recognised in the consolidated statement of comprehensive income is as follows

	UK Scheme	
	2010	2009
	£'000	£'000
Gain / (loss) on defined benefit obligation	3,612	(7,839)
Gain / (loss) on plan assets	1,782	2,599
Total actuarial gains / (losses) recognised	5,394	(5,240)
Opening cumulative actuarial losses recognised	(7,476)	(2,236)
Closing cumulative actuarial losses recognised	(2,082)	(7,476)

	German Scheme	
	2010	2009
	£'000	£'000
Gain / (loss) on defined benefit obligation	(240)	(76)
Total actuarial gains / (losses) recognised	(240)	(76)
Opening cumulative actuarial losses recognised	867	943
Closing cumulative actuarial losses recognised	627	867

Notes to the financial statements

27 Retirement benefit obligations (continued)

	Total 2010 £'000	2009 £'000
Gain / (loss) on defined benefit obligation	3,372	(7,915)
Gain / (loss) on plan assets	1,782	2,599
Total actuarial gains / (losses) recognised	5,154	(5,316)
Opening cumulative actuarial losses recognised	(6,609)	(1 293)
Closing cumulative actuarial losses recognised	(1,455)	(6,609)

The five year history of experience adjustments is as follows

	UK Scheme 2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation at end of year	(39,518)	(41,447)	(32,401)	(33,079)	(32,934)
Fair value of plan assets	31,099	27,332	23,062	26,358	24,535
Deficit in the scheme	(8,419)	(14,115)	(9,339)	(6,721)	(8,399)

	German Scheme 2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation at end of year	(5,000)	(4,560)	(4,408)	(3,551)	(3,469)
Fair value of plan assets	-	-	-	-	-
Deficit in the scheme	(5,000)	(4,560)	(4,408)	(3,551)	(3,469)

	Total 2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation at end of year	(44,518)	(46,007)	(36,809)	(36,630)	(36,403)
Fair value of plan assets	31,099	27,332	23,062	26,358	24,535
Deficit in the scheme	(13,419)	(18,675)	(13,747)	(10,272)	(11,868)

Notes to the financial statements

27 Retirement benefit obligations (continued)

Difference between the expected and actual return on plan assets:

	2010	2009	2008	2007	2006
UK Scheme					
Difference between expected and actual return on plan assets					
- amount (£'000)	1,782	2,599	(5,652)	245	838
- expressed as a percentage of plan assets	6%	10%	25%	1%	3%
German Scheme					
Difference between expected and actual return on plan assets					
- amount (£'000)	-	-	-	-	-
- expressed as a percentage of plan assets	-	-	-	-	-

Experience gains / (losses) on plan liabilities:

	2010	2009	2008	2007	2006
UK Scheme					
Experience gains / (losses) on plan liabilities					
- amount (£'000)	3,612	(223)	(418)	(589)	68
- expressed as a percentage of the present value of the plan liabilities	9%	1%	1%	2%	0%
German Scheme					
Experience gains / (losses) on plan liabilities					
- amount (£'000)	9	(148)	(64)	(111)	(404)
- expressed as a percentage of the present value of the plan liabilities	0%	3%	2%	3%	12%

The expected employer contributions to the defined benefit schemes for the year ending 31 December 2011 is £1,329,000

28 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Property, plant and equipment	326	146
Intangible assets	102	1
	428	147

Notes to the financial statements

28 Commitments (continued)

Operating lease commitments - where a Group company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Not later than 1 year	1,535	2,440
Later than 1 year and not later than 5 years	4,794	7,016
Later than 5 years	2,722	3,371
	9,051	12,827

Legal and other loss contingencies

The Company and its subsidiaries are subject to various claims and legal proceedings principally consisting of alleged errors and omissions in connection with the placement of insurance / reinsurance and consulting services

IFRS requires that liabilities for contingencies are recorded when it is probable that a liability has been incurred on or before the balance sheet date and the amount can be reasonably estimated Significant management judgement is required to comply with this guidance The CGH Group analyses its litigation exposure based on available information, including external legal consultation where appropriate to assess its potential liability

On the basis of present information, amounts already provided, availability of insurance coverages and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial statements of the CGH Group However, amounts subject to claims can be material and it is possible that future results of operations or cash flows for any annual period could be materially affected by an unfavourable resolution to these matters

At 31 December 2010, the CGH Group had contingent liabilities in respect of guarantees and letters of credit on behalf of CGH Group companies amounting to £nil (2009 £nil)

29 Employee Share Ownership Trust (ESOT) & Employee Benefit Trust (EBT)

Following the acquisition of the company by Cooper Gay Swett & Crawford Limited, the shares held within the share ownership and benefit trusts were exchanged for shares in Cooper Gay Swett & Crawford Limited As at 31 December 2010, the ESOT held 4,172,812 in Cooper Gay Swett & Crawford Limited (2009 Cooper Gay Holdings Limited 1,489,160) ordinary A shares The estimated fair value of these shares is £2,628,872 (2009 £4,095,190)

As at 31 December 2010, the EBT held 14,372,700 ordinary A shares in Cooper Gay Swett & Crawford Limited (2009 Cooper Gay Holdings Limited 3,046,125) The estimated fair value of these shares is £6,467,715 (2009 £6,853,871) These are the only assets of the EBT and are held for shares issuable in respect of the Joint Ownership Equity Scheme The fair value of these shares is fixed to the scheme exercise price, see Note 5 for further details

Notes to the financial statements

30 Principal subsidiary and associated companies

The following were the principal subsidiary and associated entities at 31 December 2010 Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation / registration

Principal Subsidiaries	Country of Incorporation / Registration	Effective Interest (%)	Nature of business
Cooper Gay (UK) Limited	England	100%	Intermediate holding company
Cooper Gay & Company Limited[1]	England	100%	Insurance and reinsurance Intermediary
Cooper Gay (Acquisitions) Limited	England	100%	Acquisition vehicle
Oliva Underwriting Management Limited	England	100%	Underwriting Agency
Cooper Gay (Employee Trust) (Jersey) Limited	Jersey	100%	ESOT
Cooper Gay (Employee Benefit Trust) Limited	Jersey	100%	EBT
Junge & Co Versicherungsmakler GmbH	Germany	100%	Insurance Intermediary
Gunther Lubsen GmbH[2]	Germany	100%	Underwriting Agency
Cooper Gay (France) SASU	France	100%	Insurance and reinsurance Intermediary
Cooper Gay (Eastern Europe) Limited[1]	England	51%	Reinsurance Intermediary
Cooper Gay (Asia) Pte Limited	Singapore	100%	Reinsurance Intermediary
Cooper Gay (Australia) Pty Limited [3]	Australia	100%	Reinsurance Intermediary
Cooper Gay (Hong Kong) Limited [3]	Hong Kong	100%	Reinsurance Intermediary
St Vincent Insurances Limited	St Vincent	54 55%	Insurance company
St Vincent and the Grenadines Insurances Limited [4]	St Vincent	54 55%	Insurance company
The Grenadines Insurance Company Limited [4]	St Vincent	54 55%	Insurance company
Cooper Gay Martinez Del Rio SA De CV	Mexico	52 5%	Reinsurance Intermediary
Cooper Gay (Ecuador) CV	Ecuador	80%	Reinsurance Intermediary
Cooper Gay Suramerica Ltda	Colombia	65%	Reinsurance Intermediary
Cooper Gay Suramerica S A (Panama)	Panama	65%	Reinsurance Intermediary
Cooper Gay Inversiones Ltda	Colombia	65%	Reinsurance Intermediary
Cooper Gay Medellin Ltda Asesores de Seguros[5]	Colombia	39%	Reinsurance Intermediary
Cooper Gay Chile SA	Chile	50 01%	Reinsurance Intermediary
Cooper Gay do Brasil Ltda	Brazil	100%	Reinsurance Intermediary
Cooper Gay Holdings, Inc	USA	100%	Intermediate holding company
Cooper Gay LLC[6]*	USA	51%	Reinsurance Intermediary

[1] Owned through Cooper Gay (UK) Ltd
[2] Owned through Junge & Co Versicherungsmakler GmbH
[3] Owned through Cooper Gay (Asia) Pte Limited
[4] Owned by Saint Vincent Insurances Limited
[5] Owned through Cooper Gay Inversiones Ltda
[6] Owned through Cooper Gay Holdings, Inc

Notes to the financial statements

30 Principal subsidiary and associated companies (continued)

Unless indicated, the holding is of ordinary shares which are held by the Company

* Formerly known as Reinsurance com ar, LLC

All subsidiaries have a financial year end on 31 December with exception to the following, which have a financial year end on 30 June

1) St Vincent Insurances Limited
2) St Vincent and the Grenadines Insurances Limited
3) The Grenadines Insurance Company Limited

ASSOCIATE

Principal Subsidiaries	Country of Incorporation / Registration	Effective Interest (%)	Nature of business
Grensure Fire & General Insurance Limited	Grenada	50%	Insurance intermediary

The holding in the associate is of ordinary shares which are held by the Company

31 Ultimate Parent Company

Following the transaction discussed in the Report of the Directors, the largest group to consolidate these accounts is Cooper Gay Swett & Crawford Limited, a Company incorporated in England under Company number 7254605 The consolidated accounts of Cooper Gay Swett & Crawford Limited may be obtained from the company's principal office at 52 Leadenhall Street, London EC3A 2EB

32 Post Balance Sheet Events

On 11 January 2011, the CGH Group acquired the outstanding non-controlling interest in Cooper Gay Martinez Del Rio SA De CV for a combined consideration of £9 4m This consideration comprises cash, deferred cash and shares and loan notes in the ultimate parent undertaking, Cooper Gay Swett & Crawford Limited The net assets acquired were £1 9m

33 Related party transactions

The directors of the company, by virtue of their office are deemed related parties with reference to IAS 24 "Related party disclosures" Details of their remuneration are disclosed in note 5 "Employees and Directors' information"

MDS, SGPS, SA is a related party by virtue of its shareholding and representation on the Board of Directors in the parent company During the year, the Group received commission of £847,000 relating to insurance transactions conducted in the normal course of business with the Sonae Group of which MDS is a subsidiary As at the 31 December 2010, £15,000 was due from the Sonae Group

Independent auditors' report to the members of Cooper Gay (Holdings) Limited

We have audited the consolidated financial statements of Cooper Gay (Holdings) Limited for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 group'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 group financial statements

- give a true and fair view of the state of the group's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the group financial statements are prepared is consistent with the group financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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

Other matters

We have reported separately on the parent company financial statements of Cooper Gay (Holdings) Limited for the year ended 31 December 2010

Roy Clark

Roy Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London **29 March 2011**

COOPER GAY (HOLDINGS) LIMITED
Company Financial Statements

Prepared in accordance with UK GAAP

Balance Sheet
As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Intangible assets		-	-
Tangible assets		-	-
Investments in subsidiaries	c	26,152	40,227
Investment in associates	c	12	12
Other investments	c	-	-
		26,164	40,239
Current assets			
Debtors	d	59,236	35,346
Investments		-	-
Cash		4,603	1,090
		63,839	36,436
Creditors – amounts falling due within one year	e	(28,240)	(9,642)
Net current assets		35,599	26,794
Total assets less current liabilities		61,763	67,033
Creditors – amounts falling due after one year	f	-	(27,489)
Provisions for liabilities and charges		(862)	(877)
Net assets excluding pension liability		60,901	38,667
Pension liability	g	(6,146)	(10,163)
Net assets including pension liability		54,755	28,504
Capital and reserves			
Called up share capital	h	265	265
Share premium	j	16,952	16,952
Other reserves	j	276	276
Profit and loss reserve	j	37,262	11,011
Total shareholders' funds		54,755	28,504

The Accounting Policies and Notes on pages 65 to 68 form an integral part of these financial statements

Approved by the Board and signed on its behalf on 29 March 2011 by

Phil Rock
Director

Reconciliation of movement in shareholders' funds
As at 31 December 2010

	2010 £'000	2009 £'000
Profit for the year	21,774	5,490
FRS 17 actuarial (loss)/gain on pension scheme	5,394	(5,240)
Movement on deferred tax on the pension liability	(1,456)	1,467
Share based payments	539	580
Net movement in shareholders' funds	26,251	2,297
Opening shareholders' funds	28,504	26,207
Closing shareholders' funds	54,755	28,504
Attributable to		
Equity shareholders	54,755	28,504
Non-equity shareholders	-	-
	54,755	28,504

Accounting policies

Basis of preparation

The Board has decided that the continued use of UK GAAP at the entity level is a more appropriate method of accounting rather than the application of IFRS for the preparation of the Group consolidated accounts These separate entity level accounts have been produced on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards A summary of the principal accounting policies is set out below

Some disclosure requirements have been satisfied by cross referral to the IFRS financial statements

Foreign currencies

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the date of the transaction Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Exchange differences arising on translation are taken directly to the profit and loss reserve

Taxation

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax Full provision for deferred tax, without discounting, is made for all timing differences that have arisen but not reversed at the balance sheet date

Consolidated accounts

Separate consolidated accounts have been prepared and are presented on pages 5 to 60

Subsidiary and associates

Investments in subsidiaries and associates are stated in the balance sheet for the Company at cost less any provisions for impairment

Investment income

Interest on deposits and interest bearing investments is credited as it is earned

Dividends distribution

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date Final dividends are recognised as a charge to shareholders' funds once approved and interim dividends are charged once paid

Notes to the financial statements

a. Profit and loss account

The Company has taken advantage of the exception contained in Section 408 of the Companies Act 2006 not to present its own profit and loss account The profit for the year recognised in the Company Profit and Loss Reserve is £21,774,000 (2009 £5,490,000)

b. Dividends

	Year Ended 31 December 2010 £'000	Year Ended 31 December 2009 £'000
Interim dividend of nil p per share (2009 nil p per share)	-	-
	-	-

A final dividend in respect of 2010 is not proposed (2009 nil p) amounting to a total of £nil (2009 £nil) by the Board

c. Investments

Cost	Subsidiaries £'000	Associates £'000	Other unlisted investments £'000	Total £'000
At 1 January 2010	40,774	12	-	40,786
Additions	1,418	-	-	1,418
Disposals	(15,493)	-	-	(15,493)
	26,699	12	-	26,711
Provision for impairment	(547)	-	-	(547)
At 31 December 2010	26,152	12	-	26,164
At 1 January 2009	29,808	12	21	29,841
Additions	10,966	-	-	10,966
Disposals	-	-	(21)	(21)
	40,774	12	-	40,786
Provision for impairment	(547)	-	-	(547)
At 31 December 2009	40,227	12	-	40,239

Notes to the financial statements

d. Debtors

	2010 £'000	2009 £'000
Amounts due from subsidiaries	32,824	32,796
Amounts due from parent company	19,006	-
Amounts due from fellow CGSC Group companies	6,998	-
Other debtors and prepayments	408	689
Corporation tax recoverable	-	-
Deferred tax asset	-	1,861
	59,236	35,346

e. Creditors - amounts falling due within one year

	2010 £'000	2009 £'000
Bank loans and overdrafts	24,065	2,540
Trade creditors	-	-
Dividends payable	-	-
Other creditors including tax and social security	229	654
Amounts due to subsidiaries	3,847	6,003
Accruals and deferred income	99	445
	28,240	9,642

f. Creditors - amounts falling due after more than one year

	2010 £'000	2009 £'000
Bank loans	-	27,489
	-	27,489

Details of the Company borrowing are disclosed in note 20 on pages 41 to 42

g. Pension liability

Details of the Company's pension liability is given in note 27 on pages 50 to 57

h. Called up share capital

Details of the Company's share capital are given in note 23 on pages 46 to 47

i. Financial risk management

Details of the Financial Risk Management for the Company are given in the Report of the Directors on page 3

Notes to the financial statements

j. Reserves

	Share premium £'000	Capital redemption reserve £'000	Profit & loss reserve £'000	Total £'000
At 1 January 2010	16,952	276	11,011	28,239
Retained profit for period	-	-	21,774	21,774
Actuarial gain on pension scheme	-	-	5,394	5,394
Movement on deferred tax relating to pension liability	-	-	(1,456)	(1,456)
Share based payments	-	-	539	539
At 31 December 2010	16,952	276	37,262	54,490

	Share premium £'000	Capital redemption reserve £'000	Profit & loss reserve £'000	Total £'000
At 1 January 2009	16,952	276	8,714	25,942
Retained profit for period	-	-	5,490	5,490
Actuarial loss on pension scheme	-	-	(5,240)	(5,240)
Movement on deferred tax relating to pension liability	-	-	1,467	1,467
Share based payments	-	-	580	580
At 31 December 2009	16,952	276	11,011	28,239

Independent auditors' report to the members of Cooper Gay (Holdings) Limited

We have audited the parent company financial statements of Cooper Gay (Holdings) Limited for the year ended 31 December 2010 which comprise the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies 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, the directors are responsible for the preparation of the parent company 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 parent company 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 parent 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 parent company financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Other matters

We have reported separately on the group financial statements of Cooper Gay (Holdings) Limited for the year ended 31 December 2010

Roy Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 March 2011