RIAS Plc

Registered Number 1324965

Directors' Report and Financial Statements

31 December 2008

RIAS Plc

Directors' Report and Financial Statements

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Directors' Report and Financial Statements

Directors

Janet Connor		
Barry D Smith		
Julian R M Harvey		
Hein Kuiper		
Oliver Shaw	Resigned 6.02.09	
Robert Bright		
Nicholas Lemans		
Robert Sharpe	Appointed 21.04.08	Resigned 13.10.08

Secretary
Rosemary A Smith

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Registered Number 1324965 England

Independent Auditor
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London
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Bankers
National Westminster Bank Plc
Southampton High Street Branch
PO Box 315
Southampton
SO14 2BF

RIAS Plc

Report of the Directors

The Directors submit their report, together with the audited financial statements, for the year ended 31 December 2008.

Activities
During the year the Company continued to provide insurance marketing and broking services.

Business review
Full details of the Company's results are contained in the financial statements on pages 6 to 26. The Directors intend to continue the development of insurance marketing and broking services.

RIAS's objective is to offer defined propositions direct to chosen customer segments predominantly in the over 50s sector, expanding its range of financial services over the plan period by leveraging its core operating platform, using Fortis UK Limited combined capabilities and by engaging external specialists.

RIAS is a broker of Home, Motor, Travel and Pet insurance predominantly for the over 50s generation. RIAS acquires customers using a range of direct marketing techniques including outbound telemarketing, inbound response generation (mailings, inserts, doordrops) and the Internet. Sales and service calls are handled in two operations in Bournemouth and Belfast. To date RIAS has over 1 million policies.

The Board considers that the key indicators that will communicate the financial performance and strength of the Company to its members are:

- Revenue
- Operating profit
- Expense ratio

The Board also uses a number of other key indicators to assess the performance of individual parts of the business, including details on the number of policies written and various performance ratios.

Financial performance

Revenue *in thousands of pounds*

	2006	2007	2008
Income from insurance marketing and broking services	68,454	77,585	77,599
Percentage change from previous year	16%	13%	0%

The amount of revenue drives the overall size and profitability of the Company. Whilst important as a measure of performance, much care is taken to ensure that expenses incurred in the acquisition and administration of customers' policies are at a level at which it is forecast that the Company will achieve a satisfactory margin.

Operating profit (Profit before income taxes) *in thousand of pounds*

	2006	2007	2008
Operating profit	14,638	19,506	22,464
Percentage change from previous year	39%	33%	15%

Operating profit is considered a key performance measure. The Company aims to deliver sustainable growth in profits by well-directed marketing, expense control and provision of superior service levels to its customers.

Report of the Directors continued

Expense ratio *in percentages*

	2006	2007	2008
Expense ratio	80%	76%	72%

The expense ratio is considered a measure of the Company's overall efficiency. It is calculated as total expenses (cost of sales and administrative expenses) expressed as a percentage of earned commission income. As with operating profit, the operating ratio will not necessarily immediately reflect management actions and may also be influenced by external factors.

Shareholders' equity

The Company paid a dividend of £13.7m in 2008 (2007: £4m) and equity increased by £2.33m (2007: £3.64m).

Assets

Total assets reduced by £1.98m during the year. Cash and cash equivalents accounted for the majority of the reduction. This was partly offset by an increase in financial assets.

Liabilities

Total liabilities reduced by £4.31m in 2008 as the business repaid loans and borrowings and reduced amounts due to insurers by bringing instalment debtor funding in house.

Cash flow

Cash available to the Company reduced by £5.51m due to increases in amounts due from clients and reductions in amounts due to insurers as a result of bringing instalment debtor funding in house.

Risk and uncertainties

The Company's principal risks and uncertainties and the way in which these risks are managed are detailed in note 2 to the financial statements. During 2008 the Company changed the arrangements relating to the financing of Household instalments. This was previously financed by the Company's Household insurers. The effect of this change is that the Company's credit risk will increase in relation to these debts. There have not been any other significant changes to the risks to which the Company is exposed, or in the procedures used to manage these risks in the year.

RIAS Plc

Report of the Directors continued

Results and dividends

The result of the year's operation is a profit after taxation of £16,025,000 (2007: £13,643,000). A dividend of £13,700,000 was paid in 2008 (2007: £4,000,000).

Directors

The Members of the Board as at the date of these accounts are shown on Page 2. Robert Sharpe was appointed 21 April 2008 and resigned 13 October 2008. Oliver Shaw resigned 6 February 2009. All other directors served throughout the year, and to the date of this report.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint KPMG Audit Plc as auditors will be proposed at the forthcoming Annual General Meeting.

Creditor payment policy

The Company agrees terms and conditions under which business transactions with suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

Employees

The number of persons employed in the United Kingdom by the Company during the year was 1098. The full time equivalent number of employees adjusted for part time staff was 1051. Their annual aggregate remuneration was £26.6m. An analysis is shown on Page 25.

Employee involvement

Staff are kept informed of matters affecting the Company by means of regular departmental meetings and briefings from general management.

Disabled persons

The Company's procedures comply with the requirements of the Disability Discrimination Act 1995. If an employee becomes disabled during employment with the Company every effort would be made to retrain that employee to perform a job appropriate to their aptitudes and skills. The Company's policy to encourage career development for its employees includes the disabled for whom further training would be arranged if necessary to allow for special needs.

This Report was approved by the Board of Directors on 24 April 2009 and signed on its behalf by:

R A Smith
Secretary

RIAS Plc

Income statement

For the year ended 31 December 2008

In thousands of pounds	Notes	2008	2007
Revenue	3	77,599	77,585
Cost of sales	4	(34,565)	(38,207)
Gross profit		43,034	39,378
Administrative expenses	4	(21,512)	(21,103)
Operating profit		21,522	18,275
Finance income	5	1,287	1,560
Finance costs	6	(345)	(329)
Profit before income taxes		22,464	19,506
Income taxes	7	(6,439)	(5,863)
Profit for the year		16,025	13,643

The notes on pages 15 to 26 are an integral part of these financial statements.

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Statement of changes in equity

For the year ended 31 December 2008

In thousands of pounds	Share capital	Retained earnings	Total
Balance as at 1 January 2007	6,050	6,364	12,414
Net profit for the year	-	13,643	13,643
Total recognised income for the year	6,050	20,007	26,057
Redemption of preference shares	(6,000)	-	(6,000)
Dividend paid during the year	-	(4,000)	(4,000)
Balance as at 31 December 2007	50	16,007	16,057
Net profit for the year	-	16,025	16,025
Total recognised income for the year	50	32,032	32,082
Dividend paid during the year	-	(13,700)	(13,700)
Balance as at 31 December 2008	50	18,332	18,382

The notes on pages 15 to 26 are an integral part of these financial statements

RIAS Plc

Balance sheet

As at the 31 December 2008

In thousands of pounds	Notes	2008	2007
Assets			
Property, plant and equipment	8	4,412	4,668
Deferred tax assets	9	536	521
Financial assets	10	41,940	38,171
Cash and cash equivalents	11	16,084	21,595
Total assets		62,972	64,955
Liabilities			
Financial liabilities:			
- Loans and borrowings	12	9,705	3,436
Trade and other payables	13	31,627	42,530
Current tax liabilities	14	3,258	2,932
Total liabilities		44,590	48,898
Net assets		18,382	16,057
Shareholders' equity			
Share capital	15	50	50
Retained earnings		18,332	16,007
Total shareholders' equity		18,382	16,057

These financial statements were approved by the board of directors on 24 April 2009 and were signed on its behalf by:

Janet Connor
Managing Director

Nicholas Lemans
Director

RIAS Plc

Statement of cash flows

For the year ended 31 December 2008

In thousands of pounds	2008	2007
Cash flows from operating activities		
Profit before tax	22,464	19,506
Adjustments for:		
Interest income	(1,287)	(1,560)
Finance cost	345	329
Depreciation	1,973	1,714
Operating profit before working capital changes	23,495	19,989
(Increase)/Decrease in financial receivables	(3,769)	285
Increase/(Decrease) in financial liabilities	6,269	(2,694)
(Decrease)/Increase in other liabilities	(10,903)	208
Cash flows from operations	15,092	17,788
Interest received	1,287	1,560
Interest paid	(345)	(329)
Income taxes paid	(6,128)	(5,167)
Net cash used in operating activities	9,906	13,852
Purchase of property, plant and equipment	(1,717)	(1,108)
Redemptions of non-cumulative redeemable preference shares	-	(6,000)
Dividends paid	(13,700)	(4,000)
Net cash used in investing activities	(15,417)	(11,108)
Net (decrease)/increase in cash and cash equivalents	(5,511)	2,744
Cash and cash equivalents at 1 January	21,595	18,851
Cash and cash equivalents at 31 December	16,084	21,595

RIAS Plc

Significant accounting policies

RIAS Plc is a public company, limited by shares, domiciled and incorporated in England and Wales.

The financial statements were authorised for issue by the directors on 24 April 2009.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of preparation

The Company presents its balance sheet in order of liquidity in accordance with IAS 1, Presentation of Financial Statements. For each asset and liability line item in the balance sheet that combines amounts expected to be recovered or settled within twelve months, or more than twelve months after the balance sheet date, a classification at the balance sheet date is included within the notes. The disclosure in the notes for these classifications are distinguished as follows:

- Amounts expected to be recovered or settled in less than one year are referred to as current.
- Amounts expected to be recovered or settled in more than one year are referred to as non-current.

IAS 1 (revised 2007) replaces IAS 1 (revised 2005) and is effective for financial periods beginning on or after 1 January 2009. This standard allows the Company to choose between introducing a single statement of comprehensive income or an income statement and a separate statement of comprehensive income (previously named the statement of recognised income and expense). This standard also introduces the statement of financial position (previously named the balance sheet). The effect on the Company's accounts will relate to the presentation of the primary statements and disclosure in the corresponding notes.

The financial statements are prepared on a going concern basis.

(i) Basis of measurement

The financial statements are presented in Thousands of Pounds Sterling. They are prepared on the historical cost basis. The directors have determined that the carrying values reasonably approximate their fair values as they are mostly short term in nature.

(ii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.
The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(c) Recognition and measurement of revenue

Commission and other income is recognised on policies which incept before the end of the accounting period. Instalment service charge income from instalment policies is recognised evenly throughout the period of the policy.
Interest income comprises income from bank deposits.

RIAS Plc

Significant accounting policies

(d) Revenue

Revenue represents income receivable from the provision of insurance marketing, broking services and service charge for customers paying by instalment in the accounting period.

(e) Expenses

(i) Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(ii) Finance costs
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method and are expensed in the Income Statement in the period to which they relate. No finance costs are capitalised.

(f) Employee benefits

(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is

(ii) Defined benefit plans

The company participates in the defined benefit Insurance Staff Pension Scheme. The company is unable to identify its share of the defined benefit scheme assets and liabilities on a consistent and reasonable basis and therefore, as permitted by IAS 19 'Employee benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. Obligations for contributions to the pension plan are recognised as an employee benefit expense in the income statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Significant accounting policies

(g) Income tax and deferred tax

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

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

Deferred tax is provided in full, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted.

(h) Segment reporting

The company has not applied IAS 14 Segment Reporting. In accordance with IAS 14, the company is not required to present segmental information as the equity of the company is not publicly traded.

(i) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy l). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Furniture & fixtures	5 years
Equipment (Computer and Telephony)	2-5 years
Leasehold improvements	15 years

(j) Trade and other receivables

Trade and other receivables are stated at their cost less any impairment losses.

Significant accounting policies

(k) Financial assets

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Company classifies cash and short term deposits, trade, insurance and other receivables, including amounts due from related companies, as loans and receivables. Management has determined that their carrying amounts reasonably approximate their fair values as they are mostly short term in nature or are repriced frequently.

Loans and receivables are recognised initially at fair value, plus any attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(m) Financial liabilities

Financial liabilities include payables to related parties and interest-bearing loans and borrowings and other payables. Financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. Interest-bearings loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the year of the borrowings on an effective interest basis.

Management has determined that the carrying amounts of bank overdrafts and other payables reasonably approximate their fair values because these liabilities are mostly short term in nature or are repriced frequently. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

(n) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to the income statement.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Significant accounting policies

(o) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Dividends

Dividends payable on ordinary shares and preference shares are recognised when they are paid.

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Notes to the financial statements

1 Accounting estimates and judgements

The most critical judgements and estimates made by the Company are those relating to depreciable assets. The Company provides for depreciation of property, plant and equipment on a straight line basis over their estimated useful lives. The policy is reviewed regularly to ensure that the policy is appropriate for each class of asset. For further details on property, plant and equipment see Note 8.

2 Risk management

Objectives and policies for mitigating business risk

The Company's primary business is the provision of insurance marketing and broking services. As such it is exposed to a number of risks arising from its dealings with customers and suppliers as well as from its own internal operations. The Company has various procedures in place to manage these exposures. These include an overall Risk Management Framework, a statement on the Company's Risk Appetite, and a set of clearly defined risk policies. The Company also maintains a comprehensive risk register which identifies the individual risks faced in each area of the business and the controls in place to mitigate these. The Company has a Risk Committee which meets regularly to review both the risk policies and the risk register, to ensure they are up-to-date, reflecting the risks currently facing the business, and that corresponding control issues and risk mitigation actions are being addressed in a timely manner. The findings of the Risk Committee are reported to the Company's Board.

Credit Risks

The Company is exposed to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and, other receivables (including related party balances), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Amounts due from clients - Period overdue

		2008	2008	2007	2007
	Note	£000's	%	£000's	%
Within terms		39,045	100.0	36,368	100.0
Total	10	39,045	100.0	36,368	100.0

Notes to the financial statements

2 Risk management (continued)

Liquidity risk

The Company has exposure to Liquidity Risk in that it has to ensure it has sufficient financial resources available to enable it to meet its obligations as they fall due. For the Company this is the management of risk arising from short-term cash-flows, rather than the risk arising from longer-term matching of assets and liabilities.
The Company has limited exposure to liquidity risk. The main sources of obligations arise from insurance monies payable to insurers, return premiums, general suppliers and salaries. All these items can be accurately forecasted within a small tolerance and are not subject to large variances.

Amount due from clients - Payment profile

	2008	2008	2007	2007
Payment period	£000's	%	£000's	%
0-1 month	6,729	17.2	6,323	17.4
2 months	6,105	15.6	5,572	15.3
3 - 6 months	17,343	44.4	16,374	45.0
7 - 12 months	8,869	22.7	8,100	22.3
Total	39,045	100.0	36,368	100.0

Objectives and policies for mitigating business risk

Operational risk

Operational risk arises from inadequate or failed internal processes, people and systems, or from external events. It is diverse in nature and permeates all business activities but remains a distinct form of risk. Operational risk includes for example, information technology, people, strategy, business continuity, regulatory, legal and financial crime.
The Company has carried out a detailed review of its operational processes and activities and, based on this, it has identified the areas of key risk to the business. These include the areas of Marketing, Operations, IT, Finance and HR. Separate risk policies have been formulated for each of these areas and, where appropriate, standard procedures have been carefully documented. As well as risk identification, the approach also incorporates risk measurement, risk monitoring, risk reporting and risk management. In evaluating the risks faced by the business significant focus is placed on the controls in place and how well they are operating. Regular reviews of both the risks faced, and the controls, are carried out by the Company's Risk Committee.

2 Risk management (continued)

Capital management

Aims of capital management policy

The Company has established standards for the efficient management of capital, to meet the needs of the business and return on capital requirements of shareholders. This includes the capital required to support the risk appetite identified in the Company's Risk Policies together with a margin for safety, in full compliance with the requirements of the FSA.

Definitions of capital management (and supporting terms)

Capital Management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained to ensure the organisation's ability to meet its liabilities and ultimately ensure its survival, particularly in case of losses arising from adverse events.

Capital Management includes the assessment of capital required to support the Company's plans and objectives, the structure of its shareholders' funds, arrangements to secure capital, and the ongoing monitoring of capital against business requirements, as well as the assessments required by the FSA.

Approach to capital management

The Company develops a Strategic Plan with a five-year outlook, which is reviewed and revised each year and then formally approved in the fourth quarter of each year by the Company's board.

A key factor in the formulation of the Strategic Plan is the assessment of the capital required to support the business objectives (i.e. growth and profit targets) and the appropriateness of the supporting capital structure.

Overall capital requirements and structure are assessed taking account of the following:

- Capital required to support the planned growth in the business.
- The required rate of return on capital employed.
- The required dividend.
- FSA capital requirements.

Notes to the financial statements

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

Sensitivity to key business drivers

	Interest rates decrease 1%	Expenses increase 10%
Impacted - 2008		
Impact on profit before tax	(189)	(2,151)
Impact on net assets	(135)	(1,538)
Impacted - 2007		
Impact on profit before tax	(151)	(2,110)
Impact on net assets	(106)	(1,477)

The impact of the changes in key business drivers is each assumed to be a discrete change. All other factors will be unchanged.

Some of these changes cannot be guaranteed to have a linear effect and as a whole range of other factors will impact the results they cannot be guaranteed to predict the result detailed. In addition the risk management that the Company operates will ensure that corrective action is implemented to mitigate or reverse the changes.

Interest rates decrease by 1.00%
The company will be exposed to the impact of interest rate changes on its financial assets and liabilities. There would be a reduction in income on short-term cash balances.

Expenses increase by 10.0%
If administration expenses were to increase by 10.0% there would be an impact on profit of the additional costs.

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Notes to the financial statements

3 Revenue

All revenue is derived from the provision of insurance marketing and broking services which is undertaken within the United Kingdom.

4 Operating expenses

In thousands of pounds	2008	2007
Advertising	15,943	18,505
Depreciation and amortisation:		
- Leasehold buildings	97	97
- Office equipment	1,876	1,617
Hire of plant and machinery	194	43
Hire of other assets	1,477	1,472
Personnel expenses:		
- Wages, salaries and redundancy	23,579	23,897
- Compulsory social security contributions	2,118	2,117
- Contributions to pension plans	914	829
Recruitment costs	846	1,535
Goods and services	4,012	3,752
Software costs	1,956	1,947
Other costs	3,065	3,499
Total operating expenses	56,077	59,310
Operating expenses are analysed as:		
Cost of sales	34,565	38,207
Administrative expenses	21,512	21,103
	56,077	59,310

Goods and services includes auditors' remuneration of £24,000 (2007: £22,500) for audit fees.

5 Finance income

In thousands of pounds	2008	2007
Bank and other interest receivable	1,287	1,560

RIAS Plc

Notes to the financial statements

6 Finance costs

In thousands of pounds	2008	2007
Interest payable to third parties	-	47
Payable to group undertakings	(345)	(376)
	(345)	(329)

7 Income taxes

Recognised in the income statement

In thousands of pounds	2008	2007
Current tax expense		
Current year – charge	(6,454)	(5,889)
Adjustments for prior years	-	31
	(6,454)	(5,858)
Deferred tax expense		
Origination and reversal of temporary differences	15	27
Adjustments for prior years	-	(32)
	15	(5)
Total income tax expense	(6,439)	(5,863)

Reconciliation of effective tax rate

The tax assessed on the year is higher (2007: higher) than the standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%).

The differences are explained below:

In thousands of pounds	2008	2007
Profit before tax	22,464	19,506
Income tax using the domestic corporation tax rate 28.5% (2007: 30%).	(6,402)	(5,852)
Non deductible expenses and provisions	(11)	(10)
Depreciation for the year in excess of capital allowances	(41)	(27)
	(6,454)	(5,889)
Adjustment in respect of prior years	-	31
	(6,454)	(5,858)

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Notes to the financial statements

8 Property, plant and equipment

In thousands of pounds	Leasehold buildings	Office equipment	Total
Cost			
Balance at 1 January 2008	1,457	7,283	8,740
Acquisitions	-	1,717	1,717
Balance at 31 December 2008	1,457	9,000	10,457
Depreciation and impairment losses			
Balance at 1 January 2008	364	3,708	4,072
Depreciation charge for the year	97	1,876	1,973
Balance at 31 December 2008	461	5,584	6,045
Carrying amounts			
At 31 December 2007	1,093	3,575	4,668
At 31 December 2008	996	3,416	4,412

9 Deferred tax assets

In thousands of pounds	2008	2007
a) Movement in year		
At 1 January	521	526
Income/(Charge) for the year (See Note 7)	15	(5)
At 31 December	536	521
b) Represented by		
Variance between capital allowance and depreciation	536	521

Notes to the financial statements

10 Financial assets

In thousands of pounds	2008	2007
Amounts falling due within one year		
Due from clients	39,044	36,368
Financial assets and prepayments	2,593	1,256
Accrued interest income	49	125
Other accrued income	254	422
Total other receivables	41,940	38,171

Amounts due from group undertakings are unsecured, interest-free and repayable on demand in cash.

11 Cash and cash equivalents

In thousands of pounds	2008	2007
Bank and cash balances	16,084	21,595
Cash and cash equivalents in the statement of cash flows	16,084	21,595

The effective interest rate at 31 December 2008 on short term bank deposits was 1% (2007: 5.30%), with an average maturity of one day.

Included in cash and cash equivalents held by the Company are monies, held in a separate bank account, totalling £16,465,000 (2007: £19,786,000) that are not available for use by the Company. This amount and the matching liability are included in the balance sheet.

12 Loans and borrowings

In thousands of pounds	2008	2007
Non-current liabilities		
Due to group undertakings	9,705	3,436

The balance represents an unsecured loan from the holding company, repayable on demand in cash. The effective rate of interest as at 31 December 2008 was 4% (2007: 7.5%)

Notes to the financial statements

13

Amounts falling due within one year:

In thousands of pounds	2008	2007
Due to insurers	26,602	36,355
Other payables and accrued expenses	4,342	5,461
VAT and other taxes payable	683	714
Total trade and other payables	31,627	42,530

14 Current tax assets and liabilities

The current tax liability of £3,258,000 (2007: £2,932,000) represents the residual amount of income taxes payable in respect of the current year under the quarterly payment system less adjustment in respect of prior years.

15 Capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders

Share capital	Ordinary shares		Non-cumulative Redeemable Preference shares	
In thousands of pounds	2008	2007	2008	2007
In issue at 1 January	50	50	-	6,000
In issue at 31 December – fully paid	50	50	-	-

At 31 December 2008, the authorised share capital is 50,000 ordinary shares (2007: 50,000) and no non-cumulative redeemable preference shares (2007:Nil). The ordinary shares have a par value of £1.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the financial statements

16 Operating leases
Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of pounds	2008		2007	
	Land & Buildings	Other	Land & Buildings	Other
Less than one year	1,461	36	1,461	36
Between one and five years	5,177	51	5,160	86
More than five years	6,620	-	7,881	-
Total	13,258	87	14,502	122

The Company leases office premises under two operating leases. The leases run for periods of 9 years and 15 years respectively, with an option to renew the leases after their expiry. Lease payments are increased every five years to reflect market rentals. None of the leases include contingent rentals.

During the year ended 31 December 2008, £1,672,000 was recognised as an expense in the income statement in respect of operating leases (2007: £1,515,000).

17 Capital commitments

Capital commitments of the Company at the end of the year for which no provision has been made are as follows:

In thousands of pounds	2008	2007
Customer Management System		
Authorised and contracted for	126	911
	126	911

18 Pension scheme

In thousands of pounds	2008	2007
Contributions to defined benefit plan	63	58
Contributions to defined contribution plans	851	771
	914	829

The Company makes contributions to a defined benefit plan Fortis Insurance Staff Pension Scheme that provides pension benefits for employees upon retirement. The plan does not invest in shares issued by the company.

The Company operates a defined contribution scheme called RIAS Group Personal Pension Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost in respect of members of this scheme represents the contribution payable by the Company to the scheme.

Notes to the financial statements

19 Staff numbers and costs

The total number of persons employed by the Company (including executive directors) at the year-end, analysed by category, was as follows:

	2008	2007
Corporate, administration and support	222	219
Marketing and sales	876	918
	1,098	1,137

The full time equivalent number of employees was as follows:

	2008	2007
Corporate, administration and support	216	212
Marketing and sales	835	875
	1,051	1,087

The aggregate payroll costs in respect of these persons were as follows:

In thousands of pounds	2008	2007
Wages and salaries	23,579	23,901
Social security costs	2,118	2,117
Other pension costs	914	829
	26,611	26,847

Notes to the financial statements

20 Related party transactions

The Company has a related party relationship with its key management personnel who are all Directors of the Company.

Transactions with Directors

In addition to their salaries, the Company also provides non-cash benefits to Directors and contributes to a post-employment defined contribution plan or a defined contribution scheme on their behalf.

The Directors' compensations are as follows:

In thousands of pounds	2008	2007
Emoluments paid by the company	990	985
Emoluments include contributions made to pension schemes amounting to	134	115
In respect of the highest paid Director	377	390

Under the defined contribution scheme, the highest paid Director's accrued pension at the year-end was £13,202 (2007: £8,802).

In the ordinary course of business the Company carries out transactions with related parties as defined in IAS 24, Related Party Disclosures.
Material transactions are set out below.

In thousands of pounds	2008 Income Statement	2008 Balance Sheet	2007 Income Statement	2007 Balance Sheet
Immediate parent and ultimate holding company transactions and assets held in the balance sheet	(361)	(9,705)	(384)	(3,436)
Fellow subsidiary company transactions and assets held in the balance sheet	29,796	(13,832)	27,983	(12,451)
Pension scheme transaction and liability	(63)	-	(58)	-
	29,372	(23,537)	27,541	(15,887)

21 Parent company

The Company's immediate parent is Fortis (UK) Limited, a company registered in England.

The Company's results are consolidated into the accounts of Fortis Insurance International NV a Company incorporated in the Netherlands.
The Company's ultimate holding company is Fortis Utrecht NV which is incorporated in the Netherlands and is jointly owned by Fortis NV, incorporated in the Netherlands and Fortis SA/NV, incorporated in Belgium.

Copies of the above accounts can be obtained from the Company Secretary, RIAS Plc, RIAS Hôuse, Deansleigh Road,

22 Events after the balance sheet date

On 11 February 2009 Fortis Group's shareholders voted against the sale of parts of Fortis Bank's Belgian assets to BNP Paribas and the Belgian governments. Negotiations between Fortis Group, the Belgian government and BNP Paribas reached an agreement on revised terms on 6 March 2009. This will be subject to the approval of the Fortis Group's shareholders at forthcoming shareholders meetings in April 2009.

RIAS Plc

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

RIAS Plc

Independent Auditor's Report to the Members of RIAS Plc

We have audited the financial statements of RIAS Plc for the year ended 31 December 2008 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 27.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.
We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

24 April 2009