

LAMBERT FENCHURCH OVERSEAS LIMITED

**REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

SATURDAY



A18AO1XF

A16

02/08/2008

134

COMPANIES HOUSE

REGISTERED NUMBER · 2214161

LAMBERT FENCHURCH OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors submit their annual report together with the audited financial statements of the Company for the year ended 31 December 2007

ACTIVITIES, REVIEW OF THE BUSINESS & FUTURE OUTLOOK

The principal activity of the Company is that of a holding company. Following a Group decision to focus on its UK operations, the Company has continued to follow a policy of reducing its overseas operations. The future dividend income receivable by the Company will be significantly reduced.

RESULTS AND DIVIDENDS

The Company made a loss after taxation of £56,000 (2006 profit £149,000). The directors do not propose to pay a final dividend (2006 £nil). Accordingly, the retained profit of £55,000 (2006 £149,000) has been transferred to reserves.

Net liabilities at 31 December 2007 were £360,000 (2006 £304,000).

KEY PERFORMANCE INDICATORS

The directors of HLG Holdings Limited manage the group's operations on a divisional basis. The development, performance and position of HLG Holdings Limited, which includes the Company, is discussed in the Directors' Report of the Group's annual report which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are directed on a Group basis and are subject to a number of risks.

The key business risks and uncertainties affecting the Group are considered to relate to competition from both national and international insurance brokers and employee retention.

PERSONNEL

The Company has no employees.

DIRECTORS

The directors of the Company who held office during the period and to the date of this report were

W D Bloomer

A Colosso

R N Thomas (Appointed 16 November 2007)

P R Welling (Resigned 31 December 2007)

PAYMENTS TO SUPPLIERS

The Company has no trade creditors. All creditors at the period end were balances owed to fellow group undertakings.

LAMBERT FENCHURCH OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued)

RESPONSIBILITIES OF THE DIRECTORS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of this report confirms that

- so far as each of them are aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2007 of which the auditors are unaware, and
- the Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



HL Corporate Services Limited

Company Secretary

133 Houndsditch

London EC3A 7AH

30 July 2008

LAMBERT FENCHURCH OVERSEAS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAMBERT FENCHURCH OVERSEAS LIMITED

We have audited the financial statements of Lambert Fenchurch Overseas Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Hay's Galleria

1 Hay's Lane

London

SE1 2RD

30 July 2008

LAMBERT FENCHURCH OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Administrative expenses	2	(11)	(22)
Intercompany balances written back		-	78
Release of provision against intercompany debtors		20	19
Operating Profit		<u>9</u>	<u>75</u>
Loss on disposal of subsidiary undertakings	4	(65)	(109)
Investment income from subsidiary undertakings		-	186
Interest payable	3	<u>-</u>	<u>(3)</u>
(Loss) / Profit on Ordinary Activities before Taxation	2	(56)	149
Taxation on loss / profit on ordinary activities	5	-	-
(Loss) / Profit on Ordinary Activities after Taxation and Retained (Loss) / Profit for the Financial Year	10	<u><u>(56)</u></u>	<u><u>149</u></u>

Results for the current year and prior period are attributable to continuing operations

There are no recognised gains and losses other than those reflected in the profit and loss account above

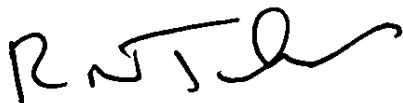
The notes on pages 6 to 11 form part of these financial statements

LAMBERT FENCHURCH OVERSEAS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Fixed Assets			
Investments	6	<u>-</u>	<u>-</u>
Current Assets			
Debtors			
Amounts falling due within one year	7	27	494
		<u>27</u>	<u>494</u>
Creditors – Amounts Falling Due Within One Year	8	(387)	(798)
Net Liabilities		<u>(360)</u>	<u>(304)</u>
Capital And Reserves			
Called Up Share Capital	9	5,886	5,886
Profit and Loss Account	10	(6,246)	(6,190)
Equity Shareholders' Deficit	13	<u>(360)</u>	<u>(304)</u>

Approved by the Board of Directors on 30 July 2008 and signed on its behalf by



R N Thomas
Director

The notes on pages 6 to 11 form part of these financial statements

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) GROUP FINANCIAL STATEMENTS AND BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards. The directors believe that it is appropriate to prepare the financial statements on a going concern basis as HLG Holdings Limited has provided the Company with a letter of support to enable it to meet its liabilities as they fall due.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements have not been prepared at 31 December 2006 as the Company is a wholly owned subsidiary undertaking of another body corporate incorporated in Great Britain and these financial statements will be publicly available. The results of the Company and its subsidiaries will be included in the group financial statements of HLG Holdings Limited.

The directors have reviewed the Company's accounting policies and consider them to be appropriate in accordance with FRS18's objectives of relevance, reliability, comparability and understandability.

(b) FOREIGN EXCHANGE

Assets and liabilities denominated in foreign currencies are expressed in sterling at rates of exchange ruling at the year end. Transactions in foreign currencies are translated at exchange rates ruling at the transaction date. Differences arising from the translation of foreign currencies at year end rates are included in the result before taxation.

(c) INVESTMENT INCOME

Dividends receivable from subsidiary undertakings and participating interests are recognised as income when formally declared.

(d) INVESTMENTS

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

(e) TAXATION

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is recognised in respect of all timing differences between taxable and booked income and expenditure that have originated but not reversed at the Balance Sheet date. Deferred tax assets are recognised to the extent that they are recoverable. Deferred taxation is not recognised on permanent differences or for taxation that would become payable if the undistributed reserves of overseas companies were remitted to the UK. Deferred tax balances are not discounted.

(f) INTEREST RECEIVABLE

Interest receivable is recognised in the profit and loss account as earned.

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued)

(g) CASH FLOW STATEMENT

As at 31 December 2007 the Company was a wholly owned subsidiary of HLG Holdings Limited and is included in the consolidated financial statements of HLG Holdings Limited. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996)

2. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) / Profit on ordinary activities before taxation is stated after charging / (crediting)

	2007 £'000	2006 £'000
Inter-company balances written back	-	(78)
Release of provision against intercompany debtors	(11)	(19)
Exchange losses / (gains) on balances with group undertakings	-	13

The Company has no employees

None of the directors were remunerated for services provided to the Company during the year

Auditors' remuneration of £2,000 (2006 £5,000) has been borne by Heath Lambert Limited. Fees payable to the auditors for other (non-audit) services are in respect of services to the Group as a whole and are disclosed in the consolidated accounts of the Company's ultimate parent company

3. INTEREST PAYABLE

	2007 £'000	2006 £'000
Interest payable to group undertakings	-	3

4. (LOSS) / PROFIT ON DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	2007 £'000	2006 £'000
Disposal of Heath Lambert Australia Pty Limited	-	(180)
Disposal of Heath Lambert (Hong Kong) Limited	(67)	(137)
Disposal of Heath Lambert Korea Limited	-	52
Disposal of Murbrack-en AB	-	15
Disposal of Park Lane SA	2	141
	<u>(65)</u>	<u>(109)</u>

The £2,000 proceeds on the disposal of Park Lane SA are chargeable to tax. There was no charge to corporation tax in respect of the other disposals

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

There was no charge to taxation during the year (2006 £nil)

Reconciliation of Corporation Tax Charge	2007 £'000	2006 £'000
(Loss) / Profit on ordinary activities before taxation	<u>(56)</u>	<u>149</u>
Standard rate of Corporation Tax in UK of 30%	(17)	45
The Corporation Tax charge for the period has been affected by:		
Adjustment in respect of transfer pricing	(11)	(17)
Non taxable income	-	(11)
Loss on sale of investments	21	43
Decrease in provisions not taxable	(6)	(6)
Intercompany balances written back not taxable	-	(23)
Expenses not deductible for tax purposes	3	3
Group relief received for nil payment	-	(34)
Utilisation of tax losses	(1)	-
Group relief surrendered for nil payment	11	-
Corporation tax charge for the period	<u>-</u>	<u>-</u>

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS

	Investments in Subsidiary Undertakings £'000
Cost	
At 1 January 2007 and at 31 December 2007	<u>2,127</u>
Provisions for impairment in value	
At 1 January 2007 and at 31 December 2007	<u>2,127</u>
Net Book Value	
At 31 December 2006	<u>-</u>
At 31 December 2007	<u>-</u>

The Company's remaining investment is held in Lambert Fenchurch US Holdings Inc, a fully owned subsidiary

8. DEBTORS

	2007 £'000	2006 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	25	-
Corporation tax	2	2
Other debtors	-	492
	<u>27</u>	<u>494</u>

9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Amounts owing to group undertakings	387	798
	<u>387</u>	<u>798</u>

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
10,000,000 Authorised ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
5,886,076 Called-up and fully paid ordinary shares of £1 each	<u>5,886</u>	<u>5,886</u>

11. RESERVES

	Profit and Loss Account £'000
At 1 January 2007	(6,190)
Retained loss for the period	(56)
At 31 December 2007	<u>(6,246)</u>

12. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration for services provided to the Company during the year

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
(Loss) / Profit for the year	(56)	149
Net reduction in shareholders' deficit	<u>(56)</u>	<u>149</u>
Opening shareholders' deficit	(304)	(453)
Closing shareholders' deficit	<u>(360)</u>	<u>(304)</u>

LAMBERT FENCHURCH OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. COMMITMENTS AND LIABILITIES

Securities and Guarantees over Group Banking Facilities

The Company and certain fellow Group Companies are guarantors of loan facilities provided by Royal Bank of Scotland/National Westminster Bank plc and other lenders to the Company, HLG Holdings Limited and certain fellow Group undertakings

At 31 December 2007, there was £33 0m drawn down under these facilities (31 December 2006 £43 0m) The potential additional contingent liability in respect of the maximum drawdown under these facilities was £nil (31 December 2006 £nil) At 31 December 2007, the facilities were secured against the assets and liabilities of the Company under a deed dated 26 May 2005 and the facilities also continued to be secured by fixed and floating charges over the assets of the ultimate parent company, HLG Holdings Limited, and certain fellow Group undertakings

As at 30 July 2008 there was £20 0m drawn down under these facilities The potential additional contingent liability in respect of the maximum drawdown under these facilities on 30 July 2008 was £5 0m

The loans under the new facilities are due for repayment in instalments up to 31 October 2010

15. RELATED PARTIES

As a wholly owned subsidiary undertaking of HLG Holdings Limited, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with other members of the group headed by HLG Holdings Limited

16. ULTIMATE PARENT COMPANY

At 31 December 2007, the Company's ultimate parent undertaking was HLG Holdings Limited, a company registered in England and Wales The Company's immediate parent undertaking was Heath Lambert Overseas Limited, a company registered in England and Wales

The smallest and largest undertakings for which group financial statements are prepared and for which the Company is a member are those headed by Heath Lambert Limited and HLG Holdings Limited respectively Copies of both these group financial statements will be available from the Company Secretary at 133 Houndsditch, London EC3A 7AH