

**LAMBERT FENCHURCH OVERSEAS LIMITED**

**REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**



REGISTERED NUMBER 2214161

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

The directors submit their annual report together with the audited financial statements of the Company for the year ended 31 December 2009

### **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.

### **CAPITAL REDUCTION**

In order to eliminate a dividend block the share capital of the Company was reduced from £5,886,076 to £59 in December 2009 by way of solvency statement in accordance with Section 642 of the Companies Act 2006.

### **RESULTS AND DIVIDENDS**

The Company made a profit after taxation of £17,380,000 (2008 loss £103,000). Interim dividends of £10,500,000 were paid in the year (2008 £nil). Accordingly, the retained profit of £6,880,000 (2008 loss £103,000) has been transferred to reserves.

Net assets at 31 December 2009 were £6,417,000 (2008 net liabilities £463,000).

### **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.

### **PAYMENTS TO SUPPLIERS**

As at 31 December 2009, the Company had no trade creditors. All such creditors were paid by Heath Lambert Limited, a fellow group undertaking. The Group conformed wherever possible to the payment terms agreed with its suppliers.

### **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

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved, states that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken 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 487 of the Companies Act 2006, 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  
3 September 2010

# **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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

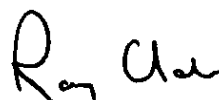
### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Roy Clark (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 September 2010

**LAMBERT FENCHURCH OVERSEAS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £'000	2008 £'000
Administrative expenses	2	170	(78)
Increase of provision against intercompany debtors		(42)	(25)
<b>Operating Profit / (Loss)</b>		<u>128</u>	<u>(103)</u>
Investment income	3	17,296	-
Interest payable and similar charges		<u>(44)</u>	<u>-</u>
<b>Profit / (Loss) on Ordinary Activities before Tax</b>	2	17,380	(103)
Tax on profit / (loss) on ordinary activities	4	-	-
<b>Profit / (Loss) on Ordinary Activities after Tax</b>		<u><u>17,380</u></u>	<u><u>(103)</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 10 form part of these financial statements

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	2009 £'000	2008 £'000
<b>Fixed Assets</b>			
Investments	5	<u>-</u>	<u>-</u>
<b>Current Assets</b>			
Debtors			
Amounts falling due within one year	6	13,161	27
		<u>13,161</u>	<u>27</u>
<b>Creditors – Amounts Falling Due Within One Year</b>	7	(6,744)	(490)
<b>Net Liabilities</b>		<u>6,417</u>	<u>(463)</u>
<b>Capital And Reserves</b>			
Called Up Share Capital	8	-	5,886
Profit and Loss Account	9	6,417	(6,349)
<b>Shareholders' Deficit</b>	11	<u>6,417</u>	<u>(463)</u>

Approved by the Board on 3 September 2010 and signed on its behalf by



R N Thomas  
Director

The notes on pages 6 to 10 form part of these financial statements

Registered number 2214161

# **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 under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

Group financial statements have not been prepared at 31 December 2009 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

The directors are satisfied that the Company should prepare the financial statements on a going concern basis

#### **(b) FOREIGN EXCHANGE**

Monetary 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) INVESTMENTS**

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

#### **(d) 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

#### **(e) CASH FLOW STATEMENT**

As at 31 December 2009 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)

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Increase of provision against intercompany debtors	42	(20)
Interest payable to group undertakings	44	-
Foreign exchange gains	(225)	-

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 (2008 £2,000) 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. INVESTMENT INCOME**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Income from shares in group undertakings	<u>17,296</u>	<u>-</u>

### **4. TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

There was no charge to taxation during the year (2008 £nil)

<b>Reconciliation of Corporation Tax Charge</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (Loss) on ordinary activities before taxation	<u>17,380</u>	<u>(103)</u>
Standard rate of Corporation Tax in UK of 28% (2008 28.5%)	4,866	(29)
<b>The Corporation Tax charge for the period has been affected by:</b>		
Adjustment in respect of transfer pricing	130	3
Decrease in provisions not taxable	-	7
Group relief surrendered for nil payment	-	19
Group relief received for nil payment	(165)	-
Non taxable income	(4,843)	-
Intercompany balances written back not taxable	12	-
Corporation tax charge for the period	<u>-</u>	<u>-</u>



# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **5. INVESTMENTS**

	<b>Investments in Subsidiary Undertakings £'000</b>
<b>Cost</b>	
At 1 January 2009	2,127
Disposals	(2,127)
At 31 December 2009	-
<b>Provisions for impairment in value</b>	
At 1 January 2009	2,127
Disposals	(2,127)
At 31 December 2009	-
<b>Net Book Value</b>	
At 31 December 2008 and at 31 December 2009	-

The Company's remaining investment is Lambert Fenchurch France SA (LFF), a company incorporated in France. The beneficial ownership of LFF was transferred to the Company from its parent Heath Lambert Overseas Limited during the year, the Company already held title to the legal ownership of LFF. LFF is a fully owned subsidiary which operates as a holding company.

Lambert Fenchurch US Holdings Inc was placed into liquidation on 31 December 2009.

### **6. DEBTORS**

	<b>2009 £'000</b>	<b>2008 £'000</b>
Amounts falling due within one year		
Amounts owed by group undertakings	13,159	25
Corporation tax	2	2
	<u>13,161</u>	<u>27</u>

### **7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009 £'000</b>	<b>2008 £'000</b>
Amounts owing to group undertakings	6,744	490
	<u>6,744</u>	<u>490</u>

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **8. CALLED UP SHARE CAPITAL**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£ 000</b>
Called-up and fully paid ordinary shares of £1 each	<u>-</u>	<u>5,886</u>

The share capital of the Company has been reduced by £5,886,017 to £59 by cancelling all of the called up share capital on 5,886,017 ordinary shares of £1 each

### **9. RESERVES**

	<b>Profit and Loss Account</b>
	<b>£'000</b>
At 1 January 2009	(6,349)
Reduction of share capital	5,886
Retained profit for the period	17,380
Dividends	(10,500)
At 31 December 2009	<u>6,417</u>

### **10. DIRECTORS' EMOLUMENTS**

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

### **11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (Loss) for the year	17,380	(103)
Dividends	<u>(10,500)</u>	<u>-</u>
Net movement in shareholders' funds	6,880	(103)
Opening shareholders' deficit	(463)	(360)
Closing shareholders' funds / (deficit)	<u>6,417</u>	<u>(463)</u>

# **LAMBERT FENCHURCH OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **12. COMMITMENTS AND LIABILITIES**

#### **Securities and Guarantees over Group Banking Facilities**

The Company and certain fellow Group Companies were 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 2009, there was £9.0m drawn down under these facilities (31 December 2008 £15.0m). The potential additional contingent liability in respect of the maximum drawdown under these facilities was £nil (31 December 2008 £nil). At 31 December 2009, 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 3 September 2010 the loans under the above facilities have been fully repaid.

### **13. 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.

### **14. ULTIMATE PARENT COMPANY**

At 31 December 2009, 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 groups of undertakings for which group financial statements are prepared and of 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.