

Euler Hermes Risk Services UK Ltd

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

**1 Canada Square
London E14 5DX**

Company Number 2949249

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Euler Hermes Risk Services UK Ltd

Year Ended 31 December 2009

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Euler Hermes Risk Services UK Ltd

COMPANY DETAILS

DIRECTORS	F Desnos	Chairman
	L Limon Duparcmeur	
	M Wyatt	
	M Dowle	
	K Macauley	

SECRETARY	S Kaler
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AUDITORS	KPMG Audit Plc
	8 Salisbury Square
	London EC4Y 8BB

REGISTERED OFFICE	1 Canada Square
	London E14 5DX

Euler Hermes Risk Services UK Ltd

Company Number 2949249

REPORT OF THE DIRECTORS **Year Ended 31 December 2009**

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2009

Principal Activity

The principal activities of the Company are to provide financial information and to produce credit analysis and financial reports

Review of the Business, Results and Future Developments

In 2009, Euler Hermes Risk Services Limited's activities continued to be targeted towards extending the services offered to external clients, in particular those companies who also hold credit insurance policies with Euler Hermes UK plc

Turnover for the year amounted to £12,434,348, down 15.4% against the prior year. The decline in revenues comes mainly from the Domestic market (-25.1%) which is linked to the reduction in the number of credit insurance policyholders and reduced credit exposure.

Administrative expenses were £12,386,238, a decrease of 6.6% compared to the prior year. This was mainly linked to decreased information costs. The company has maintained a positive operating contribution at £48,110. Profits have reduced in 2009 with profit after tax of £34,643 in 2009 against £1,057,821 in the prior year. 2009 saw a difficult trading environment and the Directors are pleased with the continued profitability of the business and the continued development of services during the year. The Directors envisage pursuing the same strategy and to continue to develop additional services and products which should support the development of the business in the foreseeable future.

Dividends

The company paid a dividend of £1,000,000 for the year ended 31 December 2008 during the year. The Directors do not recommend payment of a dividend for the year ended 31 December 2009.

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd)

Year Ended 31 December 2009

Financial Risks

As part of the Euler Hermes Holdings UK group, Euler Hermes Risk Services UK Limited operates a risk management framework which covers identification, monitoring and active management of the main financial and operational risks faced by the Company. Due to the nature of its activities, the company is exposed to limited financial risks. Daily cash management and liquidity are provided by Euler Hermes UK plc and do not attract exposure to financial markets. Limited exposure to currency fluctuations may arise on the provision of contracts in foreign currencies. The Company does not use any derivatives to cover these risks but has procedures in place to ensure appropriate matching of assets and liabilities in currencies at any time within the Euler Hermes Holdings UK group.

Directors

The Directors who served during the year were as follows:

F Desnos	
J Daly	Resigned 31 December 2009
L Limon Duparcmeur	
M Dowle	
R Feldwick	Resigned 15 February 2009
M Wyatt	
K Macauley	Appointed 16 February 2009

Indemnity insurance

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Policy and Practice on Payment of Creditors

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Suppliers are paid centrally for the UK Group by Euler Hermes Management UK Ltd and the Directors believe it is helpful to give the disclosures on a Group basis. Trade creditors' days of the Group for the year ended 31 December 2009 were 21 days (2008: 12 days).

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd)

Year Ended 31 December 2009

Statement of disclosure of information to auditors

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

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2009 of which the auditors are unaware; and
- 2) the Director has taken all steps that he/she ought to have taken in his/her duty as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

By Order of the Board



S Kaler
Secretary

Dated: 01 MAR 2010

Euler Hermes Risk Services UK Ltd

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 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.

Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EULER HERMES RISK SERVICES LTD

We have audited the financial statements of Euler Hermes Risk Services UK Ltd for the year ended 31st December 2009 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31st December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

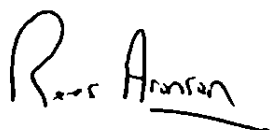
Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EULER HERMES RISK SERVICES LTD (Cont'd)

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



Rees Aronson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

Dated:12/10.....

Euler Hermes Risk Services UK Ltd

PROFIT AND LOSS ACCOUNT For the Year Ended 31 December 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
TURNOVER	2	12,434,348	14,691,199
Administrative expenses		<u>(12,386,238)</u>	<u>(13,264,104)</u>
OPERATING PROFIT	3	48,110	1,427,095
Interest receivable		4	53,676
Interest payable		<u>-</u>	<u>(1,301)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,114	1,479,470
Tax on profit on ordinary activities	6	<u>(13,471)</u>	<u>(421,649)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>34,643</u>	<u>1,057,821</u>

The Company has no recognized gains and losses other than shown in the Profit and Loss Account and therefore no separate Statement of Total Recognized Gains and Losses has been presented.

All activities of the Company are regarded as continuing.

The accounting policies and notes on pages 10 to 15 to the financial statements form an integral part of these financial statements

Euler Hermes Risk Services UK Ltd

BALANCE SHEET

As at 31 December 2009

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	7	10,111,105	8,421,627
Cash at bank and in hand		266,562	422,660
		<u>10,377,667</u>	<u>8,463,887</u>
CREDITORS - Amounts falling due within one year	9	(10,251,821)	(7,753,084)
NET CURRENT ASSETS		<u>125,846</u>	<u>1,091,203</u>
NET ASSETS		<u>125,846</u>	<u>1,091,203</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss reserve	11	125,844	1,091,201
EQUITY SHAREHOLDERS' FUNDS	12	<u>125,846</u>	<u>1,091,203</u>

These financial statements were approved by the Board of Directors and signed on its behalf by:

F Desnos
Director

L Limon Duparcmeur
Director

Dated :
01 MAR 2010

Dated:
01 MAR 2010

The accounting policies and notes on pages 10 to 15 to the financial statements form an integral part of these financial statements

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2009

1. Principal Accounting Policies

a. Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 4

The Company is a member of the Euler Hermes Holdings UK Group which has considerable financial resources. The Company provides services to many Euler Hermes UK plc insured clients and fellow group subsidiaries around the world, and, as a result the Directors are confident of maintaining for the foreseeable future both a healthy client base and a contribution margin sufficiency

As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b. Turnover

Turnover represents the value, excluding VAT, of services completed in the year.

c. Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions are translated at the actual rate on the date of the transaction. Realised and unrealised exchange gains and losses from ordinary operations are credited or charged to the Profit and Loss Account

d. Deferred taxation

Deferred tax is provided in full on all timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the rates at which it is expected that the tax liability or benefit will arise.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2009

2. Turnover	<u>2009</u>	<u>2008</u>
	£	£
Turnover by geographical area of destination:		
United Kingdom	6,711,185	8,956,969
Rest of Europe	5,199,146	5,072,170
Rest of the World	524,017	662,060
	<u>12,434,348</u>	<u>14,691,199</u>

3. Operating Profit	<u>2009</u>	<u>2008</u>
	£	£
The operating profit is stated after charging, inter alia:		
Auditors' remuneration.		
Fees for the audit of the company	19,350	19,350
	<u>19,350</u>	<u>19,350</u>

4. Staff numbers and costs

In 2008 all staff were employed by Euler Hermes Management UK Limited, a service company and fellow group subsidiary (in 2007 all staff were employed by Euler Hermes UK Plc). Other pension costs are contributions to the defined benefit pension scheme which is fully disclosed in Euler Hermes Management UK Limited and contributions to defined contribution schemes. The following amounts were recharged to the company in respect to staff costs

	<u>2009</u>	<u>2008</u>
	£	£
The aggregate staff costs of these persons were as follows:		
Wages and salaries	2,240,110	2,414,330
Social security costs	221,155	252,933
Other pension costs	224,647	288,676
	<u>2,685,912</u>	<u>2,955,939</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2009

4. Staff numbers and costs (cont'd)

The average monthly number of persons employed by Euler Hermes Management UK Ltd but made available to the company in 2009 was 63 (2008. 69) all of whom were primarily involved in the provision of credit analysis and financial reporting services.

5. Directors' Remuneration

The Directors of Euler Hermes Risk Services UK Limited received the following aggregate remuneration charged to the company and included within net operating expenses

	<u>2009</u>	<u>2008</u>
	£	£
Directors' remuneration comprises:		
Emoluments	<u>86,015</u>	<u>85,744</u>

There was no Director for whom retirement benefits were accruing at 31 December 2009 (2008. 1)

6. Tax on Profit on Ordinary Activities

	<u>2009</u>	<u>2008</u>
	£	£
The taxation charge in the Profit and Loss Account comprises:		
UK corporation tax	13,471	421,649
Total current tax	<u>13,471</u>	<u>421,649</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2009

6. Tax on Profit on Ordinary Activities (cont'd)

Factors affecting the tax charge for the year	<u>2009</u> £	<u>2008</u> £
Profit on ordinary activities before tax	<u>48,114</u>	<u>1,479,470</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 28% (2008 28.5%)	<u>13,471</u>	<u>421,649</u>
Current tax charge for the year	<u>13,471</u>	<u>421,649</u>

The 2008 effective rate of 28.5% reflects the change in UK Corporate tax from 30% to 28%, on 1 April 2008

7. Debtors

	<u>2009</u> £	<u>2008</u> £
Trade debtors - group	747,898	821,480
- third party	1,951,924	3,687,982
Amounts due from group undertakings	<u>7,411,283</u>	<u>3,912,165</u>
	<u>10,111,105</u>	<u>8,421,627</u>

8. Deferred Taxation

	<u>2009</u> £	<u>2008</u> £
Accelerated capital allowances		
Asset at 1 January	-	4,800
Transfer to fellow group undertaking at 1 January	-	(4,800)
	<u>-</u>	<u>-</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2009

9. Creditors - Amounts falling due within one year	<u>2009</u>	<u>2008</u>
	£	£
Amounts owed to group undertakings	9,437,478	6,202,748
Corporation tax	13,471	421,649
Other creditors	1,759	-
Accruals and deferred income	799,113	1,128,688
	<u>10,251,821</u>	<u>7,753,085</u>
 10. Share Capital	 <u>2009</u>	 <u>2008</u>
	£	£
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid. 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
 11. Profit and Loss Reserve	 <u>2009</u>	 <u>2008</u>
	£	£
At 1 January	1,091,201	1,983,380
Profit for the year	34,643	1,057,821
Dividend paid - £500,000 per share (2008 £975,000 per share)	<u>(1,000,000)</u>	<u>(1,950,000)</u>
At 31 December	<u>125,844</u>	<u>1,091,201</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2009

12. Reconciliation of Movements in Shareholders' Funds	<u>2009</u>	<u>2008</u>
	£	£
Profit for the financial year	34,643	1,057,821
Dividend paid	(1,000,000)	(1,950,000)
Net addition to / (reduction in) shareholders' funds	(965,357)	(892,179)
Opening Shareholders' Funds	1,091,203	1,983,382
Closing Shareholders' Funds	<u>125,846</u>	<u>1,091,203</u>

13. Cash Flow Statement

The Company is a wholly owned subsidiary of Euler Hermes Holdings UK plc, which is wholly owned by Euler Hermes SA. The Company is included in the consolidated accounts of Euler Hermes SA. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (revised) from publishing a Cash Flow Statement.

14. Related Party Transactions

The Company is a wholly owned subsidiary of Euler Hermes Holdings UK plc, which is wholly owned by Euler Hermes SA. The Company has taken advantage of the exemption under Financial Reporting Standard Number 8 from disclosing related party transactions with Group entities.

15. Ultimate and Immediate Parent Undertaking

The immediate parent undertaking at 31 December 2009 was Euler Hermes Holdings UK plc, which is incorporated in Great Britain and registered in England and Wales, copies of whose Financial Statements can be obtained from 1 Canada Square, London, E14 5DX.

The ultimate parent undertaking and controlling party at 31 December 2009 was Allianz SE, which is incorporated and registered in the EU as a European company, copies of whose consolidated Financial Statements can be obtained from Königinstraße 28, 80802 München, Germany.