

EUROPEA LIMITED

Annual Report and Financial Statements
for the year ended 31 March 2010



Company Registration No 3073412

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Officers and advisers

Directors

The directors at the date of this report were as follows

P J Hubbard
H M Posner
K A Smith
M I Warren
Mr O W Laird

Secretary

The company secretary is Mr S Blott

Principal Bankers

Barclays Bank PLC
One Churchill Place
Canary Wharf
London E14 5HP

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

Tax Advisors

Rawlinson & Hunter
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Principal Lawyers

Norton Rose
3 More London Riverside
London SE1 2AQ

Registered Office

Cast House
Old Mill Business Park
Gibraltar Island Road
Leeds, West Yorkshire
LS10 1RJ

Company Registration Number

3073412

Parent Company

The immediate parent is PBS Holdings Limited and the ultimate parent company is Primary Group Limited

Directors' Report for the year ended 31 March 2010

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2010

Principal activities

The company's principal activities were that of an insurance broker and underwriting agency company. It ceased to write business during a previous financial period and is now in run-off handling existing claims activity.

Business Review

Results and Performance

The results for the period, as set out on pages 7 and 8, show a profit on ordinary activities before tax of £16,258 (2009 £29,657). The shareholders funds of the company show a surplus of £263,565 (2009 surplus £251,859). Turnover in the year was £nil (2009 £nil).

The directors do not recommend the payment of a dividend for the year to 31 March 2010 (31 March 2009 £nil).

Principal risks and uncertainties

The company is now in run off and therefore the directors do not consider that there are any material risks and uncertainties affecting the company.

Future outlook

The PBS Holdings Group recently announced it would be merging with its fellow subsidiary the Longhawk Group and its associated companies as part of its strategy for the future of the business. This should provide a solid platform for future success, through enhanced distribution channels and synergies on integrating the core businesses.

Directors

The directors who currently hold or held office during the year were as follows:

T P Rolfe	(Resigned 1 April 2010)
R S Saggu	(Resigned 1 June 2009)
P J Hubbard	(Appointed 1 September 2009)
H M Posner	(Appointed 1 June 2009)
K A Smith	(Appointed 1 August 2009)
M I Warren	(Appointed 1 June 2009)

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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)

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

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers, having indicated their willingness to do so, will continue as the company's auditors.

Approved by the Board on and signed on its behalf by



Mr O W Laird
Director

Date 23/12/10

Independent Auditors' Report to the members of Europea Limited

We have audited the financial statements of Europea Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 and 4 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 March 2010 and of its profit and cash flows 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 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.

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

Matters on which we are required to report by exception (continued)

- we have not received all the information and explanations we require for our audit



Gary Shaw (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date 23 December 2010

**Profit and Loss Account
for the year ended 31 March 2010**

	Note	31 March 2010 £	31 March 2009 £
Turnover	2	-	-
Management and other operating charges		<u>9,770</u>	<u>15,207</u>
Operating profit	3	9,770	15,207
Interest receivable		<u>6,488</u>	<u>14,450</u>
Profit on ordinary activities before taxation		16,258	29,657
Tax on profit on ordinary activities	4	<u>(4,552)</u>	<u>(8,340)</u>
Retained profit for the financial period	8, 9	<u>11,706</u>	<u>21,317</u>

All activities derive from continuing operations now in run off. There were no recognised gains and losses other than the profit for the financial period. Accordingly no statement of total recognised gains and losses is given.

The notes to the accounts on pages 9 to 12 form an integral part of these financial statements.

There are no material differences between the profit on ordinary activities before tax and the profit for the period stated above and their historical cost equivalents.

Balance Sheet
as at 31 March 2010

	Note	31 March 2010 £	31 March 2009 £
Current assets			
Debtors	5	265,090	257,984
Creditors (amounts falling due within one year)	6	<u>(1,525)</u>	<u>(6,125)</u>
Net current assets		<u>263,565</u>	<u>251,859</u>
Total assets less current liabilities		<u>263,565</u>	<u>251,859</u>
Capital and reserves			
Called up share capital	7	136,000	136,000
Profit and loss account	8	<u>127,565</u>	<u>115,859</u>
Shareholders' funds	9	<u>263,565</u>	<u>251,859</u>

The notes to the accounts on pages 9 to 12 form an integral part of these financial statements

Approved by the Board on 23/12/10

and signed on its behalf by



Mr O W Laird
Director

Notes to the Financial Statements for the Year ended 31 March 2010

1 Accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

Turnover

Revenues from commissions and fees relating to fixed or minimum premiums on insurance and reinsurance contracts and programmes placed are recognised at the point at which placement services are substantially complete. Revenues from commissions and fees on adjustments to minimum premiums, binding authorities and treaties are recognised on a periodic basis when consideration due is confirmed by third parties.

Where contractual obligations exist for the performance of post placement activities, and a cost of these activities is not expected to be covered by future income, a relevant proportion of revenue received on placement is deferred and recognised over the period during which these activities are performed.

Taxation

The charge/credit for taxation is based on the profit/loss for the period/year charged at the current rates of tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date except as otherwise required by Financial Reporting Standard No. 19 'Deferred Tax'. Deferred tax assets are recognised to the extent that the directors consider these amounts recoverable.

Insurance debtors and creditors

In the normal course of broking and underwriting, settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from that market, bureaux or intermediary in question, rather than the amounts due to or from the individual parties which it represents. Insurance debtors and creditors reflect the gross value of premiums and claims and together with related cash balances, have been included within the assets and liabilities of the company in accordance with current market practice.

Insurance debtors and creditors are reported in accordance with the requirements of Financial Reporting Standard No. 5 'Reporting the Substance of Transactions'. The standard precludes assets and liabilities being offset unless net settlement is legally enforceable and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from clients and underwriters.

Cash flow statement and related party disclosures

The company is a subsidiary of Primary Group Limited and is included in the consolidated financial statements of Primary Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

Notes to the Financial Statements for the Year ended 31 March 2010

2 Turnover

All turnover is derived from the company's principal activities of an insurance broker and underwriting agency, carried on in the UK

3 Operating loss

	31 March 2010 £	31 March 2009 £
The operating loss which originated in the United Kingdom for the period was arrived at after charging		
Auditors' remuneration	200	4,000
Exchange loss	-	22,997
	<u>200</u>	<u>22,997</u>

4 Taxation

(a) Analysis of charge/(credit) in the period	31 March 2010 £	31 March 2009 £
Group relief	4,552	8,207
Adjustments in respect of prior periods – group relief	-	133
Current tax charge/(credit) for the period (note 4(b))	<u>4,552</u>	<u>8,340</u>
 (b) Factors affecting tax charge/(credit) for the period	 31 March 2010 £	 31 March 2009 £
The tax assessed for the period differs from the standard rate of corporation tax in the UK (28%) (2009 28%)		
The differences are explained below		
Profit on ordinary activities before tax	<u>16,258</u>	<u>29,657</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	4,552	8,304
Effects of		
Expenses not deductible for tax purposes	-	28
Capital allowances for period in excess of depreciation	-	(125)
	<u>4,552</u>	<u>8,207</u>
Adjustments in respect of prior periods – group relief	-	133
Current tax charge/(credit) for the period (note 4(a))	<u>4,552</u>	<u>8,340</u>

Notes to the Financial Statements
for the Year ended 31 March 2010

5 Debtors

	31 March 2010 £	31 March 2009 £
Amounts due from group undertakings	265,090	257,984
	<u>265,090</u>	<u>257,984</u>

6 Creditors amounts falling due within one year

	31 March 2010 £	31 March 2009 £
Other creditors	1,525	1,525
Accruals	-	4,600
	<u>1,525</u>	<u>6,125</u>

7 Called up share capital

	31 March 2010 £	31 March 2009 £
Authorised 136,000 Ordinary shares of £1 each	136,000	136,000
Allotted and issued 136,000 Ordinary share of £1 each	136,000	136,000

8 Statement of movements on reserves

	31 March 2010 £	31 March 2009 £
At the start of the period	115,859	94,542
Profit for the period	11,706	21,317
At the end of the period	<u>127,565</u>	<u>115,859</u>

9 Reconciliation of movements in shareholder's funds

	31 March 2010 £	31 March 2009 £
At the start of the period	251,859	230,542
Retained profit for the period	11,706	21,317
At the end of the period	<u>263,565</u>	<u>251,859</u>

Notes to the Financial Statements
for the Year ended 31 March 2010

10 Related party disclosures

As permitted under Financial Reporting Standard No 8 'Related Party Disclosures', transactions between group companies which are owned and controlled by more than 90% of the voting rights have not been disclosed

11 Ultimate holding company

Primary Group Limited, incorporated in Bermuda, is regarded by the directors of the Company as the Company's ultimate parent company

The immediate parent company as at 31 March 2010 is PBS Holdings Limited, a company incorporated in the United Kingdom

The largest group in which the results of the company are consolidated is that of which Primary Group Limited is the parent company. At the date on which the accounts were approved by the directors, the ultimate controlling party is R&H Trust Co Ltd. As trustee for two trusts established in the Cayman Islands for the benefit of Mr P James and his family.