

Company Registration Number : 3266637

MMO UK LIMITED

Report and Financial Statements

31 December 2007

SATURDAY



A4SDC5FF

A47

06/12/2008

126

COMPANIES HOUSE

MMO UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

G P Nash

SECRETARY

I Burley

REGISTERED OFFICE

Site A

Kingmoor Park South Industrial Estate

Queens Drive

Carlisle CA6 4SB

AUDITORS

KPMG Audit PLC

191 West George Street

Glasgow

G2 2LJ

MMO UK LIMITED

REPORT AND FINANCIAL STATEMENTS – 31 DECEMBER 2007

CONTENTS	Page
Officers and professional advisers	1
Director's report	2
Statement of directors' responsibilities	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7-9

MMO UK LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The director presents the annual report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The company's principal activity was to act as a corporate name at Lloyd's. The company's final year of underwriting was the 2000 account. The company does not intend to underwrite going forward.

RESULTS

The company made a loss for the year of £483k (2006 £447k). The directors do not recommend the payment of a dividend (2006 £nil). The retained loss for the year has been transferred to reserves.

BUSINESS REVIEW

During 2005 syndicate 1265 was reinsured to close into syndicate 1861, managed by Marlborough Underwriting Agency Limited, with effect from 31st December 2004. As a result of significant underwriting losses, the company has drawn on the Lloyd's Central Fund to meet its liabilities to policyholders. The directors consider the company is no longer a going concern; accordingly the financial statements have been drawn up on a discontinuance basis. The effect of this is explained in note 1 to the financial statements.

DIRECTORS

The Directors who held office during the year were as follows

G P Nash

Company Secretary

I Burley

FINANCIAL INSTRUMENTS

The company does not enter into complex financial instruments.

CHARITABLE DONATIONS

During the year the company did not make any charitable donations (2006£nil).

DISCLOSURE OF INFORMATION TO AUDITORS

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 have taken as a director to make themselves 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 for the re-appointment of KPMG Audit Plc as auditor is to be proposed at the forthcoming Annual General Meeting.



Approved by the Board of Directors
And signed on behalf of the Board

25 November 2008

MMO UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable laws 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.

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. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

MMO UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MMO UK LIMITED

We have audited the financial statements of MMO UK Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 are 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 with the company is not disclosed.

We read the directors' report for the above year 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 judgements 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 UK 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;
- 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
191 West George Street
Glasgow
G2 2LJ

27 November 2008

MMO UK LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	<i>Note</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Interest payable		(483)	(447)
Loss on ordinary activities before tax		(483)	(447)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	3	(483)	(447)

All activities for 2007 and 2006 derive from discontinued operations.

No Statement of Total Recognised Gains and Losses is provided as there were no recognised gains or loss other than the results reflected above.

The notes on pages 8 to 10 form part of these financial statements.

MMO UK LIMITED**BALANCE SHEET**

As at 31 December 2007

	<i>Notes</i>	2007 £'000	2006 £'000
ASSETS			
Other assets			
Cash at bank and at hand		2	-
Total assets		<u>2</u>	<u>-</u>
LIABILITIES			
Capital and reserves			
Called up share capital	8	-	-
Profit and loss accounts	9	(24,098)	(23,615)
Equity shareholders' deficit		<u>(24,098)</u>	<u>(23,615)</u>
Creditors: amounts falling due within one year			
Other creditors including taxation and social security	7	24,100	23,615
Total liabilities		<u>2</u>	<u>-</u>

The notes on pages 8 to 10 form part of these financial statements.

The financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



25.11.2008

MMO UK LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

1. Basis of preparation and accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investments.

The financial statements have been prepared on a discontinuance basis because of a deficit arising from the underwriting obligations to the syndicates in which the company participated. Such liabilities are normally financed by assets lodged with Lloyd's and letter of credit provided by investing shareholders, if a company cannot meet its obligations by other means. All available letters of credit were fully utilised as at 31st December 2004 and the company was reliant on the Lloyd's Central Fund to meet its liabilities to policyholders. Accordingly the financial statements have been prepared on a discontinuance basis. The impact of this is that all assets have been valued at their recoverable amounts. This has not had any financial impact on the accounts of the company.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

b) Investments

All investments are stated at their current value at the balance sheet date.

c) Investment income, expenses and charges

Investment income is accounted for on a receivable basis and is accrued up to the balance sheet date.

Investment income and all investment gains and losses relating to syndicate investments and cash are dealt with through the technical account. Other investment income is dealt with through the non-technical account.

d) Deferred taxation

Deferred tax, without discounting, is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. Net operating expenses

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Administrative expenses	-	-
	<u>-</u>	<u>-</u>

3. Loss on ordinary activities before tax

	2007 £'000	2006 £'000
Operating loss is after charging:		
Interest payable on amounts due to Lloyd's	483	447
Auditors' remuneration: Audit of these financial statements	4	3
	<u>487</u>	<u>450</u>

The audit fee for both the current and prior year were borne by the parent companies.

MMO UK LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

4. Employees

There were no employees, other than directors, during the current or previous year.

5. Directors

The directors received remuneration of £8,000 in respect of their services to the company during the current year (2006 £5,000). This expense was borne by the shareholders of the company.

6. Tax on loss on ordinary activities

a) Analysis of charge in period

	2007 £'000	2006 £'000
Current tax:		
UK Corporation tax charge at 30% for the current year (2006: 30%)	-	-
Adjustment in respect of prior periods	-	-
Overseas tax	-	-
Tax on loss on ordinary activities	<u>0</u>	<u>0</u>

b) Factors affecting tax charge for the year

Loss on ordinary activities before tax	(483)	(447)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2006: 30%)	<u>(145)</u>	<u>(134)</u>
Effects of:		
Tax losses to be surrendered as group relief	145	134
Current charge for the period	<u>0</u>	<u>0</u>

c) Factors which may affect future tax charges

A deferred tax asset amounting to £5.1m in respect of unutilised trading losses carried forward of £18.2m (2006: £18.2m) has not been recognised due to uncertainty over sufficient taxable profits arising in the foreseeable future. Future tax charges may be impacted by the announced change in the rate of corporation tax from 30% to 28% effective from 1 April 2008.

7. Creditors

	2007 £'000	2006 £'000
Due to former parent undertaking	17,541	17,541
Due to Lloyd's	6,523	6,040
Due to shareholders	24	22
Other creditors and accruals	10	12
	<u>24,098</u>	<u>23,615</u>

8. Called up share capital

	2007 £	2006 £
Authorised 100 Ordinary £1 shares	100	100
	<u>2</u>	<u>2</u>
Called up, allotted and fully paid 2 Ordinary £1 shares	2	2

MMO UK LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

9. Reconciliation of movements on shareholders' funds

	2007 £'000	2006 £'000
Opening shareholders' funds	(23,615)	(23,168)
Result for the year	(483)	(447)
Closing shareholders' funds	(24,098)	(23,615)

10. Operating lease commitments

At 31st December the company had no commitments.

11. Contingent Liabilities

Where a company participates on a syndicate which closes, it pays a reinsurance to close premium to other Lloyd's Names or an insurer external to Lloyd's to assume its ongoing liabilities. The nature of this arrangement is that of reinsurance, such that the company retains liability in the event of failure of these Lloyd's Names and the Lloyd's chain of security or any external insurer. The directors consider the likelihood of such failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account.

12. Related Parties

During 2005, the Company was sold by NY MAGIC Inc, its former ultimate parent undertaking. At the year end a balance of £17,541k remained due to NY MAGIC Inc.

At the year end, £11,000 (2007: £4,000) and £13,000 (2007: £18,000) were due to EWM (Topco) Limited and Robertson Group Limited respectively.

13. Controlling Parties

The controlling parties are EWM (Topco) Limited and Robertson Group Limited by virtue of their interests in the company's equity capital.

The accounts of these companies are available to the public and can be obtained from:

Robertson Group Limited
Lomond Court
Castle Business Park
Stirling
FK9 4TZ

EWM (Topco) Limited
Waverley Mills
Langholm
Dumfriesshire
DG13 0EB