

Company registration number (England and Wales): 3376854

## **CHARIOT INCORPORATED LIMITED**

***DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED 31 DECEMBER 2008***

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# CHARIOT INCORPORATED LIMITED

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# **CHARIOT INCORPORATED LIMITED**

## **COMPANY INFORMATION**

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### **COMPANY PERSONNEL**

<b>Directors</b>	M W Johnson M A Johnson
<b>Company Secretary</b>	Argenta Secretariat Ltd

### **COMPANY ADDRESSES**

<b>Registered office</b>	8-9 The Avenue Eastbourne East Sussex BN21 3YA
<b>Member's agent</b>	Argenta Private Capital Limited Fountain House 130 Fenchurch Street London EC3M 5DJ
<b>Auditors</b>	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
<b>Solicitors</b>	Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL

**CHARIOT INCORPORATED LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2008.

**Results and dividends**

The loss for the year after taxation was £256,402 (2007 profit £67,652). The directors do not recommend the payment of a final dividend.

**Principal activities and review of the business**

The company's principal activity is to participate in underwriting at Lloyd's on a limited liability basis through its wholly owned subsidiary companies. The subsidiary companies did not write new business during 2006 or 2007 but they are writing new business for 2008 where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced.

The result for the year is in respect of the 2008 annual accounting year, which consists of movements in the 2008 year of account as well as any 2005 and prior run-off years. Gross premiums written increased to £855,175 compared to the previous year of (£9,227) but the overall balance in the technical account decreased from £166,788 to £6,750 as a result of the level of claims experienced. It is anticipated that the results of the 2008 year of account will improve to closure on 31 December 2010.

The group's total capital and reserves at the year end were £803,945 (2007 - £1,060,347).

The company's subsidiaries have continued to underwrite on the 2009 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced.

The key business risks and uncertainties affecting the group are considered to relate to insurance risk, investment and currency risk and regulatory risk.

**Directors**

The directors who held office at any time during the year are listed below:

M W Johnson

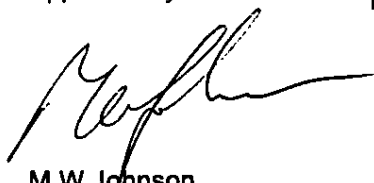
M A Johnson

**Auditors**

Messrs. Humphrey & Co, having signified their willingness to continue in office, will be proposed for re-appointment in accordance with section 386 of the Companies Act 1985.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant financial information of which the auditors are unaware.

Approved by the Board on 17 October 2009 and signed on its behalf by:



M W Johnson  
Director

**CHARIOT INCORPORATED LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

# CHARIOT INCORPORATED LIMITED

## INDEPENDENT AUDITORS REPORT

### TO THE SHAREHOLDERS OF CHARIOT INCORPORATED LIMITED

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We have audited the group and parent financial statements of Chariot Incorporated Limited on pages 5 to 24 for the year ended 31 December 2008. These financial statements have been prepared 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

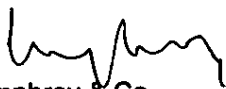
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the directors report is consistent with the financial statements.



Humphrey & Co  
Chartered Accountants  
Registered Auditors

7-9 The Avenue  
Eastbourne  
East Sussex  
BN21 3YA

21 Dec 2009

**CHARIOT INCORPORATED LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
Gross premiums written	2	855,175	(9,227)
Outward reinsurance premiums		(148,543)	(11,607)
Net premiums written		706,632	(20,834)
Change in the provision for unearned premiums			
Gross provision		(355,543)	50,851
Reinsurers' share		30,535	(5,201)
Net change in the provision for unearned premiums		(325,008)	45,650
Earned premiums net of reinsurance		381,624	24,816
Allocated investment income	4	17,583	103,852
Claims paid			
Gross amount		(111,722)	(657,493)
Reinsurers' share		29,495	238,536
Net claims paid		(82,227)	(418,957)
Change in provision for claims			
Gross amount		(197,055)	753,233
Reinsurers' share		38,309	(272,698)
Net change in provision for claims		(158,746)	480,535
Claims incurred net of reinsurance		(240,973)	61,578
Net operating expenses	5	(150,671)	(21,783)
Investment expenses and charges		(813)	(1,675)
Balance on technical account for general business		6,750	166,788

**CHARIOT INCORPORATED LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
Balance on the general business technical account		6,750	166,788
Investment income	6	(176,959)	77,320
Other income	7	250	500
Other charges		(86,443)	(176,956)
(Loss)/Profit on ordinary activities before taxation	8	(256,402)	67,652
Tax on (loss)/profit on ordinary activities	17	-	-
(Loss)/Profit for the financial year		(256,402)	67,652

All amounts relate to continuing operations

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Note	2008 £	2007 £
(Loss)/Profit for the year		(256,402)	67,652
Prior year adjustment	1	-	144,750
Total gains recognised during the year		(256,402)	212,402



**CHARIOT INCORPORATED LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

				As restated	
ASSETS	Note	Syndicate Assets £	Corporate £	2008 Total £	2007 Total £
<b>Intangible assets</b>					
Syndicate participation rights	9	-	181,378	181,378	144,197
<b>Investments</b>					
Financial investments	10	526,745	238,971	765,716	2,057,437
Deposits with ceding undertakings		-	-	-	10,560
Total investments		526,745	238,971	765,716	2,067,997
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums		37,459	-	37,459	-
Claims outstanding		350,700	-	350,700	644,504
Other technical provisions		20,718	-	20,718	80,598
Total reinsurers' share of technical provisions		408,877	-	408,877	725,102
<b>Debtors</b>					
Arising out of direct insurance operations	11				
Policyholders		240	-	240	177
Intermediaries		156,909	-	156,909	57,675
Arising out of reinsurance operations	11	24,297	-	24,297	15,620
Called amounts due from loan stock holders	21		99,345	99,345	99,345
Other debtors	12	208,543	611,385	819,928	416,673
Total debtors		389,989	710,730	1,100,719	589,490
<b>Other assets</b>					
Cash at bank	13	64,001	33,000	97,001	888,251
Other		-	-	-	-
Total other assets		64,001	33,000	97,001	888,251
<b>Prepayments and accrued income</b>					
Accrued interest		1,684	-	1,684	15,052
Deferred acquisition costs		106,328	-	106,328	116
Other prepayments and accrued income		1,503	532	2,035	12,456
Total prepayments and accrued income		109,515	532	110,047	27,624
<b>Total assets</b>		<b>1,499,127</b>	<b>1,164,611</b>	<b>2,663,738</b>	<b>4,442,661</b>

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# CHARIOT INCORPORATED LIMITED

## CONSOLIDATED BALANCE SHEET (continued) AS AT 31 DECEMBER 2008

	Note	Syndicate Liabilities £	Corporate £	2008 Total £	2007 Total £
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called-up share capital	14	-	2,570,179	2,570,179	2,570,179
Share premium account	15	-	22,273	22,273	22,273
Profit and loss account	15	-	(1,788,507)	(1,788,507)	(1,532,105)
Shareholder's funds attributable to equity interests	16	-	803,945	803,945	1,060,347
<b>Technical provisions</b>					
Provision for unearned premiums		410,758	-	410,758	871
Claims outstanding - gross amount		972,900	-	972,900	2,430,004
Total technical provisions		1,383,658	-	1,383,658	2,430,875
<b>Provisions for other risks and charges</b>					
Provision for taxation	17	-	-	-	-
Deposits received from reinsurers		-	-	-	-
<b>Creditors</b>					
Arising out of direct insurance operations		18,411	-	18,411	153,110
Arising out of reinsurance operations		72,651	-	72,651	71,603
Amounts due to credit institutions		-	-	-	-
Convertible loan stock			99,345	99,345	99,345
Other creditors	18	22,568	249,746	272,314	597,482
Total creditors		113,630	349,091	462,721	921,540
<b>Accruals and deferred income</b>					
Other accruals and deferred income		1,839	11,575	13,414	29,899
Total liabilities		1,499,127	1,164,611	2,663,738	4,442,661

Approved by the Board on 17 October 2009 and signed on its behalf by:

  
M W Johnson  
Director


# CHARIOT INCORPORATED LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 Total £	2007 Total £
Fixed asset investments	20	-	-
Debtors: amounts falling due after more than one year			
Amounts due from associated undertakings		878,770	926,184
<b>Current assets</b>			
Called amounts due from loan stock holders		99,345	99,345
Cash at bank and in hand		29,226	358
		128,571	99,703
Creditors: amounts falling due within one year			
Convertible loan stock		99,345	99,345
Accruals		3,525	3,525
		102,870	102,870
<b>Net current assets/(liabilities)</b>		<b>25,701</b>	<b>(3,167)</b>
<b>Net assets</b>		<b>904,471</b>	<b>923,017</b>
<b>Capital and Reserves</b>			
Called up share capital	14	2,570,179	2,570,179
Share premium account	15	22,273	22,273
Revenue reserves	15	(1,687,981)	(1,669,435)
<b>Total shareholders funds</b>	<b>16</b>	<b>904,471</b>	<b>923,017</b>

Approved by the Board on 17 October and signed on its behalf by:

  
M W Johnson  
Director

**CHARIOT INCORPORATED LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	As restated 2007 £
Net cash (outflow)/inflow from operating activities	19	(685,138)	137,007
Returns on investments and servicing of finance			
Interest received		25,259	52,213
Interest paid		-	-
Dividends received		16,299	-
Dividends paid		-	-
Net cash inflow from returns on investments and servicing of finance		41,558	52,213
Taxation			
UK corporation tax paid		-	-
Foreign tax paid		-	-
Net cash inflow from taxation		-	-
Capital expenditure and financial investment			
Purchase of syndicate participation rights		(85,247)	-
Proceeds from sale of syndicate participation rights		-	(144,197)
Purchase of investments		(35,352)	(469,425)
Proceeds from sale of investments		2,367	-
Net cash outflow from capital expenditure and financial investment		(118,232)	(613,622)
Net cash outflow before financing		(761,812)	(424,402)
Financing			
Funds lent to the company by the company's shareholders		109,218	-
Issue of share capital		-	-
Net cash inflow from financing		109,218	-
Decrease in cash		(652,594)	(424,402)
Net funds at 1 January		685,594	1,109,996
Decrease in cash in the year		(652,594)	(424,402)
Net funds at 31 December		33,000	685,594

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

# **CHARIOT INCORPORATED LIMITED**

## **NOTES TO THE CONSOLIDATED ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **1 Accounting policies**

#### **1.1 Basis of preparation**

The Financial Statements have been prepared in accordance with Section 255 and Schedule 9A of the Companies Act 1985 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

The 2007 comparatives for investment and cash at bank have been restated to reflect a more appropriate classification of Funds at Lloyds cash balances consistent with that adopted in 2008. There is no impact on net assets.

#### **Basis of consolidation**

The amounts shown in the column to the balance sheet headed 'corporate' consolidate the accounts of Chariot Incorporated Limited and its subsidiary undertakings. The amounts shown in the column to the balance sheet headed 'total' consolidate the accounts of Chariot Incorporated Limited and its subsidiary undertakings and a pro rata share of the assets and liabilities of the syndicates on which they participate. No profit and loss account is presented for Chariot Incorporated Limited, as permitted by section 230 of the Companies Act 1985.

#### **Basis of accounting**

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

These financial statements have been prepared on a going concern basis. In applying the going concern basis to this group's financial statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any funds at Lloyd's supporting the group's underwriting and not reflected in the group's balance sheet and the continued support of the directors and shareholders including the potential deferral of any balances due to them.

#### **General business**

##### **i Premiums**

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

##### **ii Unearned premiums**

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

##### **iii Deferred acquisition costs**

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

##### **iv Reinsurance premiums**

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

# **CHARIOT INCORPORATED LIMITED**

## **NOTES TO THE CONSOLIDATED ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **v Claims**

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

### **vi Closed years of account**

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The group has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

### **vii Run-off years of account**

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

### **viii Investments and allocated investment income**

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

# **CHARIOT INCORPORATED LIMITED**

## **NOTES TO THE CONSOLIDATED ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2008**

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**ix Basis of currency translation**

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the year in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

**x Debtors/creditors arising from insurance/reinsurance operations**

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

**xi Distribution of profits and collection of losses**

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

### **1.2 Deferred Taxation**

Deferred tax 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. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

### **1.3 Intangible assets**

Costs incurred by the group in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

### **1.4 Investments**

Investments held directly by the group by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.

### **1.5 Prior year adjustment**

The prior year adjustment that arose in 2007 related to the add back of a provision for future expenses that was no longer required. The provision had originally been provided when the 2005 accounts were prepared on a cessation basis. When the directors considered that the going concern basis was still applicable, the provision was removed.

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2	Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
	<b>2008</b>					
	<b>Direct</b>					
	Accident and health	34,745	17,057	(11,815)	(8,135)	(1,164)
	Motor - third party liability	4,062	2,817	(1,853)	(742)	(44)
	Motor - other classes	11,775	5,155	(4,125)	(1,906)	(180)
	Marine, aviation and transport	119,561	68,036	(105,188)	(19,528)	12,832
	Fire and other damage to property	293,231	146,344	(158,456)	(52,702)	(10,890)
	Third party liability	30,766	16,489	(3,964)	(4,590)	(10,384)
	Credit and suretyship	12,904	7,200	(3,578)	(2,521)	(1,871)
	Other	2,438	1,138	(273)	(464)	(54)
	<b>Total direct</b>	<b>509,482</b>	<b>264,236</b>	<b>(289,252)</b>	<b>(90,588)</b>	<b>(11,755)</b>
	<b>Reinsurance business</b>					
	Reinsurance balance	345,693	235,396	(19,525)	(60,083)	(38,449)
	<b>Total</b>	<b>855,175</b>	<b>499,632</b>	<b>(308,777)</b>	<b>(150,671)</b>	<b>(50,204)</b>
	<b>2007</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Direct</b>					
	Accident and health	26	1,305	(3,306)	(441)	1,223
	Motor - third party liability	426	1,366	(127)	(102)	(414)
	Motor - other classes	3,929	5,309	(5,848)	(5,035)	(6,848)
	Marine, aviation and transport	(1,078)	767	2,996	(519)	(4,165)
	Fire and other damage to property	1,149	10,988	(14,489)	(2,864)	4,999
	Third party liability	2,811	25,054	21,674	(6,606)	(13,046)
	Credit and suretyship	848	1,830	4,577	(192)	(338)
	Other	(17,585)	(13,287)	120,052	(1,822)	(22,735)
	<b>Total direct</b>	<b>(9,474)</b>	<b>33,332</b>	<b>125,529</b>	<b>(17,581)</b>	<b>(41,324)</b>
	<b>Reinsurance business</b>					
	Reinsurance balance	247	8,292	(29,789)	(4,202)	(9,646)
	<b>Total</b>	<b>(9,227)</b>	<b>41,624</b>	<b>95,740</b>	<b>(21,783)</b>	<b>(50,970)</b>

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written.



# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

3	Geographical analysis	2008 £	2007 £
	Direct gross premiums written in:		
	United Kingdom	855,175	(9,227)
	Other EU member states	-	-
	The rest of the world	-	-
	<b>Total</b>	<b>855,175</b>	<b>(9,227)</b>

4	Allocated investment income	2008 £	2007 £
	Investment income	15,624	80,345
	Realised gain on investments	1,959	23,507
	<b>Total</b>	<b>17,583</b>	<b>103,852</b>

5	Net operating expenses	2008 £	2007 £
	Acquisition costs	102,944	9,720
	Administrative expenses	62,231	38,908
	Profit on exchange	(14,504)	(26,845)
	<b>Total</b>	<b>150,671</b>	<b>21,783</b>

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

6	Investment income	2008 £	2007 £
	Income from other investments (including interest receivable)	29,802	63,970
	Realised gain from other investments	558	-
	Unrealised (loss)/gain from other investments	(207,319)	13,350
	<b>Total</b>	<b>(176,959)</b>	<b>77,320</b>

7	Other income	2008 £	2007 £
	Profit on sale of syndicate participation rights	-	-
	Other	250	500
	<b>Total</b>	<b>250</b>	<b>500</b>

8	(Loss)/Profit on ordinary activities before taxation	2008 £	2007 £
	This is stated after charging:		
	Auditor's remuneration - audit	5,175	7,050
	Auditor's remuneration - other	4,763	13,278
	Director's remuneration	-	14,000
	Employer's National Insurance contributions	-	291
	Amortisation of syndicate capacity	48,066	-

The company had no employees during the year (2007 - 4)

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

9 Intangible assets	Syndicate Participation Rights £
Cost	
At 1 January 2008	144,197
Additions	85,247
Disposals	-
At 31 December 2008	229,444
Amortisation	
At 1 January 2008	-
Charge for the year	48,066
Impairment losses	-
Disposals	-
At 31 December 2008	48,066
Net book value	
At 31 December 2008	181,378
At 31 December 2007	144,197

10 Investments: Financial investments	Syndicate £	Corporate £	2008 Total £	2007 Total £
<i>At market value</i>				
Shares and other variable yield securities	112,700	238,971	351,671	654,110
Debt securities and other fixed income securities	382,380	-	382,380	1,274,731
Participation in investment pools	8,971	-	8,971	28,406
Loans guaranteed by mortgage	3,290	-	3,290	7,357
Other loans	556	-	556	678
Deposits with credit institutions	15,338	-	15,338	85,060
Other	3,510	-	3,510	7,095
Total	526,745	238,971	765,716	2,057,437

The corporate investments held include £238,971 (2007: £482,775) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 23.

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

### 10 Investments: Financial investments (continued)

	Syndicate £	Corporate £	2008 Total £	2007 Total £
<i>At cost</i>				
Shares and other variable yield securities	115,131	432,965	548,096	665,320
Debt securities and other fixed income securities	378,496	-	378,496	1,250,764
Participation in investment pools	9,237	-	9,237	21,236
Loans guaranteed by mortgage	3,886	-	3,886	7,277
Other loans	555	-	555	677
Deposits with credit institutions	15,338	-	15,338	84,880
Other	3,615	-	3,615	16,676
<b>Total</b>	<b>526,258</b>	<b>432,965</b>	<b>959,223</b>	<b>2,046,830</b>

### 11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate £	Corporate £	2008 Total £	2007 Total £
The following amounts are due after one year:				
Direct insurance operations	5,160	-	5,160	601
Reinsurance operations	2,115	-	2,115	-
<b>Total</b>	<b>7,275</b>	<b>-</b>	<b>7,275</b>	<b>601</b>

### 12 Other debtors

	Syndicate £	Corporate £	2008 Total £	2007 Total £
Deferred tax	-	-	-	-
Other	208,543	611,385	819,928	416,673
<b>Total</b>	<b>208,543</b>	<b>611,385</b>	<b>819,928</b>	<b>416,673</b>

Corporate other debtors includes £Nil (2007: £Nil) due to the company after more than one year.  
Syndicate other debtors includes £6,519 (2007: £Nil) due to the company after more than one year.

### 13 Cash at bank

	Syndicate £	Corporate £	2008 Total £	2007 Total £
Lloyd's deposit	-	2,931	2,931	67,561
Cash at bank and in hand	64,001	30,069	94,070	820,690
<b>Total</b>	<b>64,001</b>	<b>33,000</b>	<b>97,001</b>	<b>888,251</b>

Any Lloyd's deposit is held in accordance with the constraints detailed in note 23.

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

14	Share capital		2008 £	2007 £	
	<i>Authorised</i>				
	20,000,000 Ordinary shares of £1.00 each		20,000,000	20,000,000	
			-	-	
	<i>Allotted, called up and fully paid</i>				
	2,570,179 Ordinary shares of £1.00 each		2,570,179	2,570,179	
			-	-	
15	Statement of movements on reserves	<b>Company</b>	<b>Group</b>		
		Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
	At 1 January 2008	-	(1,669,435)	22,273	(1,532,105)
	Premium on shares issued during the year	-	-	-	-
	Loss during the year	-	(18,546)	-	(256,402)
	Dividends	-	-	-	-
	At 31 December 2008	0	(1,687,981)	22,273	(1,788,507)
16	Reconciliation of movements in shareholders' funds	<b>Company</b>	<b>Group</b>		
		2008 £	2007 £	2008 £	2007 £
	Retained (loss)/profit for the financial year	(18,546)	-	(256,402)	67,652
	Proceeds from the issue of shares	-	-	-	-
	Net (depletion in)/addition to shareholders' funds	(18,546)	166,255	(256,402)	67,652
	Opening shareholders' funds	923,017	742,137	1,060,347	847,945
	Prior year adjustment	-	14,625	-	144,750
	Closing shareholders' funds	904,471	923,017	803,945	1,060,347
17	Taxation		2008 £	2007 £	
	<i>Analysis of charge in year</i>				
	<i>Current tax</i>				
	UK Corporation Tax on profits of the year		-	-	
	Adjustments in respect of prior years		-	-	
	Foreign tax		-	-	
	Total current tax		-	-	

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

17 Taxation (continued)	2008 £	2007 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Changes in tax rates	-	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	-	-
Tax on (loss)/profit on ordinary activities	-	-

### *Factors affecting tax charge for the year*

The tax assessed for the year is higher (2007 - lower) than the standard rate of Corporation Tax in the UK of 21.00% (2007 - 20.00%). The differences are explained below:

	2008 £	2007 £
(Loss)/Profit on ordinary activities before taxation	(256,402)	67,652
(Loss)/Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 21.00% (2007 - 20.00%).	(53,844)	13,530
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	2,950
Timing differences arising from the taxation of the underwriting results	26,328	8,525
Timing differences arising from the taxation of syndicate participation movements	-	-
Tax losses carried forward/(Utilisation of tax losses)	27,516	(53,955)
Adjustments to tax charge in respect of prior periods	-	-
Other adjustments	-	28,950
Current tax charge for the year	-	-

### *Factors that may affect future tax charges*

The group has trading losses of £1,402,311 (2007 - £1,285,000) available for carry forward against future trading profits.

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

17 Taxation (continued)	2008 £	2007 £
<i>Provision for deferred tax</i>		
At 1 January 2008	-	-
Charge to the profit and loss account	-	-
Released or utilised in the year	-	-
At 31 December 2008	-	-

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £301,091 (2007 - £253,000).

18 Other creditors	Syndicate £	Corporate £	2008 £	2007 £
Other creditors	22,568	45,528	68,096	502,482
Social security costs	-	-	-	-
Corporation tax	-	-	-	-
Shareholders' loan account	-	204,218	204,218	95,000
	22,568	249,746	272,314	597,482

The above shareholders' loan has been included in the related party transactions note 24.

19 Reconciliation of operating loss before interest to net cash (outflow)/inflow from operating activities	2008 £	As restated 2007 £
Operating loss before interest	(79,443)	(9,668)
Current year result not distributable in year	(6,750)	(166,788)
Prior year result distributable in year	217,501	289,681
Loss on sale of syndicate participation rights	-	-
(Decrease)/Increase in creditors	(416,997)	35,180
Increase in debtors	(447,515)	(11,398)
Amortisation and impairment of syndicate participation rights	48,066	-
Net cash (outflow)/inflow from operating activities	(685,138)	137,007

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

### 20 Fixed Asset Investments - Company

	2008	2007
Subsidiary undertakings at cost/valuation	564,326	564,326
Less: adjustment for impairment review	(564,326)	(564,326)
<b>Total</b>	<b>-</b>	<b>-</b>

Detail of the company's subsidiary undertakings, all of which are held by the company, are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Chariot (I) Underwriting Ltd	England and Wales	Ordinary shares	100%	Corporate member of Lloyds
Chariot (II) Underwriting Ltd	England and Wales	Ordinary shares	100%	Corporate member of Lloyds

### 21 Convertible loan stock

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Convertible loan stock 1999	99,345	99,345	99,345	99,345

Holders of Convertible Loan Stock 1999 were required to pay up the whole of their holding by 30 November 1999. The balance due of £99,345 as at 31 December is in respect of one loan stock holder who has not paid up. The directors will continue to take all appropriate action in relation to the outstanding payment on the loan stock.

All of the loan stock was issued nil paid. No interest is payable on the loan stock

### 22 Profit/(Loss) attributable to members of the parent company

The loss dealt with in the accounts of the parent company was £18,546 (2007 - profit £166,255). This includes a management charge of £Nil (2007 - £200,000) received from the company's subsidiary undertakings.



# **CHARIOT INCORPORATED LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **23 Fund's at Lloyd's**

Cash balances of £2,931 (2007: £67,561) detailed in note 13 and investments of £238,971 (2007: £482,775) detailed in note 10 are held within the company's subsidiaries' Lloyd's deposit.

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the group's underwriting activities as described in the accounting policies. The group's subsidiaries have entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the companies' participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the companies' liabilities in respect of their underwriting.

In addition to these amounts, the shareholders of the parent company have also made available to Lloyd's assets amounting to approximately £676,856 (2007: £58,139) which are also used by the subsidiary companies to support their Lloyd's underwriting.

### **24 Related party transactions**

Messrs Dowlen, Leonard and Tanner were directors of both Chariot Incorporated Limited (CIL) and, until 7 April 2004 and 27 April 2004 respectively, Messrs Dowlen and Tanner were also directors of Z UK Holdings Limited (ZUHL). Mr Leonard continues as a director of ZUHL.

During 2008 ZUHL ceased to provide additional funds at Lloyd's (FAL) to support the company's underwriting.

ZUHL will earn a return on the funds provided equivalent to a share of the net underwriting result pro-rata to the level of unencumbered FAL in place to support the 2003, 2004 and 2005 accounts. In addition any investment income earned on the funds provided belongs to ZUHL. ZUHL recognises that circumstances may arise where the funds provided may be reduced through underwriting losses. In such circumstances CIL is not obliged to reimburse ZUHL for such losses.

Included in operating expenses is £(3,500) (2007 - £72,976) in respect of ZUHL's share of the net underwriting result. At the year end, therefore, a total of £29,339 was owed to ZUHL (2007 - £88,378) and this has been paid since the balance sheet date.

During the year the group acquired syndicate capacity with a market value of £85,247 (2007 - £144,197) from Nameco (No 48) Limited, a company that is also owned by Kirly Limited. At the year end the group owed £Nil (2007 - £144,197) to Nameco (No 48) Limited. No interest is payable on the amount outstanding.

Included within other debtors is £603,607 (2007 - £Nil) owed to the group by Kirly Limited, the ultimate holding company. There is also a balance owed by the group included in other creditors of £204,218 (2007 - £95,000). The net group balance owed by Kirly Limited is therefore £399,389. No interest was chargeable on the outstanding balances.

### **25 Directors interests**

Mr M W Johnson and Mrs M A Johnson are both interested in the share capital of the company by virtue of their holding in the ultimate holding company, Kirly Limited. They are both directors of that company and the Johnson family in effect controls 100% of that company.

Mr and Mrs Johnson are also both underwriting members of Lloyd's and, therefore, may be members of the same syndicates as the company or may trade with the company. All such trade is on arms length terms and is outside the control of Mr and Mrs Johnson. The directors are also interested in the share capital of NW Brown and Company and Mr Johnson is a director of that company. NW Brown and Company arranges and advises the company on its investments.

# CHARIOT INCORPORATED LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2008

### 26 Ultimate Holding Company

At the year end the company's ultimate holding company was Kirly Limited. Copies of Kirly Limited's consolidated accounts can be obtained from the following address: 11 Luard Road, Cambridge, CB2 8PJ.

### 27 Syndicates

The group's subsidiary companies are Underwriting Members of the following Syndicate(s) or MAPA's:

Syn. No.	Managing agent	2009 Allocated Capacity	2008 Allocated Capacity	2007 Allocated Capacity	2006 Allocated Capacity
0318	Beaufort Underwriting Agency Limited	21,780	21,780	-	-
0510	R J Kiln & Co Limited	267,867	250,000	-	-
0557	R J Kiln & Co Limited	250,000	250,000	-	-
0570	Atrium Underwriters Limited	12,298	12,298	-	-
0609	Atrium Underwriters Limited	14,979	16,157	-	-
0727	S A Meacock & Co Limited	83,283	-	-	-
0807	R J Kiln & Co Limited	150,000	150,000	-	-
2010	Cathedral Underwriting Limited	104,973	104,973	-	-
2121	Argenta Syndicate Management Limited	145,335	125,772	-	-
2525	Abacus Syndicates Limited	100,000	-	-	-
2791	Managing Agency Partners Limited	300,000	100,000	-	-
6106	Amlin Underwriting Limited	228,888	-	-	-

£ 1,679,403

£ 1,030,980

-

-

In addition the group's subsidiary companies are still participating on the following syndicates or MAPAs in run-off:

Syn. No.	Managing agent	Year of Account	Allocated Capacity
0340	St Paul Travelers Syndicate	2000	54,512
0340	St Paul Travelers Syndicate	2001	28,644