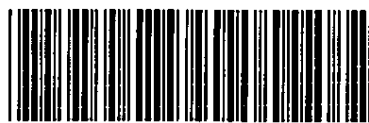


**Acumus Insurance Solutions
Limited**

**Directors' Report and Financial Statements
for the Year Ended 31 March 2009
Registration number: 3487744**

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Acumus Insurance Solutions Limited - Report and Accounts for the year ended 31 March 2009

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Acumus Insurance Solutions Limited - Report and Accounts for the year ended 31 March 2009

The directors at the date of this report were as follows:

Directors	Mr M I Warren Ms K A Smith Mr H M Posner Mr P J Hubbard Mr T P Rolfe
Secretary	Mr S Blott
Principal Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Hays Galleria 1 Hays Lane London SE1 2RD
Tax Advisors	Rawlinson & Hunter 6 New Street Square New Fetter Lane London EC4A 3AQ
Registered office	Cast House Old Mill Business Park Gibraltar Island Road Leeds West Yorkshire LS10 1RJ
Company Registration number	3487744
FSA Registration number	309647
Parent Company	The immediate parent company is LHIG Limited, and the ultimate parent company is Primary Group Limited

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal activity

The principal activity of the company is to sell and administer insurance products.

Business review

We aim to present a balanced and comprehensive review of the development and performance of the business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and profit margins.

During the period the company's turnover decreased by 4% compared to the previous period. Costs relating to the acquisition of an insurance distribution business in the previous year and a review of historical debtors, have resulted in an operating loss of £2,598,366 compared to an operating profit of £107,827 in the prior year. Furthermore the company has a loss before tax of £2,703,797 against a profit before tax of £118,144 in the prior period.

Environmental

Environmental impact is fully considered throughout the company's activities. In particular there is continuous improvement in waste control, energy efficiency and use of recycled and recyclable materials.

Employees

The company's employees represent a wide variety of skills and abilities. The directors endeavour to provide training, safe and pleasant working conditions, good communication and teamwork, and a sense of pride and purpose that enables each individual to flourish.

Recruitment and promotion is undertaken without prejudice to age, sex or race and, in particular, the company recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and the practical accommodations which can be made.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board and Underwriter approval and ongoing review by Directors delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company.

The Senior Management Team holds regular strategy review meetings to review and report back to the Board on all risk related issues.

Principal risks arising from the competitive market place are:-

- Severe economic downturn;
- Entrance of significant competitors in our core markets; and
- Withdrawal of support from our capacity providers

Directors' Report

Future outlook

Expansion from its core business over recent years has led the company into unprofitable territory. The strategy has been re-focused and cost saving actions have been put in place to return to profitability in future years.

Financial Risk Management

Interest rate risk

Interest rate risk arises primarily from borrowing from group companies. The company monitors interest rate on a monthly basis and reviews the materiality of the impact of any changes.

Currency risk

The company manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The company is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Sterling. The most significant currency to which the company is exposed is Euro. The company seeks to mitigate the risk by monitoring the materiality of this source of income and regularly reviewing the impact of change in exchange rate.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are amounts due from insurers and insurance intermediaries.

The company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to regular review. Management assesses the creditworthiness of all insurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. Each account is closely monitored by the credit control function.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company is the obligation to pay insurers.

All insurance related monies are held in non-statutory trust accounts for the sole benefit of the relevant insurers. Regular calculations are performed to ensure that the company maintains an appropriate level of capital adequacy.

Results and dividend

The results for the company are set on page 6.

The directors do not recommend the payment of an ordinary dividend (2008: nil).

Charitable and political donations

No donations were made for charitable or political purposes during the year.

Directors' Report

Directors

The directors who held office during the period were as follows:

Mr A J Harnby (Appointed 1 October 2008, resigned 1 June 2009)

Mr M I Warren (Appointed 1 November 2008)

Ms K A Smith (Appointed 1 January 2009)

Mr H M Posner

Mr J B Bibby (Resigned 1 October 2008)

Mr P K Smith (Resigned 31 March 2009)

Mr T C Ward (Resigned 31 October 2009)

Mr T J Smyth (Resigned 10 June 2008)

Mr N J Marley (Resigned 10 June 2008)

Mr P W H James (Resigned 10 June 2008)

Mr P J Hubbard (Appointed 1 September 2009)

Mr T P Rolfe (Appointed 1 June 2009)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2009 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.


Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 and signed on its behalf by:



Mr M I Warren

Director

20 October 2009

Independent Auditors' Report to the members of Acumus Insurance Solutions Limited

We have audited the financial statements of Acumus Insurance Solutions Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the information included on page 1. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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 company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date: 21 July 2009

Acumus Insurance Solutions Limited - Report and Accounts for the year ended 31st March 2009

Profit and Loss Account

	Note	Year ended 31 March 2009 £	Year ended '31 March 2008 £
Turnover	2	2,316,689	2,411,386
Administrative expenses		(4,915,055)	(2,303,559)
		<hr/>	<hr/>
Operating (loss)/profit	3	(2,598,366)	107,827
Interest receivable and similar income	6	73,853	77,660
Interest payable and similar charges	7	(179,284)	(67,343)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(2,703,797)	118,144
Tax on (loss)/profit on ordinary activities	8	580,462	176,379
		<hr/>	<hr/>
(Sustained loss)/retained profit for the financial year	17	<u>(2,123,335)</u>	<u>294,523</u>

The notes on pages 8 to 17 form an integral part of these financial statements

Turnover and operating (loss)/profit derive wholly from continuing operations.

The company has no recognised gains or losses for the period other than the results above; accordingly no statement of total recognised gains and losses is given.

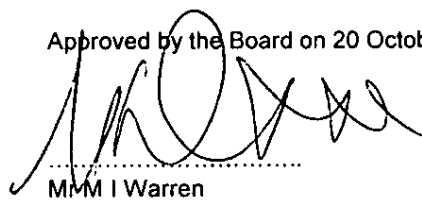
There are no material differences between the (loss)/profit on ordinary activities before tax and the (sustained loss)/retained profit for the period stated above and their historical cost equivalents.

Acumus Insurance Solutions Limited - Report and Accounts for the year ended 31st March 2009

Balance Sheet

		31 March 2009	31 March 2008
		£	£
	Note		
Fixed assets			
Intangible assets	9	126,547	779,691
Tangible assets	10	<u>546,628</u>	<u>367,257</u>
		673,175	1,146,948
Current assets			
Debtors	11	1,615,108	2,248,576
Cash at bank and in hand	12	<u>1,702,569</u>	<u>1,644,286</u>
		3,317,677	3,892,862
Creditors: amounts falling due within one year	13	<u>(2,536,378)</u>	<u>(3,817,839)</u>
Net current assets		<u>781,299</u>	<u>75,023</u>
Total assets less current liabilities		1,454,474	1,221,971
Creditors: Amounts falling due after more than one year	14	<u>(5,135,838)</u>	<u>(2,780,000)</u>
Net liabilities		<u><u>(3,681,364)</u></u>	<u><u>(1,558,029)</u></u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	<u>(3,682,364)</u>	<u>(1,559,029)</u>
Equity shareholders' deficit	18	<u><u>(3,681,364)</u></u>	<u><u>(1,558,029)</u></u>

Approved by the Board on 20 October 2009 and signed on its behalf by:



MM I Warren
Director

Notes to the Financial Statements

1 Accounting policies

Basis of accounting

The Financial Statements have been prepared in accordance with Schedule IV of the Companies Act 1985 and have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom.

Going concern

As at 31 March 2009, the Company is in a net liabilities position of £3,681,364 (2008: £1,558,029). The parent company, Primary Group (UK) Limited has provided a letter of financial support indicating its present intention to support the Company by providing or procuring such finance as is necessary in order that the Company is able to meet the obligations as and when they fall due. Accordingly the directors believe that the preparation of the financial statements on the going concern basis is appropriate.

Turnover

Turnover represents revenue from commission and fees from insurance intermediary businesses. Revenues are recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed.

Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty.

Depreciation

Tangible fixed assets, including assets held under finance leases and hire purchase contracts, are written off on a straight line basis over their estimated useful lives of 4 years.

Foreign currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date. Income and expenses in foreign currencies are translated into sterling at either rates of exchange ruling at the date on which the transactions occur or at the average rate of exchange during the period where this is a suitable approximation. Any exchange differences arising on transactions in foreign currencies during the period are dealt with through the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Goodwill

Any goodwill arising on acquisition of unincorporated businesses has been stated as an intangible asset and amortised through the profit and loss account over a period of not more than 20 years from the date of acquisition, as recommended by Financial Reporting Standard No.10 'Goodwill and Intangible Assets'.

Notes to the Financial Statements

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profits for the period 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 insurance 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

The company is a subsidiary of Primary Group (UK) Limited, which prepares consolidated financial statements. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 (revised 1996) 'Cash Flow Statements' not to produce a cash flow statement.

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

Pensions

The company operates non-contributory defined contribution group personal pension plans covering the majority of permanent employees where subsidiaries have elected to participate. The assets of the plans are held separately from those of the group in independently administered funds for individual members of staff. The plans are funded by contributions that are charged to the profit and loss account as incurred in accordance with the employment contract of each director or employee.

Notes to the Financial Statements

2 Turnover

Turnover for the period originated and was derived from activities within the United Kingdom and Europe.

An analysis of turnover by geographical market is given below:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Sales - UK	1,520,241	1,471,124
Sales - Europe	796,448	940,262
	<u>2,316,689</u>	<u>2,411,386</u>

3 Operating loss

Operating loss is stated after charging:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Auditors' remuneration	20,000	21,459
Depreciation of owned tangible fixed assets	195,371	152,452
Amortisation of goodwill	40,259	10,781
Goodwill Impairment	567,503	-
Operating lease payment - land & buildings	<u>67,800</u>	<u>88,604</u>

4 Information regarding directors and employees

The average number of persons employed by the company (including directors) during the period was as follows:

	Year ended 31 March 2009 No.	Year ended 31 March 2008 No.
Management and administration	30	22
Directors	4	4
	<u>34</u>	<u>26</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Wages and salaries	904,500	704,706
Social security	108,279	80,882
Other pension costs	84,504	70,105
	<u>1,097,283</u>	<u>855,693</u>

Notes to the Financial Statements

5 Directors' emoluments

The directors' emoluments for the period are as follows:

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Directors' emoluments (including benefits in kind)	148,957	149,663
Directors' pension contributions	5,408	10,541
	<u>154,365</u>	<u>160,204</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows:

	Year ended 31 March 2009	Year ended 31 March 2008
	No.	No.
Money purchase	1	1

6 Interest receivable and similar income

	Year ended	Year ended
	£	£
Loan interest receivable	<u>73,853</u>	<u>77,660</u>

7 Interest payable and similar charges

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Preference share dividend payable	58,046	-
Loan interest payable	121,238	67,343
	<u>179,284</u>	<u>67,343</u>

Notes to the Financial Statements

8 Taxation

Analysis of current year tax credit

	Year ended £ 31 March 2009	Year ended £ 31 March 2008
Current tax		
(Over)/under provision in previous year - group relief	(10,715)	(158,856)
Current tax credit for the year	<u>(569,747)</u>	<u>(17,523)</u>
Tax credit for the year	<u><u>(580,462)</u></u>	<u><u>(176,379)</u></u>

Factors affecting current tax charge/ (credit) for the year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (Period ended 31 March 2008: 30%).

The differences are reconciled below:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Loss on ordinary activities before taxation	<u>(2,703,797)</u>	<u>118,144</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK	(757,063)	35,444
Expenses not deductible for tax purposes	20,001	(657)
Depreciation in excess of capital allowances	8,973	1,548
Carry forward/(utilisation) of tax losses and other timing differences	158,341	(53,858)
Adjustment of tax in respect of prior periods - group relief	(10,714)	(158,856)
Current tax credit for the year	<u><u>(580,462)</u></u>	<u><u>(176,379)</u></u>

As at 31 March 2009 the company has unrecognised taxation losses of £723,639 (2008: 112,645) available to be utilised against future trading profits of the company

Notes to the Financial Statements

9 Intangible fixed assets

	Goodwill
	£
Cost	
As at 1 April 2008	808,549
Additions	-
Adjustment	<u>(45,382)</u>
As at 31 March 2009	<u>763,167</u>
Amortisation	
As at 1 April 2008	28,858
Charge for the period	<u>607,762</u>
As at 31 March 2009	<u>636,620</u>
Net book value	
As at 31 March 2009	<u>126,547</u>
As at 31 March 2008	<u>779,691</u>

All goodwill is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the company will derive economic benefits from the businesses acquired.

During the year the goodwill acquired through the purchase of Fortress was written off in full.

The adjustment to cost relates to final settlement of the deferred consideration in relation to an acquisition in the prior year.

10 Tangible fixed assets

	Fixtures, fittings & equipment
Cost	
As at 1 April 2008	738,122
Additions	374,742
Disposals	<u>(54,022)</u>
As at 31 March 2009	<u>1,058,842</u>
Depreciation	
As at 1 April 2008	370,865
Charge for the period	195,371
Disposals	<u>(54,022)</u>
As at 31 March 2009	<u>512,214</u>
Net book value	
As at 31 March 2009	<u>546,628</u>
As at 31 March 2008	<u>367,257</u>

Notes to the Financial Statements

11 Debtors

	31 March 2009	31 March 2008
	£	£
Insurance debtors	1,027,650	1,320,466
Amounts owed by group undertakings	580,642	802,863
Other debtors	1,598	23,501
Prepayments and accrued income	5,218	101,746
	<u>1,615,108</u>	<u>2,248,576</u>

Group balances accrue interest monthly in arrears at the prevailing Bank of England Base Rate.

12 Cash at bank and in hand

Included in cash at bank and in hand is £1,365,338 (2008: £1,630,699) held in designated client and underwriter accounts. These balances are used to pay premiums to underwriters and commissions and other income to group undertakings.

13 Creditors: amounts falling due within one year

	31 March 2009	31 March 2008
	£	£
Insurance creditors	846,377	1,543,019
Trade creditors	3,318	217
Other creditors	58,046	0
Amounts owed to group undertakings	1,080,544	1,529,817
Deferred consideration	263,988	309,370
Social security and other taxes	-	37,883
Accruals and deferred income	284,105	397,533
	<u>2,536,378</u>	<u>3,817,839</u>

Included within insurance creditors are amounts of £nil (2008: £753,025) due to group undertakings.

14 Creditors: amounts falling due after more than one year

	31 March 2009	31 March 2008
	£	£
Preference shares	5,050,000	2,700,000
Amounts owed to group undertakings	85,838	80,000
	<u>5,135,838</u>	<u>2,780,000</u>

Amounts owed to group undertakings is in respect of a loan from the parent company Longhawk Insurance Group Limited (formerly UKU Holdings Limited) and carries an interest rate based on the sum of 2% above the Bank of England base rate, payable on 31 March, 30 June, 30 September and 31 December in each year.

The loan shall be repayable upon the expiry of 2 years notice given by the lender.

Notes to the Financial Statements

14 Creditors: amounts falling due after more than one year (continued)

Preference share capital

	31 March 2009	31 March 2008
	£	£
Issued		
3,000,000 6.25% Preference shares of £1 each	3,000,000	650,000
2,050,000 Preference shares of £1 each	<u>2,050,000</u>	<u>2,050,000</u>
	<u>5,050,000</u>	<u>2,700,000</u>

During the year 2,350,000 6.25% new preference shares of £1 each were issued.

Holders of the 2,050,000 preference shares of £1 each are entitled to a fixed cumulative preferential dividend of £1,000 due to be paid in full in respect of each financial year end.

Holders of the 3,000,000 6.25% preference shares of £1 each are entitled to a fixed cumulative preferential dividend of £187,500 due to be paid in full in respect of each financial year end.

The preference shares are redeemable either in full or in part, at par, by the shareholder or the company giving 732 days notice of the amount of the shares to be redeemed, provided such notice is not delivered on or before 14 March 2010. Unless previously redeemed or repurchased all of the preference shares shall be redeemed at par on 30 September 2017.

15 Maturity of borrowings

Amounts repayable:

	Preference shares £	Other loans £	Total £
As at 31 March 2009			
Between two and five years	5,050,000	85,838	5,135,838
	<u>5,050,000</u>	<u>85,838</u>	<u>5,135,838</u>
As at 31 March 2008			
Between two and five years	2,700,000	80,000	2,780,000
	<u>2,700,000</u>	<u>80,000</u>	<u>2,780,000</u>

Notes to the Financial Statements

16 Share Capital

	31 March 2009 £	31 March 2008 £
Authorised		
Equity		
30,000 Ordinary 'A' shares of 50 pence each	15,000	15,000
30,000 Ordinary 'B' shares of 50 pence each	<u>15,000</u>	<u>15,000</u>
	<u><u>30,000</u></u>	<u><u>30,000</u></u>
Allotted, called up and fully paid		
Equity		
1,000 Ordinary 'A' shares of 50 pence each	500	500
1,000 Ordinary 'B' shares of 50 pence each	<u>500</u>	<u>500</u>
	<u><u>1,000</u></u>	<u><u>1,000</u></u>

'A' ordinary shareholders have voting rights but no right to dividends and shall rank equally with the 'B' ordinary shareholders on a distribution on liquidation.

'B' ordinary shareholders do not have voting rights, but will have the sole rights to dividends and shall rank equally with 'A' ordinary shareholders on a distribution on liquidation.

17 Statement of movement on reserves

	Profit and loss account £
Balance at 1 April 2008	(1,559,029)
Transfer from profit and loss account for the period	<u>(2,123,335)</u>
Balance at 31 March 2009	<u><u>(3,682,364)</u></u>

18 Reconciliation of movements in shareholders' deficit

	Share capital £	Profit and loss account £	Total £
As at 1 April 2008	1,000	(1,559,029)	(1,558,029)
Loss for year ending 31 March 2009		<u>(2,123,335)</u>	<u>(2,123,335)</u>
At 31 March 2009	<u><u>1,000</u></u>	<u><u>(3,682,364)</u></u>	<u><u>(3,681,364)</u></u>

Notes to the Financial Statements

19 Operating lease commitments

As at 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	31 March 2009	31 March 2008
	£	£
Within one year	<u>-</u>	<u>67,800</u>

20 Pension schemes

Defined contribution pension scheme

The company operates non-contributory defined contribution group personal pension plans. The assets of the plans are held separately from those of the company in independently administered funds. The pension cost charge for the period represents contributions payable by the company to the plans and the amount contributed during the period was £84,504 (2008: £70,105).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

21 Related parties

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.

22 Ultimate holding company

The immediate parent company as at 31 March 2009 was Longhawk Insurance Group Limited (formerly UKU Holdings Limited), incorporated in the United Kingdom.

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

The largest group in which the results of the company are consolidated is that of which Primary Group Limited is the parent company. The smallest such group is that of which Primary Group (UK) 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 a trustee for three trusts established in the Cayman Islands for the benefit of P W H James and his family.