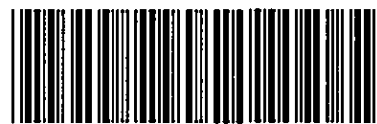


COMPANY REGISTRATION NUMBER 3794233

**BSI GENERALI UK LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

TUESDAY



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COMPANIES HOUSE

# **BSI GENERALI UK LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

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## **BSI GENERALI UK LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	A F Arscott M G Carvill D A Palmer C Ferry U I M B Alonzo V Piantedosi
<b>Company secretary</b>	S Turnbull
<b>Registered office</b>	Windsor House 39 King Street London EC2V 8DQ
<b>Auditor</b>	Ernst and Young LLP Registered Auditor 1 More London Place London SE1 2AF
<b>Bankers</b>	The Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA
<b>Solicitors</b>	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA

## **BSI GENERALI UK LIMITED**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 31 DECEMBER 2008**

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The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2008.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company's principal activities are the provision of discretionary portfolio management and advisory services to private clients resident in the United Kingdom. The Company is authorised and regulated by the Financial Services Authority.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £335,904 (2007: £840,550 loss). The directors have not recommended a dividend (2007: £Nil).

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principle financial instruments comprise bank balances, trade debtors and trade creditors.

Trade debtors comprise fees and commissions accrued but not yet received by the Company as at the balance sheet date.

The accounting treatment adopted by the Company in respect of bank balances and trade debtors denominated in foreign currencies is described under Accounting Policies in the Financial Statements.

The Company is regulated and authorised by the Financial Services Authority. The Company is an investment management Company which specialises in investment advisory services and fund management. The Company is a wholly owned subsidiary of BSI SA, Lugano Switzerland.

Where possible, the Company will attempt to manage all the risks that arise from its operations. As the Company is a BIPRU Limited Licence £125,000 Company it is not usually exposed to Credit Risk, Market Risk (including interest rate risk) or Operational Risk. However, the Company has separately considered the risks associated with its business and these are detailed later in this document.

The Company has established risk management measures to identify, monitor and control risks. The risk management process is undertaken by the Managing Director and Compliance Officer. Further oversight is provided by the parent Company. In addition, management accounts are produced and reviewed on a monthly basis to ensure the Company continues to meet its FSA financial resources obligations.

A summary of risks faced by the Company are detailed below:

#### **Credit Risk**

The credit risk faced by the business is negligible since there is no lending or other exposure to the Company's clients, nor does it invest on its own account in securities or other financial instruments issued by borrowers. The extent of credit risk exposure relates to fees billed to clients and cash held on deposit. Given that cash is held in large international institutions and there is little risk of default by clients as fees are deducted from investments under management. Given the nature of the Company's exposures, no specific mitigation for hedging or mitigating credit risks is in place.



## **BSI GENERALI UK LIMITED**

### **THE DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2008**

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#### **Business Risk and Market Risk**

Market risks are limited to fluctuations in the markets. The client base of the Company consists of long standing clients. It is considered that the client base will largely stay at current levels; therefore, no mitigation needs to be put in place. However, in order to provide assurance to this, the Company has undertaken stress testing to ensure that it is aware of the potential impacts (however remote) of significant reductions in the client base and/or portfolio values.

#### **Operational Risk**

The Company places significant emphasis on the operational policies and procedures in place. All staff are fully aware of their own responsibilities within this context. The key operational risks relate to 1) loss of investment managers, 2) failure of the custodian (Bank of New York Mellon), and 3) IT failure. For items 1 and 3, the risk is considered very low and for item 2, appropriate security, controls and disaster recovery plans have been put in place.

### **RISK MANAGEMENT**

#### **Risk Reporting and Management Systems**

There are a number of reports and processes that are employed by the Company to enable key risks to be identified, reported to appropriate personnel for consideration and, where required, action and managed. These include:

#### **Compliance Risk Assessment (inc Anti Money Laundering)**

This is an assessment of all relevant risks that the Company is likely to face in the next twelve months and is performed on an annual basis. The report is presented to the Company's governing body for review and approval and is used as the basis for the Company's compliance monitoring for the following period.

#### **Compliance Oversight Officer's Report**

An annual consideration of the standard of the Company's compliance over the preceding year. This report is presented to the Board on an annual basis, further quarterly interim reports are provided to the Board for consideration and action, if necessary.

#### **MLRO Report**

An annual consideration of the standard of the Company's anti money laundering and other financial crime practices over the preceding year. This report is presented to the Board on an annual basis, further quarterly interim reports are provided to the Board for consideration and action, if necessary.

#### **Treating Customers Fairly ('TCF')**

The Company has developed a TCF action plan which is reviewed and auctioned upon. The progress of this is reported to the Board on a quarterly basis.

### **CAPITAL RESOURCES**

The Company's capital resources comprise entirely share capital and audited reserves.

The Tier 1 and 2 capital before deductions is set out below:

Tier 1 and 2: £510,783

# **BSI GENERALI UK LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2008**

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### **INTEGRATION INTO BUSINESS STRATEGY**

It is the intention of the Company to maintain sufficient capital resources to allow it to continue to operate profitably and to provide a reasonable return for the shareholders of the Company. In order to maintain this capital the Company must generate and retain profits that will add to the Company's financial reserves.

#### **Internal Capital Adequacy Assessment Process ("ICAAP")**

The ICAAP combines Pillar 1 and Pillar 2 requirements and involves a detailed analysis of the various elements of the business to understand the need for capital in the forthcoming period. Various models are tested in the process to identify areas where additional capital may be required to manage the risks to which the Company is exposed.

The result of the ICAAP is challenged by a party independent of the preparation of the ICAAP and this is ultimately reviewed and approved by the Company's governing body to ensure that there is sufficient capital within the Company to meet our future plans and anticipated risks.

### **FUTURE DEVELOPMENTS**

Having moved asset custody to a new outsourced back office provider the aim of the Directors is to ensure that the interaction with this new provider is fully embedded and understood. No other significant changes to the business are planned.

### **DIRECTORS**

The directors who served the company during the year were as follows:

A F Arscott	(Appointed 10 <sup>th</sup> October 2008)
M G Carvill	
D A Palmer	
C Ferry	
U I M B Alonzo	
V Piantedosi	

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing report and accounts.

### **POLITICAL AND CHARITABLE DONATIONS**

During the year the Company made charitable contributions totalling £Nil (2007: £100)

## BSI GENERALI UK LIMITED

### THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

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#### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these 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;
- 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 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.

In so far as the directors are aware:

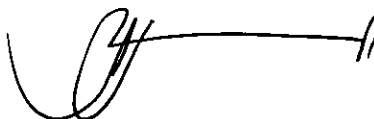
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### AUDITOR

At a meeting of the Directors of the Company held on 13 November 2000 resolutions from the sole member of the Company were received to dispense with the requirements to hold annual general meetings of the Company and to reappoint auditors annually. Our auditors, Ernst & Young LLP, have indicated their willingness to continue in office.

Registered office:  
Windsor House  
39 King Street  
London  
EC2V 8DQ

Signed by order of the directors



S TURNBULL  
Company Secretary

Approved by the directors on 22<sup>nd</sup> April 2009



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BSI GENERALI UK LIMITED**

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We have audited the financial statements of BSI Generali UK Limited for the year ended 31 December 2008 on pages 8 to 20 which have been prepared on the basis of the accounting policies set out on pages 10 to 12.

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 Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
BSI GENERALI UK LIMITED** *(continued)*

**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 December 2008 and of the profit 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 for the year ended 31 December 2008.

*Ernst & Young UK*

Ernst & Young LLP  
Registered Auditor  
London

*27 April 2009*

**BSI GENERALI UK LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2008**

		2008	2007
	Note	£	£
<b>TURNOVER</b>	<b>2</b>		
Continuing operations		2,195,898	2,018,042
Discontinued operations		—	3,626,872
		<u>2,195,898</u>	<u>5,644,914</u>
Cost of sales	3	(304,884)	(1,249,370)
<b>GROSS PROFIT</b>		<u>1,891,014</u>	<u>4,395,544</u>
Net operating expenses	3	<u>1,417,761</u>	<u>5,590,602</u>
<b>OPERATING PROFIT/(LOSS):</b>	<b>4</b>		
Continuing operations		473,253	(40,982)
Discontinued operations		—	(1,154,076)
		<u>473,253</u>	<u>(1,195,058)</u>
Interest receivable		15,049	53,172
Interest payable and similar charges	7	(18,181)	(18,087)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>470,121</u>	<u>(1,159,973)</u>
Tax on profit/(loss) on ordinary activities	8	134,217	(319,423)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>335,904</u>	<u>(840,550)</u>

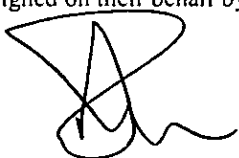
The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 20 form part of these financial statements.

**BSI GENERALI UK LIMITED****BALANCE SHEET****31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	10	35,807	16,418
<b>CURRENT ASSETS</b>			
Debtors due within one year	11	830,298	1,922,016
Cash at bank and in hand		260,435	597,506
		<u>1,090,733</u>	<u>2,519,522</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>276,925</u>	<u>2,025,157</u>
<b>NET CURRENT ASSETS</b>		<u>813,808</u>	<u>494,365</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>849,615</u>	<u>510,783</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	13	2,928	—
		<u>846,687</u>	<u>510,783</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	250,000	250,000
Profit and loss account	16	596,687	260,783
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>846,687</u>	<u>510,783</u>

These financial statements were approved by the directors and authorised for issue on 27<sup>th</sup> April 2009 and are signed on their behalf by:

  
A F Arscott  
Director

  
V Piantedosi  
Director

The notes on pages 10 to 20 form part of these financial statements.

# **BSI GENERALI UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts are prepared in accordance with accounting standards applicable in the United Kingdom.

In preparing the financial statements for the current year the Company has adopted the following Financial Reporting Standards:

#### **Cash flow statement**

A cash flow statement has not been included in the accounts as the Company has taken advantage of the exemption from the requirements of Financial Reporting Standard 1 on the grounds that it is a wholly owned subsidiary and that its cash flows are incorporated in the publicly available, consolidated accounts of its ultimate parent company (Note 19).

#### **Related parties transactions**

The Company has taken exemption from disclosure of intra-group transactions as permitted by FRS 8 on the grounds that it is a wholly owned subsidiary and that the accounts of its ultimate parent company in which such transactions are consolidated are publicly available.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	straight line basis over the lease term
Equipment	-	straight line basis over 3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# **BSI GENERALI UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

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### **1. ACCOUNTING POLICIES *(continued)***

#### **Pension costs**

The Company offers certain of its employees membership of a defined benefit, group pension scheme, which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account at the rate required of the scheme as a whole. No allowance is made for any difference between the funding of the scheme and the charge to the Company in the profit and loss account, as the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The company also offers other employees membership of a defined contribution pension scheme.

The company also offers other employees membership of a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to profit and loss.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# BSI GENERALI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2008

#### 1. ACCOUNTING POLICIES *(continued)*

##### Discontinued operations

On the 01/01/2008 the company discontinued and transferred the Treasury and Banking function of the business to a fellow subsidiary BSI Investment Advisory Limited. No turnover or operating profit was included within the financial statements for the year ended 31/12/2008. Within the financial statements for the year ended 31/12/2007 the Treasury and Banking part of the business had turnover of £3,626,872 and operating loss of £(1,154,076).

##### Change in accounting policy

The directors undertook a review of cost of sales and operating expenses and were of the opinion that certain costs and expenses should be reclassified between the two categories as this would provide a fairer presentation of the results. The reclassification has reduced the gross profit ratio for the 2007 figures from 92.16% in the 2007 accounts to 77.87% in the 2008 accounts.

#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008 £	2007 £	2007 £	2007 £
	Total	Asset Management	Advisory Services	Total
United Kingdom	2,195,898	2,104,225	170,160	2,274,385
Other	–	2,906,138	–	2,906,138
European Worldwide	–	464,391	–	464,391
	<u>2,195,898</u>	<u>5,474,754</u>	<u>170,160</u>	<u>5,644,914</u>

#### 3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing operations £	Discontinued operations £	Total £
<b>YEAR ENDED 31 DECEMBER 2008</b>			
Turnover	2,195,898	–	2,195,898
Cost of sales	304,884	–	304,884
Gross profit	<u>1,891,014</u>	<u>–</u>	<u>1,891,014</u>
Net operating expenses	<u>1,417,761</u>	<u>–</u>	<u>1,417,761</u>
Operating profit	<u>473,253</u>	<u>–</u>	<u>473,253</u>

# BSI GENERALI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES *(continued)*

	Continuing operations £	Discontinued operations £	Total £
<b>YEAR ENDED 31 DECEMBER 2007</b>			
Turnover	2,018,042	3,626,872	5,644,914
Cost of sales	386,576	862,794	1,249,370
Gross profit	1,631,466	2,764,078	4,395,544
Net operating expenses	1,672,448	3,918,154	5,590,602
Operating loss	(40,982)	(1,154,076)	(1,195,058)

### 4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2008 £	2007 £
Depreciation of owned fixed assets	10,808	5,355
Auditor's remuneration		
- Audit of the financial statements	45,000	60,000
- Other fees to auditors: assurance services	-	255,090
Legal fees: re back office outsourcing problems	-	85,000
Operating lease costs - plant and equipment	12,517	12,517
- land and buildings	12,375	135,000
Net loss on foreign currency translation	4	-



**BSI GENERALI UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Administrative staff	3	7
Investment management staff	3	18
	<u>6</u>	<u>25</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	603,642	2,908,096
Social security costs	62,618	206,753
Other pension costs	135,811	320,544
	<u>802,071</u>	<u>3,435,393</u>

Executive Directors' costs are included in the above figures.

Other pension costs include contributions to defined benefit and defined contribution schemes of £111,600 and £8,911 (2007: £121,868 and £183,426). A contribution of £15,300 (2007: £15,250) was also made to an employee's SIPP.

**6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	82,221	25,046
Value of company pension contributions to defined benefit schemes	87,600	32,895
	<u>169,821</u>	<u>57,941</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Defined benefit schemes	<u>2</u>	<u>1</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2008	2007
	£	£
Interest payable	<u>18,181</u>	<u>18,087</u>

**BSI GENERALI UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**8. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	77,725	(272,218)
Over/under provision in prior year	(9,025)	15,384
Total current tax	<u>68,700</u>	<u>(256,834)</u>
Deferred tax:		
Origination and reversal of timing differences	65,517	(50,168)
Adjustment in respect of prior year	-	(12,421)
Total deferred tax (note 12)	<u>65,517</u>	<u>(62,589)</u>
Tax on profit/(loss) on ordinary activities	<u>134,217</u>	<u>(319,423)</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation	<u>470,121</u>	<u>(1,159,973)</u>
Profit/(loss) on ordinary activities by rate of tax	133,972	(347,992)
Expenses not deductible for tax purposes	5,541	22,022
Capital allowances in excess of depreciation	(7,538)	(3,358)
Adjustment to tax charge in respect of previous years	(9,025)	15,384
Other timing differences	<u>(54,250)</u>	<u>57,110</u>
Total current tax (note 8(a))	<u>68,700</u>	<u>(256,834)</u>

**9. Dividends**

No equity dividends in 2008 or 2007.

**BSI GENERALI UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**10. TANGIBLE FIXED ASSETS**

	Leasehold Property £	Equipment £	Total £
<b>COST</b>			
At 1 January 2008	–	142,557	142,557
Additions	24,352	14,346	38,698
Disposals	–	(113,005)	(113,005)
<b>At 31 December 2008</b>	<b>24,352</b>	<b>43,898</b>	<b>68,250</b>
<b>DEPRECIATION</b>			
At 1 January 2008	–	126,139	126,139
Charge for the year	4,428	6,380	10,808
On disposals	–	(104,504)	(104,504)
<b>At 31 December 2008</b>	<b>4,428</b>	<b>28,015</b>	<b>32,443</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2008</b>	<b>19,924</b>	<b>15,883</b>	<b>35,807</b>
At 31 December 2007	–	16,418	16,418

**11. DEBTORS**

	2008 £	2007 £
Trade debtors	297,755	306,895
Trade debtors owed by group undertakings	–	561,491
Other debtors owed by group undertakings	–	174,358
Corporation tax repayable	310,775	347,475
VAT recoverable	–	26,466
Other debtors	200,215	215,507
BSI property costs	–	102,350
Prepayments and accrued income	21,553	124,885
Deferred taxation (note 12)	–	62,589
	<b>830,298</b>	<b>1,922,016</b>

Other debtors includes a deposit of £200,000 (2007: Nil) being held by Pershing Limited, the management agents. It will be held until BSI Generali UK Limited terminates the contract.

**BSI GENERALI UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2008****12. CREDITORS: Amounts falling due within one year**

	2008	2007
	£	£
Overdrafts		1,940
Trade creditors		337,138
Amounts owed to group undertakings		24,384
Other creditors including taxation and social security:		
PAYE and social security	19,870	-
VAT	56,886	-
Other creditors	3,300	222,149
	80,056	222,149
Accruals and deferred income	160,838	1,463,892
	<u>276,925</u>	<u>2,025,157</u>

**13. DEFERRED TAXATION**

The deferred tax (asset)/liability in the Balance sheet is as follows:

	2008	2007
	£	£
Included in debtors (note 11)	-	(62,589)
Included in provisions	2,928	-
	<u>2,928</u>	<u>(62,589)</u>

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	(62,589)	-
Profit and loss account movement arising during the year	65,517	(62,589)
Balance carried forward	<u>2,928</u>	<u>(62,589)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Depreciation in excess of capital allowances	2,928	(9,287)
Pension accruals	-	(6,332)
Other timing differences	-	(46,970)
	<u>2,928</u>	<u>(62,589)</u>

# BSI GENERALI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2008

#### 14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	-	12,517
Within 2 to 5 years	36,420	-	268,000	-
	<u>36,420</u>	<u>-</u>	<u>268,000</u>	<u>12,517</u>

#### 15. SHARE CAPITAL

##### Authorised share capital:

	2008 £	2007 £
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

##### Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

#### 16. PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
Balance brought forward	260,783	1,101,333
Profit/(loss) for the financial year	335,904	(840,550)
Balance carried forward	<u>596,687</u>	<u>260,783</u>

#### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit/(Loss) for the financial year	335,904	(840,550)
Opening shareholders' funds	510,783	1,351,333
Closing shareholders' funds	<u>846,687</u>	<u>510,783</u>

## BSI GENERALI UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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#### 18. PENSION COMMITMENTS

The Company makes contributions to a group scheme, the Assicurazioni Generali SpA UK Branch Pension Scheme, for a Director and some employees. The assets of the scheme are held separately from those of the Company and other participating entities in an independently administered fund. The contribution rate for the year was 30% (2007: 30%).

The pension costs are determined with the advice of an independent qualified actuary on the basis of the triennial valuations using the projected unit credit method. The basis of calculation of the contribution rate considers all members of the scheme and does not identify separately contribution rates payable by different group entities. In accordance with FRS 17, the contributions to the scheme are therefore treated as being made to a defined contribution scheme. Any under or over-funding of the group defined benefit scheme as a whole will be accounted for in the consolidated accounts of the ultimate parent Company treated in accordance with Italian generally accepted accounting practice.

The results of the most recent valuation which was conducted as at 1 January 2006 were as follows:

Main assumptions	2006 & 2005
Rate of returns on investments	7.0% per annum before retirement 4.5% per annum after retirement
Rate of salary increases	4.81% per annum inclusive of allowance for promotional increases
Rate of pension increases	2.31% per annum
Rate of dividend growth	NA
Market value of scheme's assets	£49,200,000 (2005: £31,863,000)
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members after allowing for future salary increases	83% (2005: 86%)

Contributions are paid to reduce the deficit over a period of a period of 14 years the average remaining service life of the active membership. The current contribution rate is an increase in the long-term cost of 18.8%. The scheme was closed to new members other than life assurance only members on 1 August 2003. Consequently it is expected that the average age and hence the contribution rate will rise from valuation to valuation.

## **BSI GENERALI UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **YEAR ENDED 31 DECEMBER 2008**

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The most recent valuation of the scheme's liabilities used assumptions related directly to market conditions at the valuation date and took assets at their market value whereas previous valuations used "long-term" assumptions and valued the assets by discounting the expected future investment income. The former method is more transparent but is expected to lead a more volatile funding position.

#### **19. ULTIMATE PARENT COMPANY**

The Company's immediate parent undertaking is BSI AG, a company incorporated in Switzerland. The Company's ultimate parent undertaking and controlling party is Assicurazioni Generali SpA which is incorporated in Italy. Copies of its group accounts, which include the Company, are available from Piazza Duca degli Abruzzi, Trieste, Italy.

**BSI GENERALI UK LIMITED**  
**MANAGEMENT INFORMATION**  
**YEAR ENDED 31 DECEMBER 2008**

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The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 6 to 7.



**BSI GENERALI UK LIMITED****DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2008**

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	2008	2007
	£	£
<b>TURNOVER</b>	<b>2,195,898</b>	<b>5,644,914</b>
<b>COST OF SALES</b>		
Compensation payable	238,979	1,164,298
Management fees payable	65,905	85,072
	<u>304,884</u>	<u>1,249,370</u>
<b>GROSS PROFIT</b>	<b>1,891,014</b>	<b>4,395,544</b>
	<u>                    </u>	<u>                    </u>
<b>OVERHEADS</b>		
Administrative expenses	1,417,761	5,590,602
<b>OPERATING PROFIT/(LOSS)</b>	<b>473,253</b>	<b>(1,195,058)</b>
	<u>                    </u>	<u>                    </u>
Bank interest receivable	15,049	53,172
	<u>488,302</u>	<u>(1,141,886)</u>
Bank interest payable	(18,181)	(18,087)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>470,121</b>	<b>(1,159,973)</b>
	<u>                    </u>	<u>                    </u>

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# BSI GENERALI UK LIMITED

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Personnel costs</b>		
Wages and salaries	512,792	1,883,495
Wages bonus	88,170	186,000
Non payroll staff wages	2,680	838,601
Employers national insurance contributions	62,618	206,753
Staff pension contributions	135,811	320,544
	<b>802,071</b>	<b>3,435,393</b>
<b>Establishment expenses</b>		
Rent	12,375	135,000
Service charge	(6,875)	129,600
Light and heat	1,703	22,926
Insurance	6,866	104,954
	<b>14,069</b>	<b>392,480</b>
<b>General expenses</b>		
Travel and subsistence	53,837	134,151
Telephone	6,676	74,911
IT services	29,268	113,032
Office expenses	10,518	45,358
Printing, stationery and postage	15,488	57,651
Bargain Charges	270,855	391,474
Staff training	—	7,111
Recruitment costs	—	7,500
Donations	—	4,008
Advertising	—	595
Marketing	—	495
Entertaining	19,727	69,400
Subscriptions	7,058	16,813
Irrecoverable VAT	10,066	5,737
Management charges payable	—	492
Legal and professional fees	6,683	306,635
Consultancy	17,610	47,815
Regulatory and third party charges	73,878	158,303
Accountancy fees	24,145	—
Auditors remuneration	45,000	315,090
Depreciation	6,380	5,277
Depreciation of fixtures and fittings	4,428	—
	<b>601,617</b>	<b>1,761,848</b>
 Carried forward	 <b>1,417,757</b>	 <b>5,589,721</b>

**BSI GENERALI UK LIMITED****NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2008**

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	2008	2007
	£	£
<b>ADMINISTRATIVE EXPENSES</b> <i>(continued)</i>		
Brought forward	1,417,757	5,589,721
<b>Financial costs</b>		
Bank charges	—	881
Foreign currency gains/losses	4	—
	<u>4</u>	<u>881</u>
	<u>1,417,761</u>	<u>5,590,602</u>
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<u>15,049</u>	<u>53,172</u>

