

COMPANY REGISTRATION NUMBER 3794233

**GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**  
**(Formerly BSI GENERALI UK LIMITED)**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2009**

FRIDAY



A12 \*A25ZEJS5\* 07/05/2010 388  
COMPANIES HOUSE

# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

---

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2</b>
Independent auditor's report to the shareholders	<b>7</b>
Profit and loss account	<b>9</b>
Balance sheet	<b>10</b>
Notes to the financial statements	<b>11</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>22</b>
Notes to the detailed profit and loss account	<b>23</b>

---

# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

---

### **The board of directors**

A F Arscott  
M G Carvill  
V Piantedosi  
D Moore  
C Spencer  
G Tradelius

### **Company secretary**

S Turnbull

### **Registered office**

Windsor House  
39 King Street  
London  
EC2V 8DQ

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

The Royal Bank of Scotland plc  
62/63 Threadneedle Street  
London  
EC2R 8LA

### **Solicitors**

Ashurst  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2009**

---

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2009

#### **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.

As an Investment Manager the Company's results are correlated with trends in financial markets. The first half of 2009 was highly volatile as markets struggled to digest the uncertainties of the banking crisis. The FTSE 100 Index reached highs of around 4460 and lows around 3500 in the period. The second half of 2009 proved more positive with a strong market rally driving the FTSE 100 Index to 5413 at 31 December 2009. Assets under management grew by 16.88% to approximately £188m over the year.

Gross return on funds improved from 1.00% to 1.01% while costs were contained over the year.

Following the move to a new outsourced back office provider in 2008, the interaction with this new provider has now been fully embedded and no significant changes to the business are planned in 2010.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £438,561 (2008 profit of 335,904). Dividends paid during the year amounted to £492,000 (2008 £nil) relating to the year ended 31 December 2009.

#### **CHANGE OF CONTROLLING SHAREHOLDER**

Following a reorganisation and rationalisation of some of the interests of BSI AG, the parent undertaking, ownership was transferred to Generali Worldwide Insurance Company Limited on 2 December 2009 and the change of name took place on the 4 December 2009.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal 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 Generali Worldwide Insurance Company Limited.

Where possible, the Company will attempt to manage all the risks that arise from its operations. Given the nature of the Company, it is not usually exposed to Credit Risk or Interest Rate 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. 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 summarised 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. 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 appropriate.

#### Business Risk and Market Risk

Market risks are limited to fluctuations in the markets. The Company is not directly exposed to Market risk, but Assets under management are exposed to Market risk. 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.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

### 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 2, the risk is considered very low and for item 3, appropriate security, controls and disaster recovery plans have been put in place. The Firm is committed to providing first class advice and client administration. The quality of investment management decisions, investment management techniques and client administration are important aspects of the Firm's activities. The Compliance Officer regularly monitors the performance of these functions to ensure the Firm remains within regulatory requirements and that clients receive a quality service. The Firm believes that the risk of business disruption due to material failures of advice, discretionary management process and/or administration process is minimal.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### **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, actioned 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 Board 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 actioned upon. The progress of this is reported to the Board.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

### Capital Resources

The Company's capital resources are comprised entirely of share capital, audited reserves and dividends paid during the year

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

Tier 1 and 2 £354,685 (2008 £510,783)

### 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 Board to ensure that there is sufficient capital within the Company to meet our future plans and anticipated risks

### DIRECTORS

The directors who served the Company during the year were as follows

A F Arscott	(Appointed 10 October 2008)
M G Carvill	
D A Palmer	(Resigned 3 July 2009)
C Ferry	(Resigned 2 December 2009)
U I M B Alonzo	(Resigned 2 December 2009)
V Piantedosi	
D Moore	(Appointed 2 December 2009)
C Spencer	(Appointed 2 December 2009)
G Tradelius	(Appointed 2 December 2009)

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

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

### DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

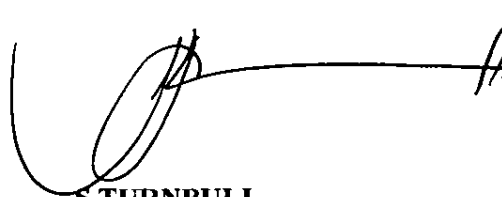
- there is no relevant audit information of which the Company's auditor is unaware, and
- having made enquiries of fellow directors and the Company's auditors, the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

At a meeting of the Directors of the Company held on 13 November 2009, 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 15<sup>th</sup> April 2010

---



# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED (Formerly BSI GENERALI UK LIMITED)**

**YEAR ENDED 31 DECEMBER 2009**

---

We have audited the financial statements of Generali Portfolio Management (UK) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5-6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

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

YEAR ENDED 31 DECEMBER 2009

---

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Ernst & Young LLP*

Ken Eglinton (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date

*20 April 2010*

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>	2	<b>1,886,856</b>	2,195,898
Cost of sales		<u>(214,823)</u>	<u>(304,884)</u>
<b>GROSS PROFIT</b>		<b>1,672,033</b>	1,891,014
Administrative expenses		<u>(1,168,941)</u>	<u>(1,417,761)</u>
<b>OPERATING PROFIT</b>	3	<b>503,092</b>	473,253
Bank Interest receivable		<b>33,678</b>	15,049
Interest payable and similar charges	6	<u>(1,732)</u>	<u>(18,181)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>535,038</b>	470,121
Tax on profit on ordinary activities	7	<u>(96,477)</u>	<u>(134,217)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>438,561</u></b>	<b><u>335,904</u></b>

All of the activities of the Company are classed as continuing

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 11 to 20 form part of these financial statements

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>18,921</u>	<u>35,807</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	751,054	830,298
Cash at bank and in hand		<u>507,456</u>	<u>260,435</u>
		1,258,510	1,090,733
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(483,103)</u>	<u>(276,925)</u>
<b>NET CURRENT ASSETS</b>		<u>775,407</u>	<u>813,808</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>794,328</u>	<u>849,615</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	12	<u>(1,080)</u>	<u>(2,928)</u>
		<u>793,248</u>	<u>846,687</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	250,000	250,000
Profit and loss account	15	<u>543,248</u>	<u>596,687</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>793,248</u>	<u>846,687</u>

These financial statements were approved by the directors and authorised for issue on 15<sup>th</sup> April 2010 and are signed on their behalf by



A F Arscott  
Director



Gavin Tradelius  
Director

Company Registration Number 03794233

The notes on pages 11 to 20 form part of these financial statements

# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

---

### **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 financial statements are prepared in accordance with accounting standards applicable in the United Kingdom

#### **Cash flow statement**

A cash flow statement has not been included in the financial statements 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 financial statements of its ultimate parent undertaking (Note 18)

#### **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 financial statements of its ultimate parent undertaking 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 when 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

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

---

### 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 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 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.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 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

	2009 £	2008 £
United Kingdom	<u>1,886,856</u>	<u>2,195,898</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging

	2009 £	2008 £
Depreciation of owned fixed assets	16,886	10,808
Auditor's remuneration		
- as auditor	40,045	45,000
Operating lease costs - plant and equipment	3,250	12,517
- land and buildings	36,966	12,375
Net loss on foreign currency translation	<u>7</u>	<u>4</u>

### 4. PARTICULARS OF EMPLOYEES

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

	2009 No	2008 No
Administrative staff	3	3
Investment management staff	3	3
	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	607,592	603,642
Social security costs	63,488	62,618
Other pension costs	106,883	135,811
	<u>777,963</u>	<u>802,071</u>

Executive Directors' costs are included in the above figures

Other pension costs include contributions to defined benefit and defined contribution schemes of £81,605 and £9,978 (2008 £111,600 and £8,911) A contribution of £15,300 (2008 £15,300) was also made to an employee's SIPP

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2009 £	2008 £
Remuneration receivable *	271,156	82,221
Value of Company pension contributions to money purchase schemes *	36,510	87,600
	<u>307,666</u>	<u>169,821</u>

*\* Also represents highest paid directors' remuneration and emoluments*

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

	2009 No	2008 No
Defined benefit schemes	<u>1</u>	<u>2</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest payable on bank borrowing	<u>1,732</u>	<u>18,181</u>



# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 7. TAXATION ON ORDINARY ACTIVITIES

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

	2009 £	2008 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 28 50%)	158,311	77,725
Over provision in prior year	(59,986)	(9,025)
Total current tax (note 7(b))	98,325	68,700
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	(1,848)	12,215
Other	-	46,970
Provision deferred tax, Pensions accruals	-	6,332
Total deferred tax (note 12)	(1,848)	65,517
Tax on profit on ordinary activities	96,477	134,217

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

	2009 £	2008 £
Profit on ordinary activities before taxation	535,038	470,121
Profit on ordinary activities by rate of tax	149,811	133,972
Expenses not deductible for tax purposes	6,652	5,541
Capital allowances less than/ (in excess) of depreciation	1,848	(7,538)
Adjustment to tax charge in respect of previous years	(59,986)	(9,025)
Other timing differences	-	(54,250)
Total current tax (note 7(a))	98,325	68,700

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 8. DIVIDENDS

Dividends paid during the year amounted to £492,000 (2008 £nil) relating to the year ended 31 December 2009

### 9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Equipment £	Total £
<b>COST</b>			
At 1 January 2009	24,352	43,898	68,250
Additions	—	—	—
<b>At 31 December 2009</b>	<b>24,352</b>	<b>43,898</b>	<b>68,250</b>
<b>DEPRECIATION</b>			
At 1 January 2009	4,428	28,015	32,443
Charge for the year	8,855	8,031	16,886
<b>At 31 December 2009</b>	<b>13,283</b>	<b>36,046</b>	<b>49,329</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2009</b>	<b>11,069</b>	<b>7,852</b>	<b>18,921</b>
At 31 December 2008	19,924	15,883	35,807

### 10. DEBTORS

	2009 £	2008 £
Trade debtors	318,922	297,755
Amounts owed by group undertakings	225,297	—
Corporation tax recoverable	—	310,775
Other debtors	173,139	200,215
Prepayments and accrued income	33,696	21,553
	<b>751,054</b>	<b>830,298</b>

Other debtors includes a deposit of £100,000 (2008 £200,000) being held by Pershing Limited, the management agents. It will be held until Generali Portfolio Management (UK) Limited terminates the contract.

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 11. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Overdrafts	1,857	1,940
Trade creditors	72,539	9,707
Amounts owed to group undertakings	—	24,384
Other creditors including taxation and social security		
Corporation tax	143,946	—
PAYE and social security	36,809	19,870
VAT	24,679	56,886
Other creditors	31,972	3,300
	<u>237,406</u>	<u>80,056</u>
Accruals and deferred income	171,301	160,838
	<u>483,103</u>	<u>276,925</u>

### 12. DEFERRED TAXATION

The deferred tax liability in the Balance Sheet is as follows

	2009 £	2008 £
Included in provisions	1,080	2,928
	<u>1,080</u>	<u>2,928</u>

The movement in the deferred taxation provision during the year was

	2009 £	2008 £
Provision brought forward	2,928	(62,589)
Profit and loss account movement arising during the year (note 7(a))	(1,848)	65,517
Provision carried forward	<u>1,080</u>	<u>2,928</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	1,080	2,928
	<u>1,080</u>	<u>2,928</u>

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Plant and equipment	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within 2 to 5 years	<u>35,550</u>	<u>36,420</u>	<u>4,320</u>	<u>-</u>

### 14. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

### 15. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	596,687	260,783
Profit for the financial year	438,561	335,904
Equity dividends	(492,000)	-
Balance carried forward	<u>543,248</u>	<u>596,687</u>

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

	2009	2008
	£	£
Profit for the financial year	438,561	335,904
Equity dividends	(492,000)	-
Net (reduction)/addition to shareholders' funds	<u>(53,439)</u>	<u>335,904</u>
Opening shareholders' funds	846,687	510,783
Closing shareholders' funds	<u>793,248</u>	<u>846,687</u>

# GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

---

### 17. PENSION COMMITMENTS

The Company makes contributions to a group scheme, the Assicurazioni Generali SpA (UK Branch) Pension Fund, 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 33.4% of members' basic salaries, limited to the Fund's earnings cap where applicable, in respect of benefits accruing over the year (2008: 30%). In addition, following the results of the 2009 valuation, the Company and other participating entities agreed to pay additional contributions towards the deficit over a period of 15 years, and accordingly the Company paid additional contributions in the year of £24,000.

The pension costs are determined with the advice of an independent qualified actuary on the basis of the triennial valuations using the projected unit 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 IFRS as adopted by the EU.

The most recent valuation of the scheme was carried out as at 1st January 2009, and the results of the valuation are as follows:

Main assumptions	2009
Rate of returns on investments	
- before retirement	6.2% per annum
- after retirement	3.7% per annum
Rate of price inflation	3.0% per annum
Rate of salary increases	4.0% per annum for three years, and 4.5% pa thereafter (inclusive of allowance for promotional increases)
Rate of pension increases	
- for pensions in payment	3.3% per annum
- for non-pensioners	3.0% per annum
Market value of scheme's assets	£48,900,000
Level of funding being the market value of assets expressed as a percentage of the funding target in respect of benefits accrued to members after allowing for future salary increases	65%

# **GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

---

### **17. PENSION COMMITMENTS *(continued)***

The scheme was closed to new members other than life assurance only members on 1 August 2003

### **18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

During the year the Company's immediate parent undertaking was BSI AG, a company incorporated in Switzerland

On 2 December 2009 the ownership of the Company changed. From such date the immediate parent undertaking is Generali Worldwide Insurance Company Limited, a company incorporated in Guernsey

The Company's ultimate parent undertaking and controlling party is Assicurazioni Generali SpA which is incorporated in Italy. Copies of its group financial statements, which include the Company, are available from Piazza Duca degli Abruzzi, Trieste, Italy

**GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2009**

---

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

**GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED****DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2009**

---

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>1,886,856</b>	<b>2,195,898</b>
<b>COST OF SALES</b>		
Compensation payable	<b>(272,728)</b>	<b>(238,979)</b>
Management fees payable	<b>57,905</b>	<b>(65,905)</b>
	<b>(214,823)</b>	<b>(304,884)</b>
<b>GROSS PROFIT</b>	<b>1,672,033</b>	<b>1,891,014</b>
<b>OVERHEADS</b>		
Administrative expenses	<b>(1,168,941)</b>	<b>(1,417,761)</b>
	<b>(1,168,941)</b>	<b>(1,417,761)</b>
<b>OPERATING PROFIT</b>	<b>503,092</b>	<b>473,253</b>
Bank interest receivable	<b>33,678</b>	<b>15,049</b>
	<b>536,770</b>	<b>488,302</b>
Bank interest payable	<b>(1,732)</b>	<b>(18,181)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>535,038</b>	<b>470,121</b>

---



**GENERALI PORTFOLIO MANAGEMENT (UK) LIMITED****NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2009**

	2009 £	2008 £
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Personnel costs</b>		
Wages and salaries	515,146	515,472
Wages bonus	92,446	88,170
Employers national insurance contributions	63,488	62,618
Staff pension contributions	106,883	135,811
	<u>777,963</u>	<u>802,071</u>
<b>Establishment expenses</b>		
Rent	23,840	12,375
Service charge	26,835	(6,875)
Light and heat	58	1,703
Insurance	7,133	6,866
	<u>57,866</u>	<u>14,069</u>
<b>General expenses</b>		
Travel and subsistence	2,237	53,837
Telephone	8,733	6,676
IT services	20,399	29,268
Office expenses	14,478	10,518
Printing, stationery and postage	26,169	15,488
Custodian Charges	13,810	270,855
Sundry expenses	352	—
Donations	1,000	—
Entertaining	15,650	19,727
Subscriptions	3,348	7,058
Irrecoverable VAT	—	10,066
Legal and professional fees	19,549	6,683
Consultancy	37,086	17,610
Regulatory and third party charges	64,226	73,878
Accountancy fees	49,135	24,145
Auditors remuneration	40,045	45,000
Depreciation	8,033	6,380
Depreciation of fixtures and fittings	8,855	4,428
	<u>333,105</u>	<u>601,617</u>
<b>Financial costs</b>		
Foreign currency gains/losses	7	4
	<u>7</u>	<u>4</u>
	<u>1,168,941</u>	<u>1,417,761</u>
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<u>33,678</u>	<u>15,049</u>