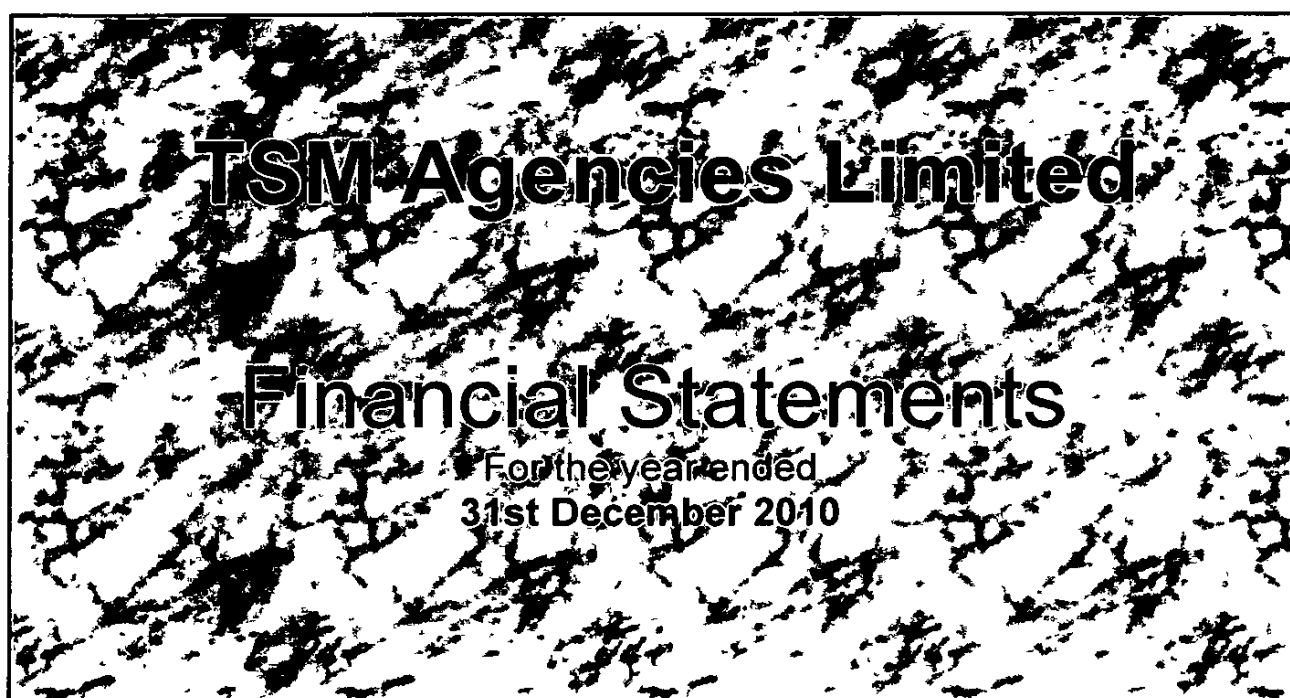


TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010



(Registered No. 3937013)

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COMPANIES HOUSE

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

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TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

COMPANY INFORMATION

| | |
|-------------------|---|
| Registered Number | 3937013 |
| Directors | Neil Graham Fitzgerald Robert Michael Gadsden, FCCA Gerald Paul Aherne Roger Stewart Brown Alistair Robert Hope Trevor John Hursthouse Jack Reginald Wynne Luxton James Jonathan Nelson Peter John Sharp Stephen David Simpson |
| Company Secretary | Robin Digby Bruce-Gardner |
| Registered Office | 4 th Floor, Vantage House, 78, Leadenhall Street, London, EC3A 3DH |
| Principal Bankers | NatWest Bank plc, City of London Office, PO Box 12258, 1, Princes Street, London, EC2R 8PA |
| Auditors | Mazars LLP Tower Bridge House, St Katharine's Way, London, E1W 1DD |
| Solicitors | Dewey & LeBoeuf No 1, Minster Court, Mincing Lane, London, EC3R 7YL |

TSM Agencies Limited
Financial Statements
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DIRECTORS' REPORT

The Directors present to the members of TSM Agencies Limited their report and the audited financial statements for the year ended on 31st December, 2010.

In preparing these financial statements the Directors have taken advantage of the small companies exemption in the disclosures required.

The Company number is 3937013.

Principal Activity

The Company's principal activity throughout the year has continued to be that of acting as Third Party Manager, underwriting specialist engineering and selected property business on behalf of Lloyd's Syndicates with the TSM Engineering Consortium, which is now in its eleventh year.

Syndicate 1110 has joined the Consortium from the 2010 year of account which has led to an increase in anticipated Consortium premium volume commencing in 2010.

The Company is also now providing services to Argenta Syndicate Management Limited (ASML) following the successful start of Syndicate 1110 on 1st January 2010. ASML are acting as incubating managing agent for a period expected to be three years.

Review of Operations

Turnover comprises Consortium underwriting fees in the year plus a small pipeline profit commission accrual. This total has been exceeded by retained operating expenses which are after recharges for services as above.

The services provided to ASML represent a recharge of 50% of the Company's total expenses, a proportion which is likely to rise over the next two years as the Company nears its own managing agency authorisation, planned for 2013.

Future Developments

It is anticipated that future increasing fee income and pipeline profit commission from both management of the Consortium and via authorisation as managing agency will return the Company to profit and will be the basis of its future growth.

Results and Dividends

The audited loss after taxation for the year to 31st December, 2010, was £869,385 (9 month period to 31st December 2009: loss £1,012,635). No Interim dividend was declared for the year (December 2009 £nil)

During the period, the Company made no charitable donations.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

Directors

The following were Directors of the Company during the year

| | APPOINTED | RESIGNED |
|----------------------------|-----------------------------|---------------------------|
| Neil Graham Fitzgerald | | |
| Robert Michael Gadsden | | |
| Gerald Paul Aherne | | |
| Roger Stewart Brown | | |
| Alistair Robert Hope | 14 th April 2010 | |
| Trevor John Hursthouse | | |
| Jack Reginald Wynne Luxton | | |
| Malcolm Gordon McKenzie | | 12 th May 2010 |
| James Jonathan Nelson | | |
| Peter Sharp | | |
| Stephen David Simpson | | |

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those statements, the Directors are required to.

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

Auditors

A Resolution to re-appoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

Statement as to disclosure of information to auditors

Each of the directors has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are not aware.

Financial Instruments and Risks

The Company does not enter into hedging transactions

It is exposed to normal trading risks associated with acting as an underwriting agent, including the timing of underlying settlement of insurance premiums.

The Company manages its cash and borrowing requirements to maximise interest income and minimise interest expense whilst ensuring that it has sufficient liquidity to meet the operational needs of its business.

The Company's underwriting fee and profit commission income is conducted in Sterling. It is however exposed to foreign exchange in respect of that proportion of its income which is earned on premiums written in Lloyd's settlement currencies

By Order of the Board.



Neil G. Fitzgerald
Director

5th August 2014.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

Independent Auditor's Report to the members of TSM Agencies Limited

We have audited the financial statements of TSM Agencies Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on the 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 2010 and of its loss 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 the 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.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

Matter 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.



Andrew Goldsworthy (Senior statutory auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House, St Katharine's Way, London E1W 1DD

..... 9 August, 2011.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

PROFIT and LOSS ACCOUNT

| | | Year to 31st December 2010 | 9 Months to 31st December 2009 |
|--|-------|-------------------------------|-----------------------------------|
| | Notes | £ | £ |
| Turnover | 2 | 1,120,245 | (185,108) |
| Administrative expenses | 3 | (1,724,785) | (1,419,935) |
| Other income | 3 | - | 221,487 |
| Loss before taxation | | <u>(604,540)</u> | <u>(1,383,556)</u> |
| Taxation | 5 | (264,845) | 370,921 |
| Retained loss for the year/period | 14 | <u>(869,385)</u> | <u>(1,012,635)</u> |

The Company's turnover and expenses all relate to continuing operations.

The Company has no recognised gains or losses other than the results for the period which has been calculated on the historical cost basis.

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

BALANCE SHEET

| | | 2010 | | 2009 | |
|--|-------|----------------|--------------------|----------------|--------------------|
| | Notes | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible Assets | 6 | | 44,460 | | 3,056 |
| Intangible Assets | 7 | | 575,760 | | - |
| Current Assets | | | | | |
| Debtors | 8 | 1,501,879 | | 914,764 | |
| Cash at bank and in hand | | 14,498 | | 30,980 | |
| Deferred tax asset | 9 | <u>252,362</u> | | <u>520,362</u> | |
| | | 1,768,740 | | 1,466,106 | |
| Creditors: amounts falling due within one year | 10 | (1,082,702) | | (530,974) | |
| Net Current Assets | | | 686,038 | | 935,132 |
| Creditors: amounts falling due after more than one year | 11 | | (3,456,208) | | (2,218,753) |
| Net Liabilities | | | <u>(2,149,950)</u> | | <u>(1,280,565)</u> |
| represented by:- | | | | | |
| Capital and Reserves | | | | | |
| Called up share capital | 13 | | 2,567 | | 2,567 |
| Profit and Loss account | 14 | | (2,152,517) | | (1,283,132) |
| Total equity shareholders' funds | 15 | | <u>(2,149,950)</u> | | <u>(1,280,565)</u> |

Approved by the Board on ^{5 August} , 2011


Robert M. Gadsden
Finance Director

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

| | 2010 | 2009 |
|---|------------------|--------------------|
| | £ | £ |
| <u>Reconciliation of Operating Profit to</u> | | |
| <u>Net Cash Inflow From Operating Activities</u> | | |
| Operating (loss) | (604,540) | (1,383,556) |
| Depreciation | 12,595 | 297 |
| Impairment | - | - |
| (Increase)/decrease in Debtors | (587,115) | 649,474 |
| Increase/(decrease) in Creditors | 613,200 | (503,733) |
| Net cash inflow from operating activities | <u>(565,860)</u> | <u>(1,237,518)</u> |
| <u>Cash Flow Statement</u> | | |
| Net cash inflow from operating activities | (565,860) | (1,237,518) |
| Capital expenditure | | |
| Payments to acquire intangible fixed assets | - | - |
| Payments to acquire tangible fixed assets | (53,999) | (3,287) |
| Receipts from sale of tangible fixed assets | - | - |
| | <u>(53,999)</u> | <u>(3,287)</u> |
| Financing | | |
| Working Capital Loan and Subordinated Loans | 603,377 | 1,242,071 |
| Issue of ordinary share capital | - | 1,446 |
| | <u>603,377</u> | <u>1,243,517</u> |
| Increase/(decrease) in cash | <u>(16,482)</u> | <u>2,712</u> |
| <u>Reconciliation of Net Cash Flow to Movement</u> | | |
| <u>in Net Debt</u> | | |
| Net funds 1st January | 30,980 | 28,268 |
| Net funds 31st December | 14,498 | 30,980 |
| | <u>(16,482)</u> | <u>2,712</u> |

The Notes on pages 12 to 20 form an integral part of these Financial Statements

NOTES TO THE ACCOUNTS

1. Basis of Preparation

The Financial Statements have been prepared under the historic cost convention and in accordance with applicable accounting standards.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Profit Commission receivable

The most significant estimates and assumptions made in the financial statements relate to accrued profit commission receivable.

The estimate of profit commission receivable by the Company will change as more information becomes known about the actual losses incurred on the insurance contracts written by the Consortium. The change in estimated profit commissions receivable which had been recognised at the end of the previous year is reported in the current accounting period.

In estimating the value of profit commission recognised in the financial statements, management has particular regard to the estimated ultimate premium written by the Consortium and the associated losses incurred by Year of Account. These amounts are determined for the purpose of these financial statements, taking into account historical trends and current market conditions.

Turnover

Turnover represents fee income earned on the basis of underlying policy inception dates, and profit commission, recognised when a receipt is regarded as highly probable in terms of amount and timing. The negative Turnover reported in the prior period results from reductions to prior years' profit commission accruals, caused by unexpected additions to reported claims costs which have exceeded previous reserve estimates.

Depreciation

Tangible fixed assets are stated net of depreciation. Depreciation of fixed assets is calculated to write off their costs or valuation over their estimated useful lives on a straight line basis, as follows:

| | |
|-----------------------|---------|
| Fixtures and Fittings | 5 years |
| Office Equipment | 2 years |
| Computer Equipment | 2 years |

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

Intangible Assets

As at the 31st December 2010 the Company has recognised an Intangible Asset. This represents costs borne by the Company to enhance its capabilities so as to be capable of authorisation by Lloyd's as a managing agency at the end of the current three year incubation period.

An impairment review has been undertaken on this asset as at 31st December 2010 and this review has indicated that no impairment is required.

Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation, at the balance sheet date, to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension Scheme

The Company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Operating Leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

2. Turnover

The Company's turnover is comprised of fees earned from underwriting activities on behalf of clients and accrued profit commission, calculated in accordance with the accounting policy above

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

3. Operating loss before taxation

Operating loss is stated after charging:

| | Year to 31st December 2010 | 9 Months to 31st December 2009 |
|---------------------------------|-------------------------------|-----------------------------------|
| | £ | £ |
| Auditors' remuneration | 15,019 | 16,000 |
| Taxation services | 5,488 | 5,463 |
| Payroll services | 4,267 | 1,733 |
| Interest Paid to group entities | 98,977 | 37,905 |
| Depreciation | <u>12,595</u> | <u>297</u> |

Other Income for 2009 relates to an agreed termination payment made by an external carrier providing capacity to the Company's property department.

4. Directors

The amount of emoluments paid to or receivable by directors were as follows:

Total emoluments

| | Year to 31st December 2010 | 9 Months to 31st December 2009 |
|--|-------------------------------|-----------------------------------|
| | £ | £ |
| Emoluments | 604,034 | 344,995 |
| Contributions to money purchase pension schemes | 29,797 | 56,194 |
| | <u>633,831</u> | <u>401,189</u> |

The number of directors who accrued benefits under defined contribution pension schemes was 2 (December 2009: 3)

The emoluments of the Directors shown above include the following amounts paid to or receivable by the highest paid director:

TSM Agencies Limited
Financial Statements
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Highest paid director

| | Year to 31st December 2010 | 9 Months to 31st December 2009 |
|--|-------------------------------|-----------------------------------|
| | £ | £ |
| Emoluments | 194,248 | 162,128 |
| Contributions to money purchase pension schemes | 18,547 | 26,458 |
| | <u>212,795</u> | <u>188,586</u> |

5. Taxation on Loss on Ordinary Activities

a Analysis of charge in year

| | Year to 31st December 2010 | 9 Months to 31st December 2009 |
|---|-------------------------------|-----------------------------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation Tax on loss for the year/period | - | - |
| Adjustment in respect of prior period | (3,155) | - |
| | <u>(3,155)</u> | <u>-</u> |
| Current tax charge for the year/period (see (b) below) | (3,155) | - |
| Deferred tax: | | |
| Origination and reversal of timing differences | 268,000 | (370,921) |
| | <u>268,000</u> | <u>(370,921)</u> |
| Total Deferred Tax | 268,000 | (370,921) |
| | <u>264,845</u> | <u>(370,921)</u> |
| Tax credit on loss on ordinary activities | 264,845 | (370,921) |

b. Factors affecting tax charge for the period.

The tax assessment for the year is higher (period to 31st December 2009: higher) than the standard rate of corporation tax in the UK (28%; December 2009:28%). The constituent elements of the corporation tax charge change are explained below:

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Financial Statements
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| | Year to 31st December 2010 £ | 9 Months to 31st December 2009 £ |
|---|------------------------------------|--|
| Loss on ordinary activities before tax | <u>(604,540)</u> | <u>(1,383,556)</u> |
| Loss on ordinary activities multiplied by the full rate of corporation tax in the UK of 28% (2009: 28%) | (169,271) | (387,396) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 9,179 | 2,969 |
| Depreciation in excess of Capital Allowances | - | (1,257) |
| Accelerated Capital Allowances | (11,971) | - |
| Other timing differences | (13,518) | 19,113 |
| Creation of tax losses | 185,581 | 366,571 |
| Prior year under/(over) provision | (3,155) | - |
| Current tax credit for the year/period (see (a) above) | <u>(3,155)</u> | <u>-</u> |

6. Fixed Assets

| | Fixtures & Fittings £ | Office Equipment £ | Computer Equipment £ | Total £ |
|--|-----------------------------|--------------------------|----------------------------|---------------|
| Cost | | | | |
| At 1 st January 2010 | 5,794 | 1,083 | 9,964 | 16,841 |
| Additions | - | 19,550 | 34,449 | 53,999 |
| Disposals | - | - | - | - |
| At 31 st December 2010 | <u>5,794</u> | <u>20,633</u> | <u>44,413</u> | <u>70,840</u> |
| Depreciation | | | | |
| At 1 st January 2010 | 5,668 | 1,083 | 7,034 | 13,785 |
| Charge | 83 | 286 | 12,226 | 12,595 |
| Disposals | - | - | - | - |
| At 31 st December 2010 | <u>5,751</u> | <u>1,369</u> | <u>19,260</u> | <u>26,380</u> |
| Net Book Value at 31st December 2010 | <u>43</u> | <u>19,264</u> | <u>25,153</u> | <u>44,460</u> |
| Net Book Value at 31st December 2009 | <u>126</u> | <u>-</u> | <u>2,930</u> | <u>3,056</u> |

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

7. Intangible Assets

| | Total |
|--|-----------------------|
| | £ |
| Cost | |
| At 1 st January 2010 | - |
| Additions | 575,760 |
| Disposals | - |
| At 31 st December 2010 | <u>575,760</u> |
| Impairment | |
| At 1 st January 2010 | - |
| Charge | - |
| Disposals | - |
| At 31 st December 2010 | <u>-</u> |
| Net Book Value at 31st December 2010 | <u><u>575,760</u></u> |
| Net Book Value at 31st December 2009 | <u><u>-</u></u> |

8. Debtors

| | 2010 | 2009 |
|---------------|------------------|----------------|
| | £ | £ |
| Trade Debtors | 1,142,814 | 711,859 |
| Prepayments | 58,899 | 41,127 |
| Other Debtors | 300,166 | 161,778 |
| | <u>1,501,879</u> | <u>914,764</u> |

Of the above amount £334,235 (December 2009 £Nil) is due after one year

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

9. Deferred Taxation Asset

Deferred Tax included in the balance sheet is as follows

| | 2010 | 2009 |
|---|----------------|----------------|
| | £ | £ |
| At 1 st January 2010 | 520,362 | 149,441 |
| Deferred tax credit in Profit and Loss for the year/period (see note 5(a) above) | (268,000) | 370,921 |
| At 31 st December 2010 | <u>252,362</u> | <u>520,362</u> |

This asset relates to utilisation of prior year accumulated tax losses. A further amount of £404,138 is not being recognised as the directors do not expect sufficient taxable profits to be available in the next two years

10. Creditors: amounts falling due within one year

Amounts falling due within one year

| | 2010 | 2009 |
|-------------------------------|------------------|----------------|
| | £ | £ |
| Other tax and social security | 172,055 | 63,146 |
| Payments on account | 239,250 | 56,737 |
| Subordinated Loan | - | 100,000 |
| Other creditors and accruals | 671,397 | 311,091 |
| | <u>1,082,702</u> | <u>530,974</u> |

11. Creditors: amounts falling due after more than one year

Amounts falling due after more than one year

| | 2010 | 2009 |
|----------------------|------------------|------------------|
| | £ | £ |
| Other Creditors | 576,000 | - |
| Working Capital Loan | 700,448 | 1,538,753 |
| Subordinated Loan | 2,180,000 | 680,000 |
| | <u>3,456,448</u> | <u>2,218,753</u> |

The other creditors consist of a contractual liability to pay a proportion of ASML's managing agency fees within the three year incubation period.

Pursuant to the terms of an agreement, entered into on 12th December, 2008 between the Company and EC Insurance Holdings Limited, a Subordinated Loan was made available to the Company. Interest is payable, at a rate which is the aggregate of 2% and the Bank of England base rate for overnight sterling deposits. A superseding agreement dated 1st June 2010 amends the interest rate to be the higher of Base Rate plus 3%, or 3½%. Additionally, this loan may not be repaid without the approval of the Financial Services Authority and this is not expected to be within a period of less than two years.

TSM Agencies Limited
Financial Statements
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A Working Capital Loan Facility was also made available from EC Insurance Holdings Limited. Of this loan, £900,000 is constituted as the Initial Principal Amount, to which the interest rate is Base Rate plus 2%; and the balance is constituted as the Second Principal Amount, to which the interest rate is the higher of Base Rate plus 3%, or 3½%. A superseding agreement dated 1st June 2010 amends the interest rate for both amounts to be the higher of Base Rate plus 3%, or 3½%. Repayment of the Facility shall be made five years from the effective date of the Facility Agreement, namely 12th December, 2013.

12. Other Financial Commitments

At December 2010 the company was committed to making the following payments under non-cancellable operating leases in the next financial year:

| | Land and Buildings | |
|--------------------------------|--------------------|---------------|
| | 2010 | 2009 |
| | £ | £ |
| Operating leases which expire: | | |
| After 5 years | <u>67,904</u> | <u>67,904</u> |
| | | |
| | Other | |
| | 2010 | 2009 |
| | £ | £ |
| Operating leases which expire: | | |
| Within 2 - 5 years | <u>26,036</u> | <u>30,592</u> |

13. Called up Share Capital.

| | Authorised | | | |
|---------------------------------|------------|--------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Number | Number | £ | £ |
| "X" class Ordinary Shares of 5p | 40,000 | 40,000 | 2,000 00 | 2,000 00 |
| "Y" class Ordinary Shares of 5p | 19,997 | 19,997 | 999 85 | 999 85 |
| "Z" class Ordinary Shares of 5p | 2 | 2 | 0 10 | 0 10 |
| Preference Shares of 5p | 1 | 1 | 0 05 | 0 05 |
| | | | <u>3,000 00</u> | <u>3,000 00</u> |

TSM Agencies Limited
Financial Statements
Year ended 31st December, 2010

| | Allotted, issued and fully paid | | | |
|---------------------------------|---------------------------------|--------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Number | Number | £ | £ |
| "X" class Ordinary Shares of 5p | 35,929 | 35,929 | 1,796 45 | 1,796 45 |
| "Y" class Ordinary Shares of 5p | 15,398 | 15,398 | 769.90 | 769.90 |
| "Z" class Ordinary Shares of 5p | 2 | 2 | 0 10 | 0 10 |
| Preference Shares of 5p | 1 | 1 | 0 05 | 0 05 |
| | | | <u>2,566 50</u> | <u>2,566 50</u> |

14. Profit and Loss Account.

| | 2010 | 2009 |
|------------------------------|--------------------|--------------------|
| | £ | £ |
| At 1 st January | (1,283,132) | (270,497) |
| Loss for the year/period | <u>(869,385)</u> | <u>(1,012,635)</u> |
| At 31 st December | <u>(2,152,517)</u> | <u>(1,283,132)</u> |

15. Reconciliation of movements in shareholders' funds.

| | 2010 | 2009 |
|-----------------------------|--------------------|--------------------|
| | £ | £ |
| Loss for the year/period | (869,385) | (1,012,635) |
| Increase in share capital | - | 1,447 |
| Opening shareholders' funds | <u>(1,280,565)</u> | <u>(269,377)</u> |
| Closing shareholders' funds | <u>(2,149,950)</u> | <u>(1,280,565)</u> |

16. Pensions.

The company made defined pensions contributions during the year. The pensions cost to the company for the year was £154,708 (December 2009: £71,285). The amount outstanding at 31st December, 2010, was £185,637 (December 2009: £273,913).

17. Parent Undertakings

The Company's immediate parent is EC Insurance Holdings Limited, a company incorporated in England.

The Company's ultimate parent is Electrical Contractors Association, a company incorporated in England.