

Report & Financial Statements

For the year ended 31 December 2009

Tyser & Co Limited

Registered number: 4256470

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COMPANIES HOUSE

DIRECTORS

C M Spratt (Chairman)
G J Andrews
H C G Butcher
M J Cairns
C J Elliott
Q J Heaney
J J Macey (Appointed 01/09/2009)
W H Main (Non-executive)
R E Marsh
J R Perry (appointed 01/12/2009)
D S Randle
C Sydenham
A V Wilson

SECRETARY

J R Perry

REGISTERED OFFICE

12-20 Camomile Street
LONDON EC3A 7PJ

STATUTORY AUDITOR

Deloitte LLP

CONTENTS	PAGE
 CHAIRMAN'S STATEMENT	 3
 DIRECTORS' REPORT	 5
 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYSER & CO LIMITED	 9
 PROFIT AND LOSS ACCOUNT For the year ended 31 December 2009	 10
 BALANCE SHEET	 11
 NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2009	 12

CHAIRMAN'S STATEMENT

As the scale and reality of the global economic downturn became increasingly apparent during the second half of 2008, this set the scene for 2009

At the end of 2008, we realised that the contagion inflicted on the real economy by the financial crisis would impact our performance but there were potential mitigating factors out there, such as the need for Insurers and Reinsurers to rebuild their balance sheets and to produce a profit without the benefit of interest earnings, which are good reasons to believe that a hardening market with increased underwriting discipline and rising premiums was on the way. However, that was not to be, and the combination of a strong equity market recovery and benign claims experience throughout 2009 will undoubtedly pose a challenge for 2010

Against that backdrop, the company's performance for 2009 was creditable. We were able to break through £30m on revenues by achieving £33.5m against £26.8m for 2008, an increase of 25%. Our operating profit was £3.2m which represents a 52% increase over our equivalent operating profit of £2.1m for 2008. Our earnings before interest (expense), tax and amortisation (EBITA) came in at £4.5m, which is an increase of 29% over 2008's EBITA of £3.5m. I should point out that our profits included what was, compared with our peers, a relatively strong contribution from investment income as we continued to enjoy the benefit of comparatively high deposit rates throughout most of 2009. Evidently, we cannot expect anything like this level of contribution in 2010. However, whereas we held our expense growth in 2008 to just over 5% as compared with 2007, 2009 saw expenses up by 23% over 2008, and this is a matter which I will return to later in this statement.

Referring once again to the landscape of a year ago, from a regulatory perspective it was clear that our regulator, the Financial Services Authority (FSA) would be seeking to make changes, and whilst their main focus would be on the investment and banking industries, we accepted the inevitability of repercussions being felt through the Insurance Industry. During the course of 2009 the FSA had declared its intention to adopt a more hands-on approach to its regulation of our industry and to place increased emphasis on corporate governance. This did not come as any surprise and we have continued to apply our own improvements to our corporate governance throughout the period, having completed an external review of our Control Functions and implemented recommendations flowing from that review and overhauled and strengthened our Treasury Committee and its functionality.

We have also spent time and effort on reworking and refining Risk as it might affect and threaten our business, designing and implementing appropriate mitigation controls. This has been a demanding but reassuring high level exercise which will now be developed through our Broking Divisions and Support Departments. We continue to have a clear line of communication with the FSA and enjoy an open and constructive relationship but the prospect of having to adapt to a new regulatory environment following the General Election in May does not fill us with joy. However, regardless of the form of our regulator, we will continue to work to maintain strong governance of this business and thereby ensuring its security and stability.

Earlier in this statement, I referred to the expense growth encountered during 2009, and to put this into perspective, it might help if 2009 is characterised as a year of "investment and change" since, throughout the year, the Company has been successful in attracting a number of high quality individuals and teams whose contribution to our broking performance and revenue will only really become apparent in 2010. These individuals and teams have been recruited into our Marine, Aviation, North American, US Property & Casualty and International Property & Casualty Divisions, along with a more than commensurate re-enforcement of our Claims Resource, which is essential to supporting the high quality of service demanded from our clients and owed to the markets with which we trade. Notwithstanding this level of investment, we managed to maintain an EBITA margin of just under 13.5% and 2010 is expected to produce further growth in this margin towards our medium-term target of 20%, although we need to be wary of the economic landscape as governments come to terms with their budget deficits and levels of debt whilst trying to ensure that

CHAIRMAN'S STATEMENT (continued)

economic recovery continues on its way

During the year I was pleased to welcome two new members to the Board. The first was Jonathan Macey who, I have no doubt, will soon be making a valuable contribution to the continuing growth and development of the company, building on the success he has enjoyed over the last 2 years at the helm of our highly regarded Marine Division. The second was Janice Perry, who has been Company Secretary since 2005 and has supported our Risk & Compliance Director, Michael Cairns, for over 5 years. Janice brings with her a remarkable range of knowledge and experience in terms of our business and the current regulatory environment.

The Board has worked hard during 2009 to take the company forward and is entitled to reflect with justifiable satisfaction on what has been achieved over the course of the year, and I thank the Directors, senior managers and staff for their commitment to the continuing strong development of the Company.



Christopher Spratt
Chairman

21st April 2010

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of an insurance and reinsurance broker

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). 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, and
- 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.

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report



DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The results for the year and the state of the company's affairs are shown in the attached financial statements on pages 10 to 21

The profit for the year of £2,840,000 (2008 £2,090,000) has been taken to reserves. No interim dividend was paid during the year (2008 £1,500,000). The directors recommend no final dividend be paid for the year (2008 nil).

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the paragraphs headed "Review of the business and future developments" below. These paragraphs also refer to the financial position of the company including its cash flows, liquidity position and borrowing facilities. The paragraphs below headed "Financial instruments" refer to the company's objectives, policies and processes for managing its capital and its financial risk management, including exposures to credit risk and liquidity risk. In addition note 18 to the accounts gives details of its financial instruments and hedging activity.

The group of which the company is a member has considerable financial resources together with committed borrowing facilities that provide additional comfort. The majority of the company's revenue is derived from renewable policies. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain outlook. The directors are aware that the directors of the ultimate holding company, Hawkes Bay Holdings Limited (HBH), have prepared and carefully considered cash flow forecasts for the group for a period of five years from the reporting date of 31 December 2009 and are confident that the group has adequate resources to meet its liabilities as they fall due.

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the year to 31 December 2009 the directors have focused on the following principal areas:

- continuing development of the current business, including organic growth from our existing teams and focused recruitment where appropriate,
- striving for the highest levels of service to our clients as well as to the markets into which we place business,
- improving the efficiency of our infrastructure and management information from our business systems through the development of better and more business friendly reporting,
- development of new areas of business, and
- management of risk in the business.

The Board manages the business through regular formal meetings along with committees chaired by members of the Board which report back to the Board as required. The general business environment continued to be one of weak insurance rates. Against this background the Board is very pleased with the overall increase in business volumes achieved during the period and has continued its efforts to maintain the momentum of business development. We have employed additional business producers throughout the period under review and this has assisted with the achievement of increased business volumes.

DIRECTORS' REPORT (continued)

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)

One of the fundamentals of our business is the quality of service we offer to clients, prospective clients and the markets in which we place our clients' business. This is manifested in a number of ways, from competitive pricing, quality, speed and accuracy of document production and ultimately through to the quality of claims service should our clients have the need for this. This requires constant review and innovation in order to keep ahead of our competitors and stay abreast of market developments – particularly as various electronic processing initiatives evolve. The Board is aware of the critical importance of our service offering and constantly reviews this aspect of the business to try to ensure that we remain at the forefront of the market.

The continuing development of our business systems along with the refinement of detailed management information has enabled management to review all areas of the business. From these reviews management expect to focus more on profitable business and to withdraw from or rationalise the unprofitable business carried on by the group. In addition the group is able to identify areas of business that need to be developed for targeted enhancement or recruitment of additional teams and producers to improve the quality of our service offering.

The Board is constantly examining ways in which the business can be strengthened and further growth achieved both organically and through new business areas and business models.

The Board considers the most significant performance indicators to be margin before interest, tax and amortisation, and revenue growth. These are referred to further in the Chairman's report.

Risks inherent in the business can broadly be categorised into two areas – financial and people related.

- Financial risks are managed through
 - Our currency hedging programme and other financial instruments described further below
 - Financial processes and controls that allow us to monitor and control insurance and company funds accurately and in a timely manner
 - Appropriate banking relationships and facilities to allow working capital requirements to be managed efficiently
 - Managing a spread of banking relationships in order to minimise credit and liquidity risks

The liquidity position of the company and the group is monitored on a daily basis, and cash flow projections are maintained and updated regularly. Borrowing arrangements for the group as a whole are in place and the group has significant committed facilities over and above the facilities that are indicated as required by its cash flow projections.

- People risks are managed through the
 - Offering and implementation of competitive remuneration and incentive packages
 - Employment of appropriately qualified and experienced staff
 - Provision of appropriate training and professional development
 - Provision of an appropriate working environment

DIRECTORS' REPORT (continued)

FINANCIAL INSTRUMENTS

Treasury operations and financial instruments

The group of which the company is a member operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities

The group's principal financial instruments comprise forward exchange contracts the purpose of which is to manage currency risks arising from the group's activities, bank overdrafts and loans. In addition, the group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations. In accordance with the group's treasury policy, derivative instruments are not entered into for speculative purposes

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business

Interest rate risk

The group is exposed to interest rate risk on deposits, bank overdrafts and loans

Foreign currency risk

The group's principal foreign currency exposures arise from revenues denominated in overseas currencies, in particular in US dollars. Group policy permits but does not demand that these exposures be hedged in order to protect the sterling value of those revenues. This hedging activity involves the use of foreign exchange forward contracts and options

Credit risk

Investments of cash surpluses, borrowings and forward exchange contracts are made through banks and companies which must fulfil credit rating criteria approved by the Board

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary

Both the level of the business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustainable for the foreseeable future

DIRECTORS

The directors are listed on page 1 of these financial statements and have held office during the whole year from 1 January 2009 to the date of this report unless otherwise stated

AUDITORS

The company has dispensed with the need to hold an Annual General Meeting and hence the need to reappoint auditors annually. Therefore, Deloitte LLP are deemed to continue in office

This report was approved by the Board on 21st April 2010


CM Spratt
Chairman


QJ Heaney
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYSER & CO LIMITED

We have audited the financial statements of Tyser & Co Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 (APB'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.

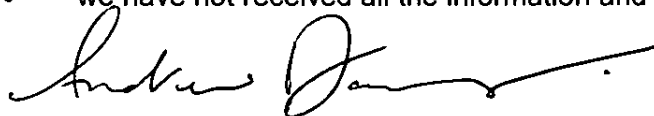
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Andrew Downes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
21 April 2010

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Notes	Year to 31 December 2009	Year to 31 December 2008
		£'000	£'000
TURNOVER	2	33,465	26,829
Administrative expenses			
Goodwill amortisation		(380)	(380)
Other		(29,862)	(24,325)
Total administrative expenses		(30,242)	(24,705)
OPERATING PROFIT		3,223	2,124
Interest receivable	4	899	987
Interest payable and similar charges	5	(32)	(72)
Net interest		867	915
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,090	3,039
Taxation charge on profit on ordinary activities	6	(1,250)	(949)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		2,840	2,090

The company's turnover and expenses all relate to continuing operations

There are no recognised gains or losses in the year other than those reported in the profit and loss account

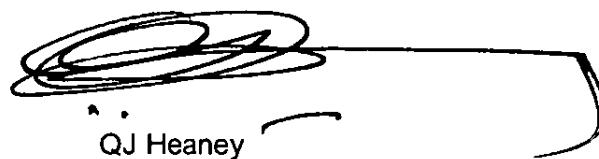
BALANCE SHEET as at 31 December 2009
Registered number: 4256470

	Notes	31 December	
		2009	2008
		£'000	£'000
FIXED ASSETS			
Intangible assets - goodwill	8	6,836	7,216
Investments	9	368	368
		<u>7,204</u>	<u>7,584</u>
CURRENT ASSETS			
Debtors	10	17,456	17,002
Cash at bank and in hand	11	29,246	26,671
		<u>46,702</u>	<u>43,673</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(39,960)	(40,151)
NET CURRENT ASSETS		<u>6,742</u>	<u>3,522</u>
NET ASSETS		<u><u>13,946</u></u>	<u><u>11,106</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	102	102
Share premium account	16	588	588
Capital reserves	16	7,301	7,681
Profit and loss account	16	5,955	2,735
EQUITY SHAREHOLDERS' FUNDS		<u><u>13,946</u></u>	<u><u>11,106</u></u>

The financial statements on pages 10 to 21 were approved by the Board on 21st April 2010



CM Spratt
Chairman



QJ Heaney
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the current and prior years, are set out below

(a) Accounting basis

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

The financial position of the company is further described in the Chairman's Statement and Directors' Report. Accordingly the financial statements have been prepared on the going concern basis

(b) Purchased Goodwill

Goodwill arising on the acquisition of subsidiary businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment

(c) Turnover

Turnover represents net brokerage and commission receivable on continuing activities. Brokerage is credited to the profit and loss account on the later of the date of inception of a risk or, if the completion of placement occurs subsequent to inception, the debit note date. Adjustments relating to additional or return premiums are accounted for as and when they arise. Commission is credited on an accruals basis.

Brokerage is deferred to recognise contractual post placement activities

(d) Foreign currencies

Profit and loss account transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities in overseas currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account

(e) Interest payable and interest receivable

Interest receivable and interest payable are recognised on an accruals basis

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

(f) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold derivative financial instruments for speculative purposes.

Foreign exchange contracts are related to anticipated currency earnings and are taken out to protect the company's sterling income position relative to the underlying overseas currency in which the income is earned. Gains and losses arising on these contracts are deferred and are recognised as the revenue to which the contract relates is recognised.

(g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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 financial statements. 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.

(h) Investments

Investments held as fixed assets, including investments in subsidiary undertakings, are stated at cost less provision for impairment.

(i) Insurance broking assets and liabilities

Insurance brokers act as agents in placing insurance risks of their clients with insurers and as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors and creditors arising from these insurance broking transactions are not included as assets or liabilities of the company. Other than amounts receivable for fees or commissions earned on a transaction, no recognition of the insurance transaction occurs until the company receives or settles cash in respect of premiums or claims, at which time a corresponding asset or liability is established in favour of the insurer or the client.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

(j) Exemption from Group Accounts

Group accounts are not prepared in line with section 400 of the Companies Act 2006 as the company is itself a wholly owned subsidiary and is included in the consolidated financial statements of Hawkes Bay Holdings Limited, its ultimate parent company. These financial statements therefore present information about the company as an individual undertaking and not about its group.

In accordance with FRS8, the company is exempt, as a wholly owned subsidiary, from the requirement to disclose transactions with entities that are part of the Group.

The company has taken advantage of the exemption under FRS1 (Revised) not to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary of a group which prepares a consolidated cash flow statement.

2. TURNOVER

Turnover represents amounts derived from insurance broking

	Year to 31 December	
	2009	2008
	£000	£000
Geographical analysis of turnover		
United Kingdom	6,782	6,702
Rest of Europe	3,237	3,598
North America	15,144	11,463
Asia	5,337	3,620
Other	2,965	1,446
	<u>33,465</u>	<u>26,829</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

3. AUDITORS REMUNERATION

The remuneration of the auditors in respect of the audit of the company and other work is paid by Tyser Group Services Limited, and included in the accounts of that company. The amount paid is as follows:

	Year to 31 December	
	2009	2008
	£000	£000
Audit Fee	60	56
Other services pursuant to legislation	6	6
Tax services	5	5
	<u>71</u>	<u>67</u>
Paid by Tyser Group Services limited on behalf of the company	<u>71</u>	<u>67</u>

4. INTEREST RECEIVABLE

	Year to 31 December	
	2009	2008
	£000	£000
Interest receivable from insurance broking and corporate funds	<u>899</u>	<u>987</u>

5. INTEREST PAYABLE

	Year to 31 December	
	2009	2008
	£000	£000
Interest charged on bank loans and overdrafts	<u>32</u>	<u>72</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

6. TAXATION

(a) Analysis of charge in period

	Year to 2009	31 December 2008
	£000	£000
UK tax		
Corporation tax payable at 28% (2008 28.5%) on the taxable profits for the period	1,251	845
Adjustment in respect of prior periods	(1)	104
	<u>1,250</u>	<u>949</u>
Deferred tax charge— current year	-	127
Deferred tax adjustment in respect of prior years	-	(127)
	<u>-</u>	<u>-</u>
Deferred tax charge for the period	-	-
Tax charge in the Profit and Loss account	<u>1,250</u>	<u>949</u>

	Year to 2009	31 December 2008
	£000	£000
(b) Factors affecting tax charge for period		
Profit on ordinary activities before tax	4,090	3,039
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	1,145	866
<i>Effects of:</i>		
Adjustments to tax charge in respect of prior periods	(1)	104
Goodwill amortisation	106	108
Utilisation of losses	-	(129)
	<u>1,250</u>	<u>949</u>
Current tax charge for period (see (a) above)	<u>1,250</u>	<u>949</u>

	Year to 2009	31 December 2008
	£000	£000
(c) Balance sheet deferred tax		
Balance brought and carried forward in respect of Other timing differences	<u>8</u>	<u>8</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

7. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration from the company

All of the directors and employees engaged in the business of the company are employed by Tyser Group Services Limited, a fellow subsidiary company. Staff costs and numbers are disclosed in the accounts of that company.

8. INTANGIBLE ASSETS – GOODWILL

	31 December	
Insurance Broking Business	2009	2008
	£000	£000
COST		
At 31 December 2008 and 31 December 2009	7,596	7,596
AMORTISATION		
1 January	380	-
Charged during the year	380	380
31 December	760	380
NET BOOK VALUE		
31 December	6,836	7,216

9. INVESTMENTS

	Investment in Subsidiary undertakings	Unlisted Investments	Total
	£000	£000	£000
At 31 December 2008 and 31 December 2009	354	14	368

Details of the company's subsidiary at 31 December 2009 are as follows

Name of operation	Country of incorporation	Activity	Proportion of shares held
Tyser Special Risks Limited	England	Dormant	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

10. DEBTORS

	31 December	
	2009	2008
	£000	£000
Due in less than one year		
Trade debtors	9,632	12,581
Deferred tax	8	8
Prepayments and accrued income	1,695	981
Amounts owed by group undertakings	6,121	3,432
	<u>17,456</u>	<u>17,002</u>

11. CASH AT BANK AND IN HAND

Included in cash at bank and in hand is £29,206,000 (2008 £26,671,000) which is held in non-statutory trust accounts, which operate in compliance with the requirements of the Financial Services Authority

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December	
	2009	2008
	£000	£000
Bank overdraft (see note 13)	-	976
Bank loan due within one year	-	188
Trade creditors	35,267	36,031
Accruals and deferred income (see note 14)	1,476	1,757
Amounts owed to group undertaking	2,166	354
Corporation tax (see note 6(a))	1,051	845
	<u>39,960</u>	<u>40,151</u>

13. BANK OVERDRAFT

(a) Maturity

	31 December	
	2009	2008
	£000	£000
Bank overdraft		
Aggregate amounts repayable		
Within one year	-	976

(b) Security

The company has a bank overdraft facility which is secured by an unlimited multilateral company guarantee and debenture given by group companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

14. ACCRUALS AND DEFERRED INCOME

	31 December	
	2009	2008
	£000	£000
Deferred Brokerage	1,329	1,255
Provision for potential losses arising on future settlement of hedging contracts	142	497
Sundry accruals	5	5
	<u>1,476</u>	<u>1,757</u>
At 1 January and 31 December	<u>1,476</u>	<u>1,757</u>

15. CALLED UP SHARE CAPITAL

	31 December	
	2009	2008
	£'000	£'000
Authorised share capital		
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
Allotted, called up and fully paid		
101,772 ordinary shares of £1 each	<u>102</u>	<u>102</u>

16. RESERVES

	Share Capital (Note 15)	Share Premium	Capital Reserves	Profit and Loss Account	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2009	102	588	7,681	2,735	11,106
Profit for the year	-	-	-	2,840	2,840
Amortisation of goodwill	-	-	(380)	380	-
As at 31 December 2009	<u>102</u>	<u>588</u>	<u>7,301</u>	<u>5,955</u>	<u>13,946</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2009 the company had capital commitments of £nil (31 December 2008 £nil)

The company has extended a guarantee to Tyser Group Services Limited (TGSL) in respect of any pension or annuitant deficit recorded within the financial statements of TGSL, which has been calculated in accordance with the provisions of FRS17 Retirement Benefits. The deficit (net of related deferred tax) amounted to £1,808,000 at 31 December 2009 (2008 £417,000)

18. HEDGING CONTRACTS

The Group has entered into a number of contracts and options to help protect the value of its foreign currency earnings against fluctuations in exchange rates. These comprise

Forward sale agreements

A series of forward sale agreements to sell USD, EUR and CAD at predetermined rates of exchange during 2010, 2011 and 2012. Total commitments in each of these years are shown below

Currency	Forward sales value in:		
	2010	2011	2012
USD	9,000,000	12,900,000	4,500,000
EUR	0	950,000	800,000
CAD	0	2,550,000	1,375,000

Option agreements

Various option contracts which enable the company to sell currency each month at pre-determined rates should the value of the currency fall below those rates and conversely require the company to sell those currencies at a protection rate should the value rise above a different, higher rate.

Details of the option contracts in place are as follows

- **US Dollars:** Two contracts each of which protects USD 500k per month until July 2010 at certain exchange rates should the value of the USD fall below that rate, and conversely require the company to sell USD 1m at that rate should the value rise above that rate.

A further contract protects USD 500k per month until June 2010 at a certain rate and conversely requires the company to sell USD 1m at a different rate should the value rise above a specified higher rate.

- **EUR:** a contract to protect EUR 250k per month until 31 December 2010 at a certain exchange rate should the value of the Euro fall below that rate, and conversely requires the company to sell EUR 400k at a different rate should the value rise above a specified higher rate.
- **CAD:** a contract to protect CAD 300k per month until 31 December 2010 at a certain exchange rate should the value of the CAD fall below that rate, and conversely require the company to sell CAD 400k at a different rate should the value rise above a specified higher rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

18. HEDGING CONTRACTS (continued)

The maximum commitment of the company under these various hedging arrangements is as follows

Currency	Potential monthly maximum commitment	Date expires	Total potential maximum commitment
USD	2,000,000	July 2010	14,000,000
USD	1,000,000	June 2010	6,000,000
EURO	400,000	December 2010	4,800,000
CAD	400,000	December 2010	4,800,000

- A further series of options in USD, EUR and CAD protecting the value of the respective currency should the currency fall below a specific rate. Should the currency strengthen up to a specified rate then the company has no obligation. Should the currency strengthen beyond that rate then the company is obliged to sell at the original protected rate.

The maximum commitment of the company under these options is as follows

Currency	Maximum Option value in:	
	2011	2012
USD	6,900,000	3,900,000
EUR	850,000	350,000
CAD	1,350,000	1,050,000

Fair values for each class of derivatives are as follows

	31 December	
	2009	2008
	£000	£000
Forward sale agreements	228	(1,352)
Option agreements	(1,435)	(9,242)
	<u>(1,207)</u>	<u>(10,594)</u>

19. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

At the balance sheet date Hawkes Bay Holdings Limited is considered by the directors the ultimate controlling party and immediate and ultimate holding company of Tyser & Co Limited. Consolidated accounts of Hawkes Bay Holdings Limited, the smallest and largest group into which this company is consolidated, are publicly available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

Tyser & Co Limited was charged a management fee for the year totalling £26,140,000 (2008 £23,250,000) by Tyser Group Services Limited, a fellow subsidiary of Hawkes Bay Holdings Limited, the ultimate holding company.