



BRIT GROUP SERVICES (II) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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Registered No. 04440866

BRIT GROUP SERVICES (II) LIMITED
REPORT & FINANCIAL STATEMENTS 2008

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**BRIT GROUP SERVICES (II) LIMITED
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COMPANY INFORMATION

DIRECTORS

D J Douetil
P J Goddard
M Scales

SECRETARY

Brit Corporate Secretaries Limited

REGISTERED OFFICE

55 Bishopsgate
London
EC2N 3AS

REGISTERED NUMBER

04440866

AUDITOR

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

**BRIT GROUP SERVICES (II) LIMITED
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REPORT OF THE DIRECTORS

The Directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The Company did not trade during the year.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory. The Directors do not envisage any changes to the current business model in 2009.

Result and dividend

The result for the year is a loss of £65,408 (2007: £nil) and is dealt with as shown in the profit and loss account.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: £ nil).

Directors

The names of the Directors of the Company at the date of this report are listed on page 2. M A Sibthorpe retired as a Director on 22 May 2008.

Statement of Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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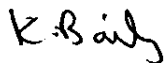
REPORT OF THE DIRECTORS (CONTINUED)

Statement of Disclosure of Information to Auditors

The Company's Auditor is Ernst & Young LLP. Each person who is a Director at the date of approval of this Report confirms that:

- So far as Each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By Order of the Board



Brit Corporate Secretaries Limited
Secretary
12 March 2009

BRIT GROUP SERVICES (II) LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BRIT GROUP SERVICES (II) LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

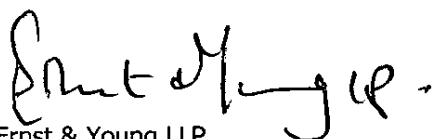
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BRIT GROUP SERVICES (II)
LIMITED (CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
12 March 2009

BRIT GROUP SERVICES (II) LIMITED
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PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Interest payable and similar charges	4	(91,480)	-
Loss on ordinary activities before tax		(91,480)	-
Tax on loss on ordinary activities	8	26,072	-
Loss on ordinary activities after taxation		(65,408)	-

The notes on pages 9 to 12 form part of these accounts.

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BALANCE SHEET

At 31 December 2008

		2008 £	2007 £
	Notes		
Creditors: Amounts falling due within one year	7	(1,325,702)	(1,260,294)
Net current liabilities		(1,325,702)	(1,260,294)
Net liabilities		(1,325,702)	(1,260,294)
Capital and reserves			
Called up share capital	5	1	1
Profit and loss account		(1,325,703)	(1,260,295)
Shareholder's funds	6	(1,325,702)	(1,260,294)

Approved at a meeting of the Board of Directors on 12 March 2009 and signed on its behalf by:



Director



Director

The notes on pages 9 to 12 form part of these accounts.

BRIT GROUP SERVICES (II) LIMITED
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Notes to the Accounts

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

(b) Going concern

As at 31 December 2008, the Company had net liabilities of £1,325,702.

The Directors have received confirmation from the Board of Brit Insurance Holdings PLC that it will meet the liabilities of the Company for at least the next year. The Directors have prepared the financial statements on the going concern basis having taken into account all information that could reasonably be expected to be available. The financial statements, therefore, do not include any adjustments that would result if the Directors of Brit Underwriting Group Limited were to require payment of the inter company debt.

(c) Expenses

All expenses are accounted for on an accruals basis.

(d) Deferred tax

Deferred tax 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 a right to pay less or to receive more tax.

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.

(e) Cash flow statement

The Company is exempt from preparing a cash flow statement, under FRS1. Brit Insurance Holdings PLC, the ultimate parent company, prepares a consolidated cash flow statement.

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Notes to the Accounts
(continued)

2 Administrative expenses

The audit fees of the Company are borne by a related Group company and amounted to £5,000 (2007: £5,000).

None of the Directors received any remuneration for their services to the Company during the year ended 31 December 2008 (2007: Nil).

3 Staff costs

There were no staff employed by the Company in the current or prior year.

4 Interest payable and similar charges

	2008 £	2007 £
Intragroup interest payable	91,480	-

5 Authorised and issued share capital

	2008 £	2007 £
Authorised: 50,000 ordinary shares of £1 each	50,000	50,000
Alotted, called up and fully paid: 1 ordinary share of £1 each	1	1

6 Reconciliation of movements in Shareholder's funds

	2008 £	2007 £
Loss for the year	(65,408)	-
Shareholder's funds at 1 January	(1,260,294)	(1,260,294)
Shareholder's funds at 31 December	(1,325,702)	(1,260,294)

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Notes to the Accounts
(continued)

7 Creditors: Amounts falling due within one year

	2008 £	2007 £
Amounts due to Group undertakings	1,325,702	1,260,294
	<u>1,325,702</u>	<u>1,260,294</u>

8 Taxation

(a) Tax on loss on ordinary activities	2008 £	2007 £
Current taxation: UK Corporation tax at 28.5%	26,072	-
Total current tax (Note 8(b))	26,072	-
(b) Factors affecting the current tax charge		
Loss on ordinary activities before tax	(91,480)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	26,072	-
Effects of:		
Expenses not deductible for tax purposes and other permanent timing differences	-	-
Group relief for which no payment is made	-	-
Short-term timing differences	-	-
Total current tax (per note 8(a))	26,072	-

9 Related party transactions

As a subsidiary undertaking of Brit Insurance Holdings PLC, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the Group.

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10 Financial Instruments

The Company has taken advantage of the exemption in Financial Reporting Standard 29 'Financial Instruments: Disclosures' not to provide the disclosures required by this standard. This is by virtue of the entity being included in publicly available consolidated financial statements which include disclosures that comply with this standard.

11 Controlling parties

The immediate and ultimate holding company is Brit Insurance Holdings PLC, a company registered in England and Wales. Copies of the accounts of Brit Insurance Holdings PLC can be obtained from 55 Bishopsgate, London, EC2N 3AS.