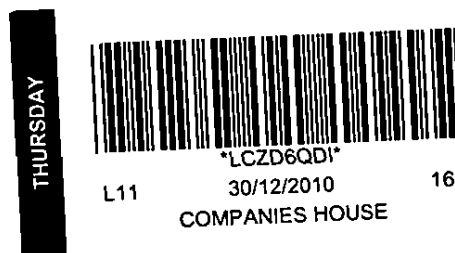


**VEGA INSURANCE SERVICES LIMITED**

**Report and Financial Statements  
for the year ended 31 March 2010**



**Company Registration No. 4878623**

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## **General Information**

### **Directors**

The directors at the date of this report were as follows

Mr M D Bray  
Mr C D Marelli  
Mrs P J Sherman

### **Secretary**

The company secretary is Peake Company Secretaries Limited

### **Principal Bankers**

Barclays Bank PLC  
One Churchill Place  
Canary Wharf  
London E14 5HP

### **Auditors**

PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hay's Lane  
London  
SE1 2RD

### **Tax Advisors**

Rawlinson & Hunter  
6 New Street Square  
New Fetter Lane  
London EC4A 3AQ

### **Principal Lawyers**

Clark Holt Commercial Solicitors  
Hardwick House  
Prospect Place  
Swindon SN1 3LJ

### **Registered Office**

c/o Clark Holt Commercial Solicitors  
Hardwick House  
Prospect Place  
Swindon SN1 3LJ

**General Information (continued)**

**Company Registration Number**

4878623

**Parent Company**

The immediate parent company is Lorica Consulting Limited, and the ultimate parent company is Primary Group Limited

## Directors' Report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 March 2010

## Principal activities

The principal activity of the Company is that of a holding company and investment in predominantly commercial insurance brokers within the UK

## Results and dividend

Turnover was £nil (2009 £nil) and the profit attributable to shareholders for the company for the year ended 31 March 2010 was £1,387,108 (2009 loss of £546,547) after a tax charge of £nil (2009 credit of £213,106). The directors do not recommend the payment of a dividend for the year ended 31 March 2010 (2009 £nil)

## Directors

The directors who currently hold or held office during the period were as follows

Mr D C Battle	(Resigned 4 February 2010)
Mr M D Bray	(Appointed 4 February 2010)
Mr D J R Edmands	(Resigned 4 February 2010)
Mr C D Marelli	(Appointed 4 February 2010)
Mrs P J Sherman	(Appointed 4 February 2010)

## Statement of 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

**Directors' Report (continued)****Statement of directors' responsibilities (continued)**

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.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



Mr M D Bray  
Director

23 December 2010

**Independent auditor's report to the members of Vega Insurance Services Limited**

We have audited the financial statements of Vega Insurance Services Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, 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 pages 1 and 2, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**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 March 2010 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 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.

**Independent auditor's report to the members of Vega Insurance Services Limited  
(continued)**

**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



Roy Clark (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date **30 December 2010**



**Profit and Loss Account**  
for the year ended 31 March 2010

	Note	31 March 2010 £	31 March 2009 £
<b>Turnover</b>	2	-	-
Administrative expenses		-	-
<b>Operating profit</b>	3	-	-
Income from shares in group undertakings		1,731,429	-
Interest receivable and similar income	4	78,205	7,576
Interest payable and similar charges	5	(422,526)	(767,229)
<b>Profit/(Loss) on ordinary activities before taxation</b>		1,387,108	(759,653)
Tax (charge)/credit on loss on ordinary activities	6	-	213,106
<b>Profit/(Loss) for the year</b>	13	1,387,108	(546,547)

All activities derive from continuing operations. There are no recognised gains or losses, other than those reflected in the loss for the financial period. Accordingly, no statement of total recognised gains and losses is given.

The notes to the accounts on pages 7 to 12 form an integral part of these financial statements.

**Balance Sheet**  
**as at 31 March 2010**

	Note	31 March 2010 £	31 March 2009 £
<b>Fixed assets</b>			
Investments	7	12,302,742	11,802,842
<b>Current assets</b>			
Debtors	8	1,305,062	329 987
<b>Creditors: (amounts falling due within one year)</b>	9	<u>(14,127,399)</u>	<u>(14,039,532)</u>
<b>Net current liabilities</b>		<u>(12,822,337)</u>	<u>(13,709,545)</u>
<b>Total assets less current liabilities</b>		<u>(519,595)</u>	<u>(1,906,703)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	<u>(1,519,595)</u>	<u>(2,906,703)</u>
<b>Shareholder's funds</b>	13	<u>(519,595)</u>	<u>(1,906,703)</u>

The notes to the accounts on pages 7 to 12 form an integral part of these financial statements

The board of directors approved and authorised the issue of these financial statements on 23 December 2010

Signed on behalf of the board of directors

*P J Sherman*

Mrs P J Sherman  
**Director**

**Notes to the financial statements for the year ended 31 March 2010****1. Accounting policies****Basis of accounting**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention of accounting and on a going concern basis due to the support of the parent company. The particular accounting policies adopted are described below.

**Going concern**

The balance sheet shows net current liabilities of £12,822,337 (2009 £13,709,545) including net amounts due to group undertakings of £12,972,337 (2009 £13,850,272). The directors have received written confirmation from Primary Group (UK) Limited that it will make available sufficient funds to enable the Company to continue to meet its obligations and will not demand repayment of any inter group loans until the Company is in a position to repay. Accordingly the directors have determined that it is appropriate to prepare the financial statements on a going concern basis.

**Consolidation**

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about it as a group.

**Deferred taxation**

The charge for taxation is based on the profits for the period charged at the current rates of tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date except as otherwise required by Financial Reporting Standard No. 19 'Deferred Tax'. Deferred tax assets are recognised to the extent that the directors consider these amounts recoverable.

**Investments**

Investments held as fixed assets are stated at cost less provisions for any impairment.

**Cash flow statement and related party transactions**

The Company is a wholly owned subsidiary of Lorica Consulting Limited and is included in the consolidated financial statements of Primary Group (UK) Limited. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996) 'Cash flow statements'. The Company is also exempt under the terms of Financial Reporting Standard No. 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

**Notes to the financial statements for the year ended 31 March 2010****2. Turnover**

The Company's activities consist solely of investment in predominantly commercial insurance brokers within the UK

**3. Operating profit**

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
The operating profit/(loss) which originated in the United Kingdom for the period was arrived at after charging		
Auditors' remuneration – PricewaterhouseCoopers LLP - audit of financial statements	-	-

The auditors' remuneration for the year has been borne by Lorica General Insurance Limited

**4. Interest receivable and similar income**

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Interest receivable on inter company loans (See Note 8)	78,205	7,576

**5. Interest payable and similar charges**

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Interest payable on inter company loans (see Note 9)	422,526	767,229

**6. Taxation****(a) Analysis of credit in year**

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Based on loss for the year at 28% (2009, 28%) -		
Group relief	-	(213,230)
Adjustment in respect of prior periods	-	124
Current tax charge/(credit) for the year (note 6(b))	-	(213,106)

## Notes to the financial statements for the year ended 31 March 2010

## 6. Taxation (continued)

## (b) Factors affecting tax credit for the year

	31 March 2010	31 March 2009
	£	£
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%)		
The differences are explained below		
Profit/(Loss) on ordinary activities before tax	1,387,108	(759,653)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	388,390	(212,703)
Effects of		
Capital allowances in excess of depreciation	(422)	(527)
Losses not utilised in the period	96,832	-
Dividend income not taxable	(484,800)	-
Adjustment in respect of prior periods	-	124
Current tax charge / (credit) for the year (note 6(a))	-	(213,106)

## 7. Fixed asset investments

Cost	Shares in subsidiary undertakings £
At 1 April 2009	11,802,842
Additions in the year	499,900
At 31 March 2010	12,302,742

Additions represent the subscriptions for 499,900 ordinary shares in Lorica General Insurance Limited as follows.

29 January 2010	Subscription for 250,000 ordinary shares of £1 each, and
29 March 2010	Subscription for 249,900 ordinary shares of £1 each.

## Notes to the financial statements for the year ended 31 March 2010

## 7. Fixed asset investments (continued)

Additional information on principal subsidiary undertakings is as follows

Company name	Class of shares held	Percentage of shares held	Country of incorporation	Nature of business
Lorica General Insurance Limited	Ordinary	100%	United Kingdom	Insurance Broking
The Thompson Rudd Group Limited	Ordinary	100%	United Kingdom	Not trading
Parkwood Sinclair Insurance Brokers Limited	Ordinary	100%	United Kingdom	Not trading
Jobson James and Associates Limited	Ordinary	100%	United Kingdom	Not trading

## 8. Debtors

	31 March 2010 £	31 March 2009 £
Amounts due from group undertakings	1,155,062	179,986
Unpaid share capital	-	1
Other debtors	<u>150,000</u>	<u>150,000</u>
	<u>1,305,062</u>	<u>329,987</u>

All amounts are due within twelve months of the balance sheet date

Amounts due from group undertakings comprise a series of temporary loans or cash sweep agreements which earn interest at the Bank of England Base Rate plus 2% and are repayable on demand.

## Notes to the financial statements for the year ended 31 March 2010

## 9. Creditors: amounts falling due within one year

	31 March 2010 £	31 March 2009 £
Amounts owed to group undertakings	14,127,399	14,030,258
Other creditors	-	9,274
	<u>14,127,399</u>	<u>14,039,532</u>

Amounts owed to group undertakings comprise a series of temporary loans or cash sweep agreements which accrue interest at the Bank of England Base Rate plus 2% and are repayable on demand

## 11. Called up share capital

	31 March 2010 £	31 March 2009 £
<b>Authorised:</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted &amp; issued:</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## 12 Statement of movement on reserves

	Profit and loss account £
At 1 April 2009	(2,906,703)
Retained profit for the year	<u>1,387,108</u>
At 31 March 2010	<u>(1,519,595)</u>

**Notes to the financial statements for the year ended 31 March 2010****13 Reconciliation of movements in shareholder's funds**

	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Opening shareholder's funds	(1,906,703)	(1,360,156)
Retained profit/(loss) for the year	<u>1,387,108</u>	<u>(546,547)</u>
Closing shareholder's funds	<u>(519,595)</u>	<u>(1,906,703)</u>

On 29 January 2010 interim dividends of £1,301,389 and £430,040 were paid to Vega Insurance Services Limited by Jobson James and Associates Limited and Parkwood Sinclair Insurance Brokers Limited respectively

**14. Ultimate holding company**

The immediate parent company as at 31 March 2010 is Lorica Consulting Limited, a company incorporated in the United Kingdom

Primary Group Limited, incorporated in Bermuda, is regarded by the directors of the Company as the Company's ultimate parent company

The largest group in which the results of the Company are consolidated is that of which Primary Group Limited is the parent company. At the date on which the accounts were approved by the directors, the ultimate controlling party is R&H Trust Co Ltd as trustee for two trusts established in the Cayman Islands for the benefit of Mr P W H James and his family

The smallest such group is that of which Primary Group (UK) Limited is the parent company

**15. Contingent liability**

On 18 November 2008 the Company became a guarantor to a term facilities agreement entered into by Lorica Consulting Limited with Barclays Bank PLC ('the bank'). The principal obligation guaranteed is Lorica Consulting Limited's obligation to repay the credit facility by 18 November 2013. At 31 March 2010, there was £3.6m drawn down under these facilities (2009: £7.8m). Each guarantor has entered into a debenture with the bank granting security over all present and future assets.

**16. Post balance sheet event**

On 29 June 2010 Primary Group (UK) Limited funded the company with an amount of £13,614,405. On the same date the company repaid amounts due to Lorica Consulting Limited totalling £13,614,405. The balance as at 31 March 2010 was £13,667,584 and is included in amounts owed to group undertakings.