

**PRIMEPLAN LIMITED**

**Annual Report**

**For the year ended 30 November 2010**



**Registered Number: 4332703**

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## **PRIMEPLAN LIMITED**

### **Directors and officers**

#### **Directors**

P M Corbett  
I C Slater

#### **Secretary**

H M Golding (appointed 28 January 2010)  
D Ogden (resigned 16 December 2009)

#### **Registered office**

96 George Street  
Croydon  
Surrey  
CR9 1BU

#### **Registered Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

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# **PRIMEPLAN LIMITED**

## **Annual report for the year ended 30 November 2010**

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## **PRIMEPLAN LIMITED**

### **Directors' report for the year ended 30 November 2010**

The directors have pleasure in presenting their annual report and the audited financial statements of Primeplan Limited (the "Company") for the year ended 30 November 2010

#### **Principal activity**

The principal activity of the Company is the collection of premiums in France and administration of insurance business on behalf of Chartis Insurance UK Limited (formerly AIG UK Limited)

#### **Business review**

##### **Results and performance**

The results of the Company for the year, as set out on page 5, show a loss on ordinary activities before tax of £42,257 (2009 Profit of £86,674) The directors do not recommend the payment of any dividend for the year (2009 nil) The retained loss for the financial year of £42,257 (2009 Profit of £86,674) has been transferred to reserves

At 30 November 2010, the shareholders funds of the Company, as shown on page 6, total £602,504 (2009 £644,761)

The fall in turnover is in line with expectation and reflects the continuing decline in policyholder numbers The costs are associated with administering the existing customer base and are considered reasonable by the directors No new business has been generated

##### **Future outlook and going concern**

It is anticipated that the premium income will be minimal in the coming year due to the current termination of all policies as part of the Company's exit strategy A decision has been made not to pursue additional business going forward As a result, the Company will experience a gradual reduction in the administrative services it is required to provide on behalf of the Insurer

If AIG is unable to meet its obligations as they fall due the directors of Primeplan Limited have assessed the impact on the Company and have concluded that the Company will be able to continue as a going concern for at least the next twelve month period

##### **Key Performance Indicators**

The directors are of the opinion that an analysis using the key performance indicators is not necessary for understanding the financial performance and position of the Company's business

##### **Approach to risk**

The process of risk acceptance and risk management is addressed through the Company's procedures and internal controls, which are reviewed regularly by the management A risk committee was put in place in 2007 to review, assess and manage customer and operational risks The Risk Committee is a joint committee with UNAT Direct Insurance Management Limited, a group company Compliance with regulation, legal and ethical standards is a high priority for the Company

As part of the American International Group Inc (AIG Inc ), Primeplan Limited conforms to a proper internal control framework which exists to manage financial risks and ensures that controls operate effectively This is subject to review by the compliance department and internal audit The compliance services are provided by Chartis UK Services Limited (formerly AIG UK Services Limited), a group company

##### **Principal risks and uncertainties**

The Company's operations expose it to a variety of risks and to address this it has put in place a risk management program that seeks to limit the adverse effects on its financial performance

## **PRIMEPLAN LIMITED**

### **Directors' report for the year ended 30 November 2010 (continued)**

#### **Financial risk**

The Company is exposed to financial risks through its financial assets and financial liabilities. The major components of financial risks are:

#### **Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations at a reasonable cost when due. This risk is mitigated by cash flow monitoring and monthly forecasts to ensure that sufficient funds are available to meet anticipated outflow requirements.

#### **Credit risk**

Credit risk is the risk that policyholders will be unable to pay amounts in full when due. The Company's exposure is limited to a greater extent as the premium collections are usually carried out by monthly direct debits. In instances where the premium cannot be collected, the policy is cancelled.

#### **Interest rate risk**

Interest rate risk arises mainly from the impact that the change in interest rates may have on loans to group companies.

#### **Group risk**

Primeplan Limited is exposed to the risk of problems elsewhere in the AIG group having an impact on its activities. The events leading up to and following mid September 2008 caused an in depth examination of this risk, and a number of possible scenarios have been contemplated. Contingency plans were developed and are kept under review to deal with the risks envisaged.

There is an intrinsic business link between Primeplan Limited and other group companies operating in the UK. Substantially all of the Company's income is derived from premium collection and insurance administration provided to group companies. The exposure to the AIG group is monitored on a monthly basis at the local level, and there are intercompany agreements in place that set out the terms and conditions of trade.

#### **Regulatory risk**

Being a financial services company, the Company's activities are closely monitored by the Financial Services Authority. The Company reviews its campaign procedures to ensure that it meets the regulatory requirements in force at the time. In addition, the compliance department and internal audit provide oversight of the Company's ongoing activities within the regulatory environment.

#### **Directors**

The details of the directors of the Company who were appointed or resigned at the date of this report included:

P M Corbett

I C Slater

S D Smart (resigned 1 December 2009)

## **PRIMEPLAN LIMITED**

### **Directors' report for the year ended 30 November 2010 (continued)**

#### **Directors' interests**

No director had a beneficial interest in the shares of the Company at any time during the year

#### **Statement of disclosure of information to auditors**

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

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30 November 2010 of which the auditors are unaware, and
- the director has taken all steps that he ought to have taken in his duty as a director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **Statement of directors' responsibility**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the year then ended

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 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 confirm they have complied with the above requirements in preparing the financial statements

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 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 PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting

**By order of the board**



**P M Corbett**  
Director  
3 August 2011

## **Independent auditors' report to the member of Primeplan Limited**

We have audited the financial statements of Primeplan Limited for the year ended 30 November 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 page 3, 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 30 November 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 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.



### **Paul Pannell (Senior Statutory Auditor)**

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 August 2011

## **PRIMEPLAN LIMITED**

### **Profit and loss account for the year ended 30 November 2010**

	<b>Notes</b>	<b>2010 £</b>	<b>2009 £</b>
Turnover	2	96,524	112,812
Administrative expenses		(146,356)	(82,285)
Operating (loss)/profit	3	(49,832)	30,527
Other operating income		7,575	56,147
(Loss)/profit on ordinary activities before tax		(42,257)	86,674
Tax on profit on ordinary Activities	4	-	-
(Loss)profit for the financial year	10	(42,257)	86,674

The above operating results are all derived from continued operations

The Company has no recognised gains and losses other than the profit for the financial year and therefore, no separate statement of total recognised gains and losses has been presented

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalent

The notes on pages 7 to 11 form an integral part of these financial statements

# PRIMEPLAN LIMITED

## Balance sheet as at 30 November 2010

	Notes	2010 £	2009 £
<b>Current assets</b>			
Debtors	6	964	298
Cash at bank and in hand		613,126	661,198
		<u>614,090</u>	<u>661,496</u>
<b>Creditors: amounts falling due within one year</b>	7	(11,586)	(16,735)
<b>Net current assets</b>		<u>602,504</u>	<u>644,761</u>
<b>Total net assets</b>		<u>602,504</u>	<u>644,761</u>
<b>Capital and reserves</b>			
Called up share capital	9	2,206,853	2,206,853
Profit and loss account	10	(1,604,349)	(1,562,092)
<b>Total shareholders' funds</b>	11	<u>602,504</u>	<u>644,761</u>

The notes on pages 7 to 11 form an integral part of these financial statements

The financial statements on pages 5 to 11 were approved by the board of directors on 3 August 2011 and were signed on its behalf by:



P M Corbett  
Director

Registered number: 4332703

# PRIMEPLAN LIMITED

## Notes to the financial statements for the year ended 30 November 2010

### 1 Accounting Policies

#### Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, the Companies Act 2006 and the applicable UK accounting standards

#### Cash flow statement

The Company is included in the consolidated financial statements of AIG Inc, which are publicly available, and comprise a consolidated statement of cash flows. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 5(a) of the Financial Reporting Standard 1, *Cash Flow Statements*

#### Turnover

Turnover comprises gross commission receivable from other group companies. Such income is recognised when the associated monthly premiums fall due.

#### Taxation

The charge for tax is based on the results for the year adjusted for disallowable items and items not chargeable to tax. Deferred tax is provided in full on all material timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the rates at which it is expected that the tax liability or benefits will arise, and where such an asset is recognised the credit is reflected in the profit and loss account for the year. Deferred tax balances are not discounted.

#### Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the mid-market rates of exchange ruling on the balance sheet date. Transactions during the year are translated into sterling using the rates of exchange prevailing at the date of the transaction.

Non-monetary assets and liabilities are translated into sterling using the rates of exchange prevailing at the date of the transaction.

### 2 Turnover

Turnover for the Company is analysed below

	2010 £	2009 £
Insurance administration	<u>96,524</u>	<u>112,812</u>

Turnover arises entirely in France, and is attributable to insurance administration

## PRIMEPLAN LIMITED

### Notes to the financial statements for the year ended 30 November 2010 (continued)

#### 3 Operating Loss

Operating loss is stated after charging

	2010 £	2009 £
Auditors' remuneration - audit	5,000	8,068

#### 4 Tax on profit on ordinary activities

##### a) Analysis of tax charge for the year

The tax charge for the year is nil (2008 nil) At 30 November 2010, the Company had tax losses of £1,530,322 (2009 £1,530,322)

No deferred tax asset has been recognised in respect of these losses as further explained in note 8

##### b) Factors affecting the tax charge for the year

Tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%)  
The differences are explained below

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	(42,257)	86,674
(Loss)/profit on ordinary activities before tax at 28%	(11,832)	24,269
Losses surrendered for nil consideration	11,832	(24,269)
Current tax charge	-	-

The deferred tax assets have been calculated at 27% (the rate substantively enacted as at 30th November 2010) Under a resolution of the Provisional Collection of Taxes Act 1968 the main corporation tax rate has been reduced by a further 1% (from the 1st April 2011 the main corporation tax rate for the 2011 financial year is 26%) This resolution was substantially enacted on 29th March 2011 The change in rate is not considered to materially impact the deferred tax asset Furthermore, the government has announced its intention to reduce the main corporation tax rate by a further 1% each of the years from 2012 through to 2014

## PRIMEPLAN LIMITED

### Notes to the financial statements for the year ended 30 November 2010 (continued)

#### 5 Employee information and directors' remuneration

The Company had no employees during the year ended 30 November 2010 (2009 nil)

The directors of the Company are remunerated as employees by Chartis UK Services Limited (formerly AIG UK Services Limited). No recharge has been made to the Company by Chartis UK Services Limited (formerly AIG UK Services Limited) in respect of any qualifying services rendered by the directors to the Company.

In addition, no incremental fees or emoluments were paid directly by the Company to the directors in respect of their duties to the Company.

#### 6 Debtors

	2010 £	2009 £
Amount owed by group undertakings	964	298
	<u>964</u>	<u>298</u>

All amounts are due within one year

#### 7 Creditors: amounts falling due within one year

	2010 £	2009 £
Amount owed to group undertakings	6,084	8,307
Accruals and deferred income	5,502	8,428
	<u>11,586</u>	<u>16,735</u>

#### 8 Provision for deferred tax

There is an unrecognised deferred tax asset of £428,490 (2009 £428,490) as at the balance sheet date which relates to tax losses. The current year losses have been surrendered to other companies. The deferred tax asset has not been recognised as it is not anticipated that there will be sufficient future taxable profits in the Company to utilise the tax losses.

# PRIMEPLAN LIMITED

## Notes to the financial statements for the year ended 30 November 2010 (continued)

### 9 Called up share capital

	2010 £	2009 £
Authorised share capital		
2,206,853 (2009 2,206,853) Ordinary £1 shares	2,206,853	2,206,853
	<u>2,206,853</u>	<u>2,206,853</u>
	2010 £	2009 £
Allotted, called up and fully paid		
2,206,853 (2009 2,206,853) Ordinary £1 shares	2,206,853	2,206,853
	<u>2,206,853</u>	<u>2,206,853</u>

### 10 Profit and loss account

	2010 £	2009 £
At 1 December 2009	(1,562,092)	(1,648,766)
(Loss)/profit for the financial year	(42,257)	86,674
At 30 November 2010	<u>(1,604,349)</u>	<u>(1,562,092)</u>

### 11 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
At 1 December	644,761	558,087
(Loss)/profit for the financial year	(42,257)	86,674
At 30 November	<u>602,504</u>	<u>644,761</u>

### 12 Related party transactions

There have been no material transactions with directors or other officers during the year requiring disclosure under the Financial Reporting Standard 8, *Related Party Disclosures*

As consolidated financial statements of the ultimate parent are publicly available, the Company has taken advantage of the exemption from the requirement to disclose transactions with related parties that are 100% owned within the AIG Group

## **PRIMEPLAN LIMITED**

### **Notes to the financial statements for the year ended 30 November 2010 (continued)**

#### **13 Parent company and ultimate parent company**

The Company is a wholly owned subsidiary of Primaplan Limited

The ultimate parent company is American International Inc (AIG Inc ), a company incorporated in the State of Delaware, United States of America Copies of the ultimate parent company's consolidated financial statements may be obtained from the Company Secretary, Chartis Insurance UK Limited, 58 Fenchurch Street, London, EC3M 4AB