MAZARS

Report & Financial Statements

For the year ended 31 December 2007

Alston Gayler & Co Limited

Company Registration Number: 2258855

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CONTENTS **Page**

COMPANY INFORMATION

DIRECTORS	K J de Clercq Zubli (Chairman) D J Jackson (Managing Director) M Whale I Scott N P Summers R E Gospage P R Barber H Overton P J Witham D Plato
SECRETARY	A L Dawes
REGISTERED OFFICE	100 Leadenhall Street LONDON EC3A 3BP
AUDITORS	Mazars LLP Chartered Accountants and registered auditors Tower Bridge House St Katharine's Way LONDON E1W 1DD
BANKERS	Barclays Bank plc One Churchill Place LONDON E14 5HP
SOLICITORS	Jones Day 21 Tudor Street LONDON EC4Y 0DJ
COMPANY REGISTERED NO	2258855

REPORT OF THE DIRECTORS

The dırectors present theır report and financıal statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The company ıs an accredıted Lloyd's broker whose prıncıpal actıvıtıes are those of ınsurance and reınsurance brokıng The company ıs regulated by the Fınancıal Servıces Authorıty, under reference 310156

REVIEW OF THE BUSINESSS AND FUTURE DEVELOPMENTS

The dırectors report that the company has ıncreased turnover by 1 4% Durıng the year, pre tax profit fell by 18% due largely to the costs assocıated wıth movıng office

The busıness has performed consıstently, wıth strong, stable relatıonshıps wıth clıents beıng strengthened durıng the year

The dırectors are confident about the future prospects for the company and expect future growth to be consıstent wıth the current year The dırectors remaın commıtted to provıdıng a professıonal servıce to clıents There are no matters, ıssues or opportunıtıes facıng the busıness whıch cause the dırectors to revıew theır expectatıon that the busıness wıll contınue to grow In the opınıon of the dırectors, the prıncıpal rısks facıng the company are as follows

Credit risk

The financıal ınstrument whıch potentıally subjects the Company to concentratıons of credıt rısk ıs cash The Company manages thıs rısk by maıntaınıng ınvestment practıces that restrıct placement of these ınvestments to financıal ınstıtutıons evaluated as hıghly credıtworthy

There ıs also the rısk that other partıes whıch owe the Company money wıll not pay The Company mınımıses thıs rısk by maıntaınıng sound credıt and collectıon practıces and by provıdıng for any amounts deemed uncollectıble

Interest rate risk

The Company's operatıons are subject to the rısk of ınterest rate fluctuatıons only as ıt affects ınterest earnıng assets

Exchange rate risk

The Company manages exchange rate rısk by maıntaınıng bank accounts ın foreıgn currency ın order to match assets and lıabılıtıes ın the same currency

Liquidity risk

The Company manages ıts cash centrally to maxımıse ınterest ıncome, whıle ensurıng the Company has sufficıent lıquıd resources to meet the operatıng needs of ıts busıness Clıent money ıs held wıth approved banks and cleared funds have to be avaılable before payment ıs made

RESULTS

The results for the year are set out ın the financıal statements on pages 6 to 16 A final dıvıdend for the year ended 31 December 2007 was declared on 20 December 2007 and paıd on 21 December 2007

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The current directors are shown on page 1 The directors who held office from 1 January 2007 to the date of this report are listed below All held office throughout the period, unless otherwise indicated

K J de Clercq Zubli (Chairman)
D J Jackson (Managing Director)
M Whale
I Scott
N P Summers
R E Gospage
P R Barber
H Overton
P J Witham
D J Plato (appointed 12 April 2007)
A L Dawes (appointed 2 July 2007, resigned 1 December 2007)

DIRECTORS' RESPONSIBILITIES

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

(i) select suitable accounting policies and then apply them consistently,
(ii) make judgements and estimates that are reasonable and prudent,
(iii) comply with the applicable accounting standards, subject to any material departures disclosed and explained in the financial statements, and
(iv) 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 confirm that, at the time the audit report was signed, there was no relevant information of which the auditors were unaware and that all reasonable steps were taken to identify such information and make it known to the auditors

The directors are responsible for maintaining proper accounting records which 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

GENERAL MEETINGS

The company has elected in pursuance of Section 252, Companies Act 1985, not to lay accounts before the members in general meeting Members, however, may, by notice in writing to the company at its registered office, require that the accounts are laid before the company in general meeting

Approved by the Board of Directors on 9 April 2008
and signed on its behalf of the Board by

A L Dawes
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALSTON GAYLER & CO LIMITED

We have audited the financial statements of Alston Gayler & Co Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and related notes These financial statements have been prepared under the historical cost convention and 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

As described on page 3, in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements We also 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 transactions with the company is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statement

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 judgements 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALSTON GAYLER & CO 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 2007 and of its profit 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

Mazars LLP

Mazars LLP
CHARTERED ACCOUNTANTS
and Registered Auditors
Tower Bridge House
St Katharine's Way
London E1W 1DD

10 April 2008

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

	Notes	2007 £	2006 £
TURNOVER	2	4,874,305	4,807,842
Administrative costs		(3,996,164)	(3,609,875)
OPERATING PROFIT		878,141	1,197,967
Interest receivable		392,626	355,349
Profit on disposal of fixed assets		-	4,750
Interest payable and similar charges	6	(18,964)	(23,071)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,251,803	1,534,995
Taxation	7	(331,435)	(474,389)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		920,368	1,060,606

The company had no recognised gains or losses other than the profit for the financial year The profit on ordinary activities before taxation is wholly attributable to continuing activities and has been calculated on the historical cost basis

BALANCE SHEET
At 31 December 2007

	Notes	2007 £	2007 £	2006	2006
TANGIBLE FIXED ASSETS	10		354,886		146,164
CURRENT ASSETS					
Debtors	11	10,218,059		12,510,062	
Cash at bank and in hand		6,650,512		3,533,072	
Investments	12	3,935,672		4,607,402	
		20,804,243		20,650,536	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(17,901,773)		(18,435,412)	
NET CURRENT ASSETS			2,902,470		2,215,124
TOTAL ASSETS LESS CURRENT LIABILITIES			3,257,356		2,361,288
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(184,555)		(123,855)
PROVISION FOR LIABILITIES AND CHARGES	15		(67,000)		(52,000)
NET ASSETS			3,005,801		2,185,433
SHARE CAPITAL AND RESERVES					
Called up share capital	16		1,300,000		500,000
Profit and loss account	17		1,705,801		1,685,433
EQUITY SHAREHOLDERS' FUNDS	17		3,005,801		2,185,433

Approved by the Board on 9 April 2008
and signed on its behalf by

Klaus de Clercq Zubli
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs

(a) Accounting convention and accounting standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards The company is exempt from the requirement to prepare a cash flow statement as the company is a wholly-owned subsidiary and its ultimate holding company prepares group accounts

(b) Turnover

Brokerage is credited to income on the earlier of inception or when debit notes are issued to clients However, in the case of instalment premiums, the full brokerage due is recognised when the first instalment is debited or at earlier inception However, the company has deferred an appropriate proportion of revenue to recognise, in full, its post placement contractual obligations to clients in providing technical and claims services

Turnover also includes gains or losses on foreign exchange transactions

(c) Depreciation

Fixed assets are written off over their estimated useful lives on a straight line basis at the following annual rates, after they are first brought into use

Improvements to short leasehold	- over period of lease
Fixtures and fittings	- 10%
Motor vehicles	- 25%
Computer equipment	- 50%

(d) Foreign currency translation

Revenues and costs expressed in all foreign currencies are translated into sterling at average rates of exchange which approximate to the actual rate ruling on the date on which transactions occurred

(e) Insurance broking assets and liabilities

The company act as agents in broking the insurable risks of clients and, normally, is not liable as a principal for premiums due to underwriters or for claims payable to clients Notwithstanding the legal relationship with clients and underwriters, the company has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the company itself This recognises that the company is entitled to retain the investment income on any cash flows arising from these transactions

Under Financial Reporting Standards ("FRS 5"), assets and liabilities may not be offset unless net settlement is legally enforceable and, therefore, insurance debtors and creditors are shown gross within these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

(f) Deferred taxation

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

(g) Pension scheme

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charged to the profit and loss account represents contributions payable by the company in respect of the period

(h) Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred

(i) Investments

Current asset investments are stated at the lower of cost and net realisable value

2. TURNOVER

	2007 £	2006 £
Turnover is analysed as		
Net brokerage receivable	4,874,990	4,906,599
Exchange (loss)	(685)	(98,757)
	4,874,305	4,807,842

3. STAFF COSTS

	2007 £	2006 £
Staff costs comprised		
Wages and salaries	2,022,761	2,005,280
Social security costs	233,056	228,770
Other pension costs	174,548	178,381
	2,430,365	2,412,431

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

3. STAFF COSTS (continued)

The average number of persons employed durıng the year, ıncluded dırectors, was as follows

	2007 Number	2006 Number
Management and admınıstratıon	5	4
Brokıng and technıcal	27	24
	32	28

4. DIRECTORS' EMOLUMENTS

	2007 £	2006 £
Aggregate dırectors' emoluments	1,380,741	1,235,820
Compensatıon for loss of office	-	35,900
	1,380,741	1,271,720
In respect of the hıghest paıd dırector		
Emoluments payable	221,422	213,958
Compensatıon for loss of office	-	35,900
Company contrıbutıons to defined contrıbutıon scheme	12,800	11,116
	234,222	225,074

	Number	Number
Durıng the perıod the followıng number of dırectors accrued benefits under money purchase pensıons schemes	10	9

For the year ended 31 December 2007 (continued)

5. DIRECTORS' AND RELATED PARTY INTERESTS

During the year, the Company placed business on behalf of the following associated companies

	2007 £	2006 £
Brokerage earned by this company		
Anchor Insurance BV	655,179	676,669
Anchor Insurance SA	1,235,632	1,206,302
Rembrandt Insurance Co Limited	30,549	65,409
Post & Co (P&I) BV	609,133	672,563
Amounts due from/(to) related company at year end		
Anchor Insurance BV	1,722,041	1,392,231
Anchor Insurance SA	2,735,336	1,697,177
Rembrandt Insurance Co Limited	(2,456,645)	(1,300,273)
Post & Co (P&I) BV	461,009	1,597,768

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Depreciation	80,958	76,020
Auditors' remuneration	24,000	21,000
Operating lease rentals in respect of equipment	-	5,076
Operating lease rentals in respect of property	277,158	161,805
Operating lease in respect of motor vehicles	-	6,123
Profit on disposal of fixed assets	-	4,750
Interest payable and similar charges		
Interest payable on bank overdraft	18,964	23,071

7. TAXATION

	2007 £	2006 £
(a) Analysis of charge for the year		
Corporation tax on the profit for the year at 30% (2006 30%)	383,360	485,963
(Over)/under provision for prior years	(15,196)	527
	368,164	486,490
Deferred taxation (Note 8)	(36,729)	(12,101)
Tax charge on ordinary activities before taxation	331,435	474,389
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	1,251,803	1,534,995
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	375,541	460,499
Effect of		
Expenses not deductible for tax purposes	31,058	23,485
Excess of capital allowances over depreciation	-	-
Excess of depreciation over capital allowances	(23,195)	(3,778)
Short term timing differences	909	7,395
Group relief surrendered for nil consideration	(953)	(1,638)
(Over)/under provision for prior years	(15,196)	527
Charge as in (a) above	368,164	486,490

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

8. DEFERRED TAX

	2007 £	2006 £
Excess of capital allowances over depreciation		
At 1 January 2007	25,137	13,036
Movement in the year	36,729	12,101
Balance at 31 December 2007 (Note 11)	61,866	25,137

9. DIVIDENDS

	2007 £	2006 £
Interim (paid) – nil pence per share (2006 150 pence)	-	750,000
Final 2007, paid in 2007 – 69 2 pence per share (2006 30pence)	900,000	150,000
	900,000	900,000

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2007	96,887	267,861	84,534	130,066	579,348
Additions	164,980	39,416	85,286	-	289,682
At 31 December 2007	261,867	307,277	169,820	130,066	869,030
ACCUMULATED DEPRECIATION					
At 1 January 2007	84,524	254,024	41,581	53,055	433,184
Charge for year	20,611	22,497	9,827	28,025	80,960
At 31 December 2007	105,135	276,521	51,408	81,080	514,146
NET BOOK VALUE					
At 31 December 2007	156,732	30,756	118,412	48,986	354,886
At 31 December 2006	12,363	13,837	42,953	77,011	146,164

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

11. DEBTORS

Amounts due within one year

	2007 £	2006 £
Insurance broking debtors	9,787,002	12,175,657
Deferred tax asset (Note 8)	61,866	25,137
Other debtors and prepayments	312,041	255,333
	10,160,909	12,456,127
Amounts due after more than one year		
Rent deposit	57,150	53,935
	10,218,059	12,510,062

The insurance broking debtors include £4,918,386 (2006 £4,687,176) due from related companies, the details of which are set out in Note 5

At 31 December 2007, prepaid contributions to the company's pension scheme amounted to £Nil (2006 £Nil)

12. CURRENT ASSET INVESTMENTS

	2007 £	2006 £
At 31 December 2007	3,935,672	4,607,402

13. CREDITORS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts due to Holdings Company	102,463	37,901
Insurance broking creditors	16,520,147	17,283,791
Corporation tax – current year	171,572	179,488
Taxation and social security	141,658	159,540
Accruals and deferred income	945,704	774,692
Bank overdrafts	20,229	-
	17,901,773	18,435,412

Insurance broking creditors include £2,456,645 (2006 £1,300,273) due to related companies, the details of which are set out in Note 5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

14. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Deferred Income £	National Insurance £	2007 £	2006 £
Balance at 1 January 2007	120,000	3,855	123,855	132,000
Amount provided/(released) in the year	60,700	-	60,700	(8,145)
Balance at 31 December 2007	180,700	3,855	184,555	123,855

15. PROVISIONS FOR LIABILITIES AND CHARGES

Lease dilapidation costs	2007 £	2006 £
At 1 January 2007	52,000	40,000
Provided during the year	15,000	12,000
At 31 December 2007	67,000	52,000

The Company is obliged under the terms of its lease to reinstate the premises to the condition they were in at commencement of the lease The Company has provided for dilapidation based on estimates of the cost of reinstating the premises to the original state

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

16. SHARE CAPITAL

	2007 £	2006 £
Authorised:		
Ordinary shares of £1 each	1,500,000	500,000
Called up, allotted, issued and fully paid:		
Ordinary shares of £1 each	1,300,000	500,000

On 30 August 2007 800,00 ordinary shares of £1 each were issued for cash at £1 each

17. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Profit and Loss Account £	Share Capital £	2007 Shareholders' Funds £	2006 Shareholders' Funds £
Balance at 1 January 2007	1,685,433	500,000	2,185,433	2,024,827
Dividends	(900,000)	-	(900,000)	(900,000)
Profit for the year	920,368	-	920,368	1,060,606
Share issue	-	800,000	800,000	-
At 31 December 2007	1,705,801	1,300,000	3,005,801	2,185,433

18. OTHER FINANCIAL COMMITMENTS

At 31 December 2007, the company was committed to making the following payments during the next year

	2007 £	2006 £
Operating leases which expire within two to five years		
Land and buildings	454,125	161,805
Other equipment	5,076	5,076
Motor vehicles	6,123	6,123
	465,324	173,004

19. CAPITAL COMMMITMENTS

There were no capital commitments at the balance sheet date (2006 £nil)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

20. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contributions pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £174,548 (2006 £178,381) There were no amounts due to the scheme at the balance sheet date

21. ULITMATE HOLDING COMPANY

The company's immediate parent is Nelson Holdings Limited, a company registered in England The ultimate parent company is Michiel Adriaanszoon de Ruyter Holding BV, a company registered in the Netherlands