

Specialty Risk Broking Limited

Annual Report for the year ended 31 December 2006

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Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the Company for the year ending 31 December 2006

Principal activities and review of the business

The Company acts as a holding company

Results and dividends

The results of the Company for the year ended 31 December 2006 are set out in the financial statements on pages 5 to 12

On 20 December 2006 a dividend of £3,550,000 was declared and paid (2005 nil)

Directors

The following directors held office throughout the year

A E Agnew

R Higgins

E C More

(Resigned 10 February 2006)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit and loss for that period. The directors are required to 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 that suitable accounting policies have been used and applied consistently in the period as explained under 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2006 and that applicable accounting standards have been followed.

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.

All the directors who are in office at the date this report is approved confirm there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make himself aware of any relevant audit information and established that the auditors are aware of that information.

Directors' report for the year ended 31 December 2006

Auditors

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

**6 Crutched Friars
LONDON EC3N 2PH**

BY ORDER OF THE BOARD



D J Hickman

Secretary

31 July 2007

Independent Auditor's report to the members of Specialty Risk Broking Limited

We have audited the financial statements of Specialty Risk Broking Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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.

Independent Auditor's report to the members of Specialty Risk Broking Limited

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 2006 and of its profit for the period 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



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

31 July 2007

Profit and loss account for the year ended 31 December 2006

	Note	Year ended 31 December 2006 £000's	Year ended 31 December 2005 £000's
Administrative expenses		-	-
Operating profit	3	-	-
Dividends from subsidiary undertakings	5	1,800	1,750
Interest receivable and similar income		556	513
Profit on ordinary activities before taxation		2,356	2,263
Taxation on profit on ordinary activities	6	-	(1)
Profit for the financial year		2,356	2,262

The Company had no recognised gains or losses other than those reflected in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year above and their historical cost equivalents

Balance sheet as at 31 December 2006

	Note	31 December 2006 £000's	31 December 2005 £000's
Fixed assets			
Investment in subsidiary undertaking	8	500	500
		<u>500</u>	<u>500</u>
Current assets			
Debtors	9	12,875	9,472
Cash at bank and in hand		111	2,794
		<u>12,986</u>	<u>12,266</u>
Creditors – amounts falling due within one year	11	<u>(1,914)</u>	<u>-</u>
Net current assets		<u>11,072</u>	<u>12,266</u>
Total assets less current liabilities		<u>11,572</u>	<u>12,766</u>
Net assets		<u><u>11,572</u></u>	<u><u>12,766</u></u>
Capital and reserves			
Called up share capital	12	373	373
Profit and loss account	13	<u>10,822</u>	<u>12,016</u>
Shareholders' funds (equity interests)		<u>11,195</u>	<u>12,389</u>
Called up share capital	12	<u>377</u>	<u>377</u>
Shareholders' funds (non-equity interests)		<u>377</u>	<u>377</u>
Total shareholders' funds	14	<u><u>11,572</u></u>	<u><u>12,766</u></u>

The financial statements on pages 5 to 12 were approved by the board of directors on 31 July 2007 and were signed on its behalf by



A E Agnew
Director

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

**Notes to the financial statements
for the year ended 31 December 2006****1 Accounting policies****(a) Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards, which have been consistently applied. A summary of the principal group accounting policies is set out below.

(b) Deferred taxation

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(c) Investments

Investments are stated at the lower of cost and market value except where they are held as fixed assets, in which case they are stated at cost less any provision for permanent diminution in value.

Consolidated accounts have not been prepared since the company is a wholly owned subsidiary of another company incorporated in the United Kingdom.

(d) Dividend distribution

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. Final dividends are recognised once formally approved by the board and interim dividends are charged once paid.

2 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Jardine Lloyd Thompson Group plc and is included in their consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Jardine Lloyd Thompson Group or investees of the Jardine Lloyd Thompson Group. All related party transactions external to the group are disclosed in the consolidated financial statements of Jardine Lloyd Thompson Group plc.

Notes to the financial statements
for the year ended 31 December 2006

3 Operating profit

Auditors' remuneration for the statutory audit of the accounts of the Company for the year ended 31 December 2006 is £2,500 (2005 £2,500)

The auditors' remuneration is paid, on behalf of the Company, by Jardine Lloyd Thompson Limited (formerly JLT Risk Solutions Limited)

4 Directors and employees

No directors received any remuneration during the period in respect of their services to the Company (2005 nil)

The Company had no employees during the period (2005 nil)

5 Dividends from subsidiary undertakings

The dividend receivable is from Agnew Higgins Pickering and Company Limited, an insurance and reinsurance broker registered in England

6 Tax on profit on ordinary activities

	Year ended 31 December 2006 £000's	Year ended 31 December 2005 £000's
Deferred taxation	-	1
Taxation on profit on ordinary activities	-	1

The taxation charge for the period is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Year ended 31 December 2006 £000's	Year ended 31 December 2005 £000's
UK Corporation Tax on profit on ordinary activities	707	679
Permanent deductions from taxable results (principally UK dividends received and offset of losses surrendered by other group companies)	(706)	(678)
Book depreciation in excess of tax depreciation	(1)	(1)
Current tax charge for the period	-	-

**Notes to the financial statements
for the year ended 31 December 2006**

7 Dividends for the financial period

	Year ended 31 December 2006 £000's	Year ended 31 December 2005 £000's
Final dividend paid	3,550	-
	<u>3,550</u>	<u>-</u>

8 Fixed asset investments

The 100% investment in Agnew Higgins Pickering & Company Limited, an insurance and reinsurance broker has a carrying value of £500,000 at 31 December 2006

The above named company is registered in England and Wales

The Company is exempt from the requirements to prepare group accounts as the group is included in the accounts of Jardine Lloyd Thompson Group plc, a company registered in England

9 Debtors

	31 December 2006 £000's	31 December 2005 £000's
Amounts falling due within one year		
Amounts due from fellow group undertakings	11,072	7,713
Deferred tax	1	1
Dividends receivable from subsidiary undertaking	1,800	1,750
Other Debtors	2	8
	<u>12,875</u>	<u>9,472</u>

**Notes to the financial statements
for the year ended 31 December 2006**

10 Provision for deferred taxation

	31 December 2006 £000's	31 December 2005 £000's
Excess book depreciation over tax depreciation	<u>1</u>	<u>1</u>
Closing deferred tax asset	<u>1</u>	<u>1</u>
Comprised of		
Net deferred tax assets	<u>1</u>	<u>1</u>

Reconciliation of movement in deferred tax provision

	£000's
Provision at 1 January 2006	1
Profit and loss account credit	<u>-</u>
Provision at 1 January 2006 and 31 December 2006	<u>1</u>

11 Creditors - amounts falling due within one year

	31 December 2006 £000's	31 December 2005 £000's
Amounts due to fellow group undertakings	<u>1,914</u>	<u>-</u>

**Notes to the financial statements
for the year ended 31 December 2006**

12 Called up share capital

	31 December 2006 £000's	31 December 2005 £000's
Authorised, issued and fully paid		
Ordinary voting shares of £1 each (<i>equity shares</i>)	373	373
Ordinary non-voting shares of £1 each (<i>non-equity shares</i>)	374	374
'A' shares of £1 each (<i>non-equity shares</i>)	<u>3</u>	<u>3</u>
	<u><u>750</u></u>	<u><u>750</u></u>

The 'A' shares carry no rights to receive notice of, attend or vote at any general meeting of the Company

On 15 November 2000, the 747,000 authorised and issued ordinary shares of £1 each were reclassified as 373,499 ordinary voting shares and 373,501 ordinary non-voting shares of £1 each

The ordinary voting shares carry full voting rights and 99.999% of income rights on a distribution of profits or in a winding up only after profits distributable to holders of the 'A' shares as hereunder

The ordinary non-voting shares carry no voting rights and 0.001% of the income rights as aforesaid

The Company's Articles of Association provide that the holders of the 'A' shares are restricted in dividends to the total available profit from a particular income stream. The holders of the Ordinary shares are not entitled to dividends from this income stream but are entitled to receive dividends from all other income streams. Under specific circumstances the holders of 'A' shares will be entitled to receive a restricted dividend. On the occurrence of certain other specific events identified in the Articles of Association a special dividend becomes payable to the holders of the 'A' shares.

On a return of assets in a winding up or otherwise the assets available for distribution amongst members shall be applied so that the 'A' shareholders receive certain identified and identifiable assets. Any remainder will be distributed to the Ordinary shareholders.

**Notes to the financial statements
for the year ended 31 December 2006**

13 Reserves

	Profit & loss Account £000's
At 1 January 2006	12,016
Profit for the financial year	2,356
Dividends	<u>(3,550)</u>
At 31 December 2006	<u>10,822</u>

14 Reconciliation of movements in shareholders' funds

	31 December 2006 £000's	31 December 2005 £000's
Profit for the financial year	<u>2,356</u>	<u>2,262</u>
	2,356	2,262
Dividends	(3,550)	-
Opening shareholders' funds	<u>12,766</u>	<u>10,504</u>
Closing shareholders' funds	<u>11,572</u>	<u>12,766</u>

15 Parent undertakings

The Company is owned by JLT Insurance Group Holdings Limited and BGHPW Limited, each holding 50% of the share capital

Jardine Lloyd Thompson Group plc is the ultimate parent company for which consolidated group accounts are prepared and of which the Company is a member

Copies of the consolidated accounts can be obtained from

Name	Jardine Lloyd Thompson Group plc
Country of incorporation or registration	England
Address from where copies of the group accounts can be obtained	6 Crutched Friars London EC3N 2PH