Company Registration No. 2464002

WINDSOR PROFESSIONAL INDEMNITY LIMITED

Report and Financial Statements

31 December 2010

REPORT AND FINANCIAL STATEMENTS 2010

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the fifteen month period ended 31 December 2010 On 6 August 2010, the company revised its accounting reference date from 30 September to 31 December Accordingly, the current period financial statements cover a period of fifteen months, whilst the comparatives cover a period of twelve months

PRINCIPAL ACTIVITIES

The company's principal activity during the period was insurance broking

The company is a wholly owned subsidiary of Windsor Limited

BUSINESS REVIEW

The results of the company for the period are shown on page 4 The profit before tax for the period amounted to £69,929 (2009 £271,229)

During the period the directors did not declare a dividend in respect of 2010 (2009 interim dividend in respect of 2009 of £369,126) The increase in shareholders funds of £82,502 (2009 decrease of £51,712) has been transferred to/(from) reserves

PRINCIPAL RISKS AND UNCERTAINTIES

The company derives certain of its income in foreign currencies and is, therefore, exposed to the movement in the exchange rates of these currencies against Sterling The group's treasury function enters into forward foreign exchange contracts to manage this risk

The company's credit risk is primarily related to insurance broking debtors The amounts stated in the balance sheet are stated net of allowances for doubtful debtors The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and clients

The company has no external debt and, therefore, has no material interest rate exposure

DIRECTORS

The directors of the company at 31 December 2010 and those who served during the period were

S Lakey
C Murphy

AUDITORS

Each of the persons who is a director at the date of approval of the Directors' report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware,

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an AGM

Approved by the Board of Directors on 28/4/11
and signed on behalf of the Board

C Murphy

Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare such financial statements for each financial period 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 those financial statements, the directors are required to

(a) select suitable accounting policies and then apply them consistently,

(b) make judgements and estimates that are reasonable and prudent,

(c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

(d) 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 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINDSOR PROFESSIONAL INDEMNITY LIMITED

We have audited the financial statements of Windsor Professional Indemnity Limited for the fifteen month period ended 31 December 2010, which comprise the profit and loss account, the balance sheet and the related notes 1 to 14 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)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the directors' responsibilities statement, 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 and express an opinion on 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

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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 December 2010 and of its profit for the fifteen month period 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 period 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

Matthew Perkins

Matthew Perkins (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, England

28/4/11

PROFIT AND LOSS ACCOUNT
15 months ended 31 December 2010

	Note	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
Revenue			
Brokerage and fees	2	68,254	228,710
Interest and investment income		7,124	43,029
		75,378	271,739
Administrative expenses		(5,449)	(510)
Operating profit being profit on ordinary activities before tax	3	69,929	271,229
Tax on profit on ordinary activities	5	12,573	46,185
Profit on ordinary activities after tax being profit for the period	11	82,502	317,414

All results derive from continuing operations

There are no recognised gains and losses other than as stated in the profit and loss account Accordingly, a statement of total recognised gains and losses is not presented

BALANCE SHEET
31 December 2010

	Note	31 Dec 2010 £	30 Sep 2009 £
Current assets			
Debtors	7	908,033	1,499,573
Cash at bank and in hand		994,589	1,049,329
		1,902,622	2,548,902
Creditors amounts falling due within one year	8	(1,372,706)	(2,101,488)
Net assets		529,916	447,414
Capital and reserves			
Called up share capital	9	50,000	50,000
Profit and loss account	10	479,916	397,414
Shareholders' funds	11	529,916	447,414

These financial statements of Windsor Professional Indemnity Limited, registered number 2464002, were approved and authorised for issue by the Board of Directors on 28/4/11

and signed on behalf of the Board

C Murphy

Director

NOTES TO THE FINANCIAL STATEMENTS
15 months ended 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The principal accounting policies of the company have remained unchanged from the previous year

The company is exempt from filing a cash flow statement under FRS 1 as it is a wholly owned subsidiary and its parent company includes a cash flow statement in its financial statements, which are publicly available

The company's business activities and principal risks and uncertainties are disclosed in the directors' report on page 1 The company is managed as part of the Windsor Group and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors continue to adopt the going concern basis in preparing the annual accounts

Revenue

Insurance and reinsurance brokerage and fees represent broking commissions and fees, net of commissions payable to other directly involved parties Brokerage income is generally recognised the later of when the insured is debited with the premium and the inception date of the policy Brokerage attributable to return and additional premiums or adjustments is brought into account as it arises Income is deferred, where appropriate, to match post placement contractual obligations

Interest on deposits is credited as it is earned

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction or, if hedged forward, at the rate of exchange under the related forward foreign exchange contract Foreign currency monetary assets and liabilities, other than those hedged forward, are translated into local currency at the rates ruling at the balance sheet date The differences on translating such net assets or liabilities have been included in the profit and loss account as part of normal trading activities

Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions

The position of the insurance broker as agent means that, generally, the credit risk is borne by the principals There can be circumstances where the insurance broker acquires credit risk, through statute, or through the act or omission of the insurance broker or of one of the principals There is much legal uncertainty surrounding the circumstances and the extent of such exposures and, consequently, they cannot be evaluated However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market bureaux on a net basis Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements The company accounts for insurance debtors and creditors based on the requirements of FRS 5, which requires that the offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party

Tax

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year and tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in respect of deferred tax assets and liabilities using the full provision method on timing differences more likely than not to occur between the recognition of gains and losses in the financial statements and their recognition in a tax computation Deferred tax assets and liabilities are not discounted

NOTES TO THE FINANCIAL STATEMENTS
15 months ended 31 December 2010

2 SEGMENTAL INFORMATION

2 1 Brokerage and fees and profit before tax

The company operates in the UK and all activities relate to insurance broking

2 2 Geographical analysis of brokerage and fees by client location

	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
United Kingdom	31,458	164,986
Continental Europe	19,398	17,264
Far and Middle East	1,577	10,785
Rest of the World	15,821	35,675
	68,254	228,710

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
Profit on ordinary activities before tax is determined after taking account of the following item		
Auditors' remuneration in respect of audit services	1,000	1,000

The audit fee was borne by a fellow subsidiary undertaking There were no fees in respect of non-audit services

The company has no employees

4 DIRECTORS

During the period all of the directors were also directors of the ultimate parent company, Windsor Limited, and were remunerated in respect of their services to the group as a whole No information is disclosed below in respect of their remuneration as directors of the company as their total remuneration is disclosed in the annual report of Windsor Limited

NOTES TO THE FINANCIAL STATEMENTS
15 months ended 31 December 2010

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
Current tax		
Current period	3,318	2,625
Adjustment to tax charge in respect of prior periods	(20,539)	(86,050)
Group relief due to a fellow subsidiary	4,648	37,240
(Credit) / charge for the period	(12,573)	(46,185)

Corporation tax has been charged at 28% in the fifteen month period ended 31 December 2010 (twelve months to 30 September 2009 – 28%) of the estimated assessable profit for the period

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows

	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
Profit before tax	69,929	271,229
Factors affecting the charge for the period		
Profit before tax at 28% (2009 - 28%)	19,580	75,944
Utilisation of losses and other reliefs claimed	(1,106)	(875)
Other timing differences	(10,508)	(35,204)
Adjustment to tax charge in respect of prior periods	(20,539)	(86,050)
Credit for the period	(12,573)	(46,185)

A number of changes to the UK Corporation tax system were announced by the Government in the Budget Statement during 2010 The Finance Act (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011 In addition, on 29 March 2011 the UK Parliament passed a resolution to further reduce the main rate of corporation tax to 26% from 1 April 2011

6 DIVIDENDS

	15 months ended 31 Dec 2010 £	12 months ended 30 Sep 2009 £
Interim 2009 paid 4 8 p per ordinary 'A' equity share	-	203,020
Interim 2009 paid 22 1 p per ordinary 'B' equity share	-	166,106
	-	369,126

NOTES TO THE FINANCIAL STATEMENTS
15 months ended 31 December 2010

7. DEBTORS

	31 Dec 2010 £	30 Sep 2009 £
Insurance transactions	396,328	860,367
Amounts owed by group company	508,909	636,645
Other debtors	2,796	2,561
	908,033	1,499,573

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 2010 £	30 Sep 2009 £
Insurance transactions	1,355,578	1,923,239
Amounts owed to group companies	-	63,330
Corporation tax payable	3,318	23,038
Other creditors	13,810	91,881
	1,372,706	2,101,488

9 SHARE CAPITAL

	31 Dec 2010 £	30 Sep 2009 £
Called up, allotted and fully paid		
4,250,000 Ordinary 'A' shares of 1p each	42,500	42,500
750,000 Ordinary 'B' shares of 1p each	7,500	7,500
	50,000	50,000

Ordinary 'A' shares have one vote each Ordinary 'B' shares have 4 64 votes each

Dividends are distributed in proportion to the voting rights attaching to each class of shares

In the event of a winding up of the company, surplus assets will first be used to repay capital paid up on all shares, and the residue will be divided amongst the shares in proportion to the voting rights attaching to the shares at that time

NOTES TO THE FINANCIAL STATEMENTS
15 months ended 31 December 2010

10 MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 October 2009	397,414
Profit for the period	82,502
At 31 December 2010	479,916

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 2010 £	30 Sep 2009 £
Profit for the financial period	82,502	317,414
Dividends	-	(369,126)
Net increase/(decrease) in shareholders' funds	82,502	(51,712)
Opening shareholders' funds	447,414	499,126
Closing shareholders' funds	529,916	447,414

12 CAPITAL COMMITMENTS

At 31 December 2010, there were no commitments for contracted capital expenditure (2009 £nil)

13 RELATED PARTY TRANSACTIONS

The company has not disclosed its transactions with other group companies as it is a wholly owned subsidiary and its results are consolidated into the financial statements of its ultimate parent company, which are publicly available

14 PARENT COMPANY

The ultimate parent and controlling company is Windsor Limited, which is registered in England and Wales The immediate parent company is Windsor Insurance Holdings Limited, which is registered in England and Wales Windsor Limited is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up

Copies of the group financial statements of Windsor Limited are available from its registered office at 71 Fenchurch Street, London EC3M 4BS