

Company No: 2966649

609 CAPITAL LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2007**

Registered Office
Room 790
Lloyd's
1 Lime Street
London
EC3M 7DQ

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COMPANIES HOUSE

609 Capital Limited

DIRECTORS

A Baddeley (appointed 23 January 2008)

S J Cook

N C Marsh

SECRETARY

M B W Bruce

David Venus & Company Limited

Thames House

Portsmouth Road

Esher

Surrey, KT10 9AD

AUDITORS

Ernst & Young LLP

1 More London Place

London SE1 2AF

BANKERS

Lloyds TSB Bank plc

113 Leadenhall Street

London EC3A 4AX

SOLICITORS

Clyde & Co LLP

51 Eastcheap

London EC3M 1JP

REGISTERED OFFICE

Room 790, Lloyd's

1 Lime Street

London EC3M 7DQ

609 Capital Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2007

Results and dividends

The profit for the year, after taxation, amounted to £2,012,000 (2006 £2,718,000) The directors do not recommend a final ordinary dividend, making a total dividend paid of £2,451,000 for the year (2006 £nil)

Principal activity and review of the business

The principal activity of the company is that of a Corporate Underwriting Member at Lloyd's The following table shows the syndicate participations for each year of account

Syndicate No	2005 Allocated Capacity £'000	2006 Allocated Capacity £'000	2007 Allocated Capacity £'000	2008 Allocated Capacity £'000
570	5,111	4,620	3,605	-
609	7,566	6,781	6,466	-
2791	921	1,977	2,761	-
6103	-	-	500	-
TOTAL	13,598	13,378	13,332	-

Key Performance Indicators	Year to 31 December 2007 £'000	Year to 31 December 2006 £'000	% Change
Net premiums earned	8,415	11,673	(27.9)
Balance on technical account	2,625	3,867	(32.1)
Profit before tax	2,778	3,874	(28.3)

Commentary on KPI's

The reduction in income and reduced profit in the 2007 calendar year is due to changes in the composition of the portfolio between different years of account

Future Developments

The company will not underwrite for the 2008 year of account, but will continue with the run off of the 2007 and prior years of account

These financial statements incorporate the annual accounting results of the syndicates in which the company participates for the 2005, 2006 and 2007 years of account The directors continue to consider the need for loss provisions in respect of syndicate years of account which are left open at the end of three years

609 Capital Limited

DIRECTORS' REPORT *(continued)*

Principal risks & Uncertainties

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not remove them completely. The portfolio of underwriting can be considered as comprising two parts: participation on syndicates managed by Atrium Underwriters Ltd (AUL), an associated company of the Company's immediate parent company also controlled 100% by Atrium Underwriting plc, participation on other syndicates. The Board considers that the Principal risks & Uncertainties and how the Company mitigates them may be viewed similarly in two parts.

Managed Syndicates

The managing agency, AUL, has established a risk management framework for the Atrium managed syndicates encompassing a risk register, a programme of internal control testing and the risk policies which set out the risk appetite, controls and business conduct standards. The Audit Committee of AUL, has approved this framework and meets regularly to discuss risk management and approve any amendments to the framework. The principal risks and uncertainties facing the underlying syndicates are as follows:

Insurance Risk

Insurance risk includes the risks that the policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk).

Underwriting risk is mitigated through numerous controls including underwriting peer review, authority limits and independent review of risks written. The Syndicate Business Forecast is completed for each syndicate annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed and approved by the Board of AUL prior to being submitted to the Lloyd's Franchise Board for approval.

Claims risk is mitigated by the agency using catastrophe modelling software to model maximum probable losses from catastrophe-exposed business.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Head Actuary and approved by the Reserving Forum.

Credit Risk

The key aspect of credit risk is the risk of default by one or more of the syndicates' reinsurers. Reinsurance is placed with those reinsurers that comply with the internal reinsurance policy as determined by the Reinsurance and Broker Security Forum (RIBSF). This policy also dictates the permitted level of concentration in respect of each reinsurer.

Market Risk

The key aspect of market risk is that the syndicates incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The majority of the syndicates' business is denominated in US dollars and the majority of assets are maintained in US dollars accordingly.

Liquidity Risk

This is the risk that the syndicates will not be able to meet their liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk, cashflow projections are reviewed on a regular basis. The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

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DIRECTORS' REPORT *(continued)*

Principal risks & Uncertainties

Operational Risk

This is the risk that errors caused by people, processes or systems lead to losses to the syndicates. AUL seeks to manage this risk by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review. Regular reviews are performed by the compliance department to ensure that any deviations from the agency's policies are identified and reported to the appropriate level of management when considered necessary.

Regulatory Risk

AUL is required to comply with the requirements of the Financial Services Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The agency has a compliance officer and a team who monitor regulatory developments and assess the impact on agency policy. They also carry out a compliance monitoring programme.

Non-Managed Syndicates

With respect to third party managed syndicates, it has been concluded by the Board that it is appropriate to assume that risk management policies should be in place which are similar to those in place at AUL in order for those firms to remain authorised and regulated by the FSA. Also regular meetings are held with their managing agents to review performance.

Directors

The directors who served during the year ended 31 December 2007 were as follows:

S J Cook

S P Curtis (resigned 30 September 2007)

C E Dandridge (resigned 31 December 2007)

N C Marsh

Disclosure of information to the auditors

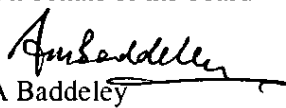
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

The Company's auditors will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

On behalf of the board



A Baddeley

Director

10 June 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 GAAP (UK accounting standards and applicable law). The financial statements are required by law to 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 judgments and 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, 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 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.

609 Capital Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 609 CAPITAL LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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.

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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
10 June 2008

609 Capital Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

Technical account – general business

	Note	2007 £'000	2006 £'000
Gross premiums written	2	11,350	12,777
Outward reinsurance premiums		(3,271)	(1,973)
Net premiums written		8,079	10,804
Change in the gross provision for unearned premiums		300	874
Change in the provision for unearned premiums, reinsurers' share		36	(5)
Change in the net provision for unearned premiums		336	869
Earned premiums, net of reinsurance		8,415	11,673
Allocated investment return transferred from the non-technical account	2	900	759
Claims paid			
Gross amount		(5,601)	(7,177)
Reinsurers' share		1,653	2,694
Net of reinsurance		(3,948)	(4,483)
Change in the provision for claims			
Gross amount		745	2,472
Reinsurers' share		(87)	(2,203)
Net of reinsurance		658	269
Claims incurred, net of reinsurance		(3,290)	(4,214)
Net operating expenses	2,3	(3,400)	(4,351)
Balance on the technical account for general business	2	2,625	3,867

609 Capital Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

Non-technical account

	Note	2007 £'000	2006 £'000
Balance on the general business technical account	2	2,625	3,867
Investment income	4	1,001	775
Realised gains on investments	4	73	48
Investment expenses and charges	4	(18)	(14)
Allocated investment return transferred to the general business technical account		(900)	(759)
Profit on sale of syndicate participations		71	-
Other charges, including amortisation	5	(74)	(43)
Profit on ordinary activities before tax		2,778	3,874
Tax on profit on ordinary activities	7	(766)	(1,156)
Profit on ordinary activities after tax		2,012	2,718

The profit and loss account relates entirely to continuing activities

609 Capital Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2007

	2007 £'000	2006 £'000
Profit for the financial year	2,012	2,718
Currency translation differences	53	(229)
Deferred taxation on currency translation differences	(15)	69
TOTAL RECOGNISED GAINS RELATING TO THE YEAR	2,050	2,558

609 Capital Limited

BALANCE SHEET

at 31 December 2007

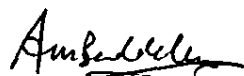
	Note	2007 £'000	2006 £'000
Assets			
Intangible assets			
Purchased syndicate capacity	9	150	224
Investments			
Financial investments	10	15,218	16,870
Deposits with ceding undertakings		49	43
		15,267	16,913
Reinsurers' share of technical provisions			
Provision for unearned premiums		408	373
Claims outstanding		2,724	4,586
		3,132	4,959
Debtors			
Arising out of direct insurance operations			
- owed by intermediaries		2,036	2,948
Arising out of reinsurance operations		3,437	1,329
Other debtors		1,870	1,484
		7,343	5,761
Other assets			
Cash at bank		2,987	3,014
		2,987	3,014
Prepayments and accrued income			
Deferred acquisition costs		1,164	1,223
Other prepayments and accrued income		49	77
		1,213	1,300
Total assets		30,092	32,171

609 Capital Limited

BALANCE SHEET at 31 December 2007

	Note	2007 £'000	2006 £'000
Liabilities			
Capital and reserves			
Called up share capital	11	25	25
Profit and loss account		2,313	2,714
	12	<u>2,338</u>	<u>2,739</u>
Technical provisions			
Provision for unearned premiums		4,878	5,178
Claims outstanding		17,199	19,732
		<u>22,077</u>	<u>24,910</u>
Provisions for liabilities	7(c)	722	620
Deposits received from reinsurers		10	15
Creditors			
Arising out of direct insurance operations		1,815	974
Arising out of reinsurance operations		899	209
Other creditors including taxation and social security		1,663	2,600
		<u>4,377</u>	<u>3,783</u>
Accruals and deferred income		568	104
Total liabilities		<u>30,092</u>	<u>32,171</u>

The financial statements were approved by the Board of Directors on 10 June 2008 and signed on its behalf by



A Baddeley
Director

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the special provisions relating to insurance companies in section 255 of, and Schedule 9A to, the Companies Act 1985, and include statements of the transactions, assets and liabilities of the syndicates on which the company participates as a corporate member at Lloyd's. The financial statements comply with applicable accounting standards. The Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006 (the "ABI SORP") has been adopted.

The syndicates in which the company participates are managed and controlled by their respective managing agents. The accounting information in respect of these participations has been provided by the managing agents and has been audited by the syndicate auditors. Information in respect of the company's participations on the managed syndicates is available direct from the syndicate accounting records.

As a wholly owned subsidiary of Atrium Underwriting plc, the company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement.

(b) Basis of accounting

The financial statements have been prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

(c) Premiums

Written premiums comprise the total premiums receivable for the whole period of cover under contracts incepting during the financial year, together with adjustments arising in the financial year to premiums receivable in respect of business written in previous financial years.

All premiums are shown gross of commission payable to intermediaries and are exclusive of taxes and duties levied thereon.

Outwards reinsurance premiums are allocated by the managing agent of each syndicate to reflect the protection purchased by each year of account.

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

(d) Unearned premiums

Written premiums are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of the risk. The specific basis adopted by each individual syndicate is determined by the relevant managing agency.

(e) Claims

Claims incurred comprise the estimated cost of all claims occurring during the period, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous periods.

The provision for claims outstanding is made on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods. The estimation process will vary from managing agent to managing agent but is likely to include the use of statistical projections based on previous claims history, case by case reviews of notified losses, and the use of security ratings to help assess the financial ability of reinsurers to pay reinsurance recoveries anticipated of them.

The provision for claims outstanding is based on information available at the balance sheet date. Significant delays are experienced in notification and settlement of certain claims and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between provisions and subsequent settlements are dealt with in the technical account – general business of later periods.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate were to be unable to meet its obligations and other elements of the Lloyd's chain of security were to fail, then the members of the closed underwriting year would have to settle outstanding claims. The Directors consider that the likelihood of such failure of the reinsurance to close is extremely remote and, therefore, the reinsurance to close has been deemed to settle liabilities outstanding at the closure of the underwriting account and no further provision is made for any potential variation in the ultimate liability of that year of account.

(f) Deferred acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

(g) Unexpired risks

Provision is made where the cost of claims and expenses arising after the end of the financial period from contracts concluded before that date is expected to exceed the provision for unearned premiums, net of deferred acquisition costs, and premiums receivable. The assessment of whether a provision is necessary is made on a syndicate by syndicate basis, using information supplied by the respective managing agents.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2007

(h) Other technical provisions

Where a syndicate year of account is not closed at the end of three years in the normal way, the Directors give consideration to the potential for further deterioration in the ultimate claims position and make additional loss provisions where considered appropriate. In doing so, the Directors will consider, amongst other issues, the circumstances surrounding the decision not to close the year of account and the size of the estimated gross and net liabilities which remain in relation to the stamp capacity of the syndicate. Any additional provisions are included within technical provisions.

(i) Investment income and expenses

Dividends are included as investment income when the investments to which they relate are declared "ex-dividend". Interest income and investment expenses are recognised on an accruals basis.

Realised investment gains and losses are calculated as the difference between net proceeds on disposal and their purchase price.

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and their valuation at the last balance sheet date or purchase price, if acquired during the year. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years that have been realised during the year and are reported as realised gains and losses in the current profit and loss account.

Investment return, comprising investment income, realised and unrealised gains and losses, and investment expenses, is included initially within the non-technical account. The investment return is allocated from the non-technical account to the technical account - general business so as to reflect the longer term investment return on the company's investments supporting its underwriting activities together with the whole of the investment return on the company's share of syndicate investments.

(j) Investments

Investments are stated at their current values at the end of the year. Listed investments are included in the balance sheet at bid-market value. Unlisted investments are stated at an estimate of market value determined by the managing agents of the relevant syndicates. Deposits with credit institutions are included at cost.

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

(k) Deferred tax

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 have occurred at that date that will result in an obligation to pay more, or to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

(l) Syndicate participations

Managed syndicate capacity purchased at auction is capitalised at cost and amortised on a straight line basis over its estimated useful life of 20 years. Amortisation is charged from the first accounting period following acquisition. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be appropriate. Third party capacity purchased at auction is capitalised at cost and amortised on a straight line basis over its estimated useful life of 3 years. Amortisation is charged from the first accounting period following acquisition

(m) Foreign currencies

Transactions in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date

Exchange differences arising from the retranslation of opening balances in USD, CAD & Euros are recorded in the statement of total recognised gains and losses. The difference between the profit and loss account translated at the average rate and at the rate of exchange at the balance sheet date is recorded in the statement of total recognised gains and losses

All other exchange differences are included in the technical account

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

2. SEGMENTAL ANALYSIS

2007	Gross Premiums Written £'000	Gross Premiums Earned £'000	Gross Claims Incurred £'000	Net Operating Expenses £'000	Reinsurance Balance £'000	Net Technical Result £'000	Net Technical Provisions £'000
Direct business							
Accident and health	609	615	(320)	(172)	(110)	13	1,016
Motor	231	305	(99)	(106)	27	127	385
Marine, aviation and transport	3 472	3 677	(1,591)	(820)	(1,015)	251	5 795
Fire and other damage to property	2,473	2,365	(699)	(847)	(207)	612	4,128
Third party liability	1,852	2,046	(1,116)	(781)	(205)	(56)	3,091
Other	324	286	(23)	(44)	(8)	211	541
Total direct	8 960	9,294	(3 848)	(2 770)	(1,518)	1,158	14 956
Reinsurance business							
Reinsurance acceptances	2,389	2,356	(1 008)	(630)	(151)	567	3,989
	11,350	11,650	(4,856)	(3,400)	(1,669)	1,725	18,945

Allocated investment return

900

Balance on technical account

2,625

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

2 SEGMENTAL ANALYSIS (*continued*)

2006	Gross Premiums Written £'000	Gross Premiums Earned £'000	Gross Claims Incurred £'000	Net Operating Expenses £'000	Reinsurance Balance £'000	Net Technical Result £'000	Net Technical Provisions £'000
Direct business							
Accident and health	972	1 107	(388)	(490)	1	230	1 133
Motor	212	239	(117)	(110)	(25)	(13)	287
Marine, aviation and transport	4,356	4 578	(1,515)	(1 358)	(999)	706	6 000
Fire and other damage to property	2,453	2,703	(913)	(633)	(595)	562	2 964
Third party liability	2,632	2 970	(2,110)	(798)	310	372	7 410
Other	76	74	137	(33)	(45)	133	354
Total direct	10 701	11 671	(4 906)	(3,422)	(1 353)	1,990	18 148
Reinsurance business							
Reinsurance acceptances	2,076	1,980	201	(929)	(134)	1,118	1,803
	12 777	13,651	(4 705)	(4,351)	(1,487)	3,108	19,951

Allocated investment return

759

Balance on technical account

3 867

The company's activities are undertaken solely in the United Kingdom

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

3. NET OPERATING EXPENSES

	2007 £'000	2006 £'000
Brokerage and other business acquisition expenses	2,083	2,531
Change in deferred acquisition costs	66	85
Foreign exchange loss	16	701
Syndicate operating expenses	401	315
Direct operating expenses	834	719
	<u>3,400</u>	<u>4,351</u>

4. INVESTMENT RETURN

	2007 £'000	2006 £'000
Income from investments	1,001	775
Gains on the realisation of investments	73	48
Investment expenses and charges	(18)	(14)
	<u>1,056</u>	<u>809</u>

5. OTHER CHARGES, INCLUDING AMORTISATION

Other charges include amortisation of syndicate capacity of £71,000 (2006 £41,000) and auditors' remuneration in respect of audit services of £3,000 (2006 £3,000). Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in the accounts since the consolidated accounts of 609 Capital Limited's intermediate parent, Atrium Underwriting plc, disclose non-audit fees on a consolidated basis.

6. DIRECTORS EMOLUMENTS AND STAFF COSTS

The directors of the company were all directors of Atrium Underwriting plc. They are remunerated by the Atrium group and their remuneration is disclosed in the financial statements of Atrium Underwriting plc.

The company does not have any employees, however it uses the services of the employees of the Atrium group.

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

7. TAX

	2007 £'000	2006 £'000
(a) Tax on profit on ordinary activities		
The tax charge is made up as follows		
Current tax		
UK corporation tax	690	725
Tax under/(over) provided in previous years	43	(90)
	<u>733</u>	<u>635</u>
Foreign tax	(54)	84
Total current tax (note 7 (b))	<u>679</u>	<u>719</u>
Deferred tax		
Origination and reversal of timing differences	132	437
Changes in tax laws and rates	(45)	-
Total deferred tax (note 7 (c))	<u>87</u>	<u>437</u>
Tax on profit on ordinary activities	<u>766</u>	<u>1,156</u>
(b) Factors affecting current tax charge		
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 – 30%)		
The differences are reconciled below		
Profit on ordinary activities before tax	2,778	3,874
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	833	1,162
Timing of underwriting profits	(143)	(437)
Tax under/(over) provided in previous years	43	(90)
Foreign tax	(54)	84
Total current tax (note 7(a))	<u>679</u>	<u>719</u>

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

7 TAX (*continued*)

	2007 £'000	2006 £'000
(c) Deferred tax		
The deferred tax included in the balance sheet is as follows		
Provision for underwriting results	<u>722</u>	<u>620</u>
	<u>722</u>	<u>620</u>
At 1 January 2007	620	252
Deferred tax charge in profit and loss account (note 7(a))	87	437
Deferred tax charge in Statement of total recognised gains and losses	15	(69)
At 31 December 2007	<u>722</u>	<u>620</u>

The deferred tax balance as at 31 December 2007 relates to profits arising in the 2007 and prior underwriting years, after accounting for loss provisions made in respect of the run off underwriting years. These profits will be taxed in future years.

8. DIVIDENDS

	2007 £'000	2006 £'000
Declared and paid during the year on ordinary shares		
Equity dividends paid		
Interim dividend for 2007	<u>2,451</u>	<u>-</u>

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

9. INTANGIBLE ASSETS

Purchased syndicate capacity	£'000
Cost	
At 1 January 2007	336
Additions	-
Disposals	(11)
	<hr/>
At 31 December 2007	325
	<hr/>
Amortisation	
At 1 January 2007	112
Provided during the year	71
On disposals	(8)
	<hr/>
At 31 December 2007	175
	<hr/>
Net book value	
At 31 December 2007	150
	<hr/>
At 1 January 2007	224
	<hr/>

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

10. FINANCIAL INVESTMENTS

	2007 Historic Cost £'000	2007 Market Value £'000	2006 Historic Cost £'000	2006 Market Value £'000
Shares and other variable yield securities	211	220	203	211
Debt securities and other fixed income securities	12,992	13,224	12,441	12,492
Loans and deposits with credit institutions	1,628	1,634	4,127	4,127
Other	134	140	38	40
	14,965	15,218	16,809	16,870

Analysis of market value

	2007 £'000	2006 £'000
Listed investments	13,444	12,703
Unlisted investments	1,774	4,167
	15,218	16,870

11. AUTHORISED AND ISSUED SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised		
25,000 (2006 – 25,000) ordinary shares of £1 each	25	25
Allotted, called up and fully paid		
25,000 (2006 – 25,000) ordinary share of £1	25	25

Ordinary shares confer upon the holders the right to receive notice, attend and vote at General Meetings of the company, and the right to receive a dividend

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	£'000
2007	
At 1 January 2007	2,739
Profit for the financial year	2,012
Currency translation differences	53
Deferred taxation on currency translation differences	(15)
Dividends paid	(2,451)
Balance at 31 December 2007	<u>2,338</u>
2006	
At 1 January 2006	181
Profit for the financial year	2,718
Currency translation differences	(229)
Deferred taxation on currency translation differences	69
Balance at 31 December 2006	<u>2,739</u>

13. CONTINGENT LIABILITIES

Charge over assets

Effective 1 January 2008, the company will not participate in future underwriting at Lloyd's

On 28 November 2007, the company and its fellow underwriting subsidiaries, entered into an interavailable Lloyd's Security and Trust Deed securing all monies due and to become due from the company and its fellow underwriting subsidiaries to the Society of Lloyd's. On the same day Atrium Underwriting plc ('AUP') created a floating charge over all its assets to secure all monies due and to become due from AUP to Lloyd's under the terms of the Deed of Indemnity provided by AUP to Lloyd's in connection with the foregoing

Under the terms of the interavailable Lloyd's Security and Trust Deed, the company and its fellow underwriting subsidiaries have given undertakings to the Society of Lloyd's, supported by a commitment from AUP, that if one of them fails to meet any of its obligations to Lloyd's the others will assign to Lloyd's on demand their rights to current and future profits held in their Premium Trust Funds or contribute profits received out of their Trust Funds to the Central Fund of Lloyd's in each case until the amounts owed by the defaulting subsidiary has been paid in full

14. RELATED PARTY TRANSACTIONS

As allowed under Financial Reporting Standard No 8 the company has not disclosed related party transactions with group undertakings on the basis that the company is a subsidiary undertaking with 100% of voting rights controlled within a group which produces publicly available consolidated financial statements in which the company is included

609 Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

15. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Atrium Capital Limited, which does not prepare group financial statements

With effect from 30 September 2007, the ultimate holding company of 609 Capital Limited was Ariel Holdings Ltd, registered in Bermuda number 37470