

**INK UNDERWRITING AGENCIES LIMITED**

**Report and Financial Statements**

**10 month period ended 31 August 2007**

FRIDAY



\*A9FXC57J\*

A24

28/11/2008

174

COMPANIES HOUSE

**INK UNDERWRITING AGENCIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2007**  
**CONTENTS**

	<b>Page</b>
<b>Officers and principal advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of total recognised gains and losses</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

# **INK UNDERWRITING AGENCIES LIMITED**

## **OFFICERS AND PRINCIPAL ADVISERS**

### **DIRECTORS**

C M Giles  
P Matson

### **SECRETARY**

A G Hissett

### **REGISTERED OFFICE**

29-31 Bellingham Lane  
Rayleigh  
Essex  
SS6 7ED

### **BANKERS**

Clydesdale Bank plc  
20 Waterloo Street  
Glasgow  
G2 6DB

### **SOLICITORS**

Dundas & Wilson LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

### **INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Glasgow

# **INK UNDERWRITING AGENCIES LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the 10 month period ended 31 August 2007.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the period was that of insurance brokering.

On 9 May 2007 the company was purchased by Quillco 227 Limited which acquired all of the issued share capital of INK Underwriting Agencies Limited.

The accounting period has been shortened to bring the financial year end into line with that of the new group. The ultimate holding company at the end of the financial period is Quillco 226 Limited, a company registered in Scotland into which the results of the company are consolidated.

### **RESULTS AND DIVIDENDS**

The profit for the 10 month period to 31 August 2007, after taxation, amounted to £552,000 (Restated 12 month period to 31 October 2006: £899,000).

No dividends were paid during the 10 month period to 31 August 2007 (12 month period to 31 October 2006: £535,000).

### **POST BALANCE SHEET EVENTS**

Subsequent to the year end on 3 March 2008, a controlling interest in the ultimate holding company Quillco 226 Limited was acquired by Charterhouse Capital Partners ("CCP"). The group was then restructured and DMWSL 585 Limited became the ultimate holding company of the group.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **Market Risk**

The company was affected in the period by the insurance market cycle. The current assessment is of soft market conditions with the company tackling this risk by both new business initiatives and ongoing supplier negotiations. A further market risk factor is the strength of the supply base. The company ensures the supply base is appropriate by regular monitoring and assessment of insurer credit ratings.

#### **Regulatory Risk**

The regulatory environment is set by the Financial Services Authority ("FSA"). The company operates a fully resourced compliance department reporting direct to the Group Chief Executive supported by a compliance committee chaired by a group company non-executive director. This compliance department monitors all regulatory developments with a particular focus on regular updates and meetings with the FSA.

#### **Credit Risk**

Credit risk is negated by the company ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers. In respect of receivables due from related parties, the directors of the company mitigate the risk of non-recovery by monitoring the position of each entity on a group basis

# **INK UNDERWRITING AGENCIES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS**

The directors who served the company during the period and subsequently are as follows:

P D Thomas	(resigned 9 May 2007)
L H Thomas	(resigned 9 May 2007)
J F Watson	(resigned 9 May 2007)
C M Giles	(appointed 9 May 2007)
D G Gardner	(appointed 9 May 2007, resigned 29 February 2008)
P Matson	(appointed 28 July 2008)

### **AUDITORS**

The directors at the date of approval of this report confirm that:

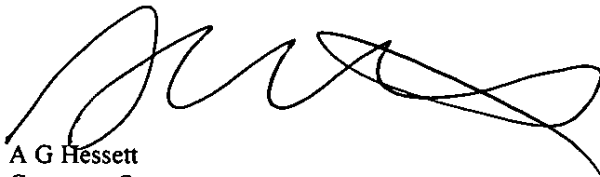
- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Buckley Watson resigned as auditors during the period. Deloitte & Touche LLP was subsequently appointed to fill the vacancy.

Deloitte & Touche LLP expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



A G Hissett  
Company Secretary

24 November 2008

## **INK UNDERWRITING AGENCIES LIMITED**

### **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 Generally Accepted Accounting Practice (United Kingdom 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 judgements 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INK UNDERWRITING AGENCIES LIMITED**

We have audited the financial statements of INK Underwriting Agencies Limited for the period from 1 November 2006 to 31 August 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 17. 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, 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 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 circumstances of the company, consistently applied and adequately disclosed.

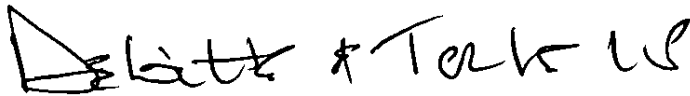
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 INK  
UNDERWRITING AGENCIES 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 company's affairs as at 31 August 2007 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.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Glasgow  
United Kingdom

 November 2008



# INK UNDERWRITING AGENCIES LIMITED

## PROFIT AND LOSS ACCOUNT

Period ended 31 August 2007

	Note	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000 Restated (Note 17)
<b>TURNOVER</b>		1,991	2,333
Administrative expenses		(1,269)	(1,593)
Other operating income		-	268
<b>OPERATING PROFIT</b>	2	722	1,008
Interest receivable		62	197
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		784	1,205
Tax on profit on ordinary activities	4	(232)	(306)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		552	899

All of the activities of the company are classed as continuing.

# **INK UNDERWRITING AGENCIES LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**For the period ended 31 August 2007**

		<b>10 month period to 31 August 2007 £'000</b>	<b>12 month period to 31 October 2006 £'000 Restated (Note 17)</b>
	<b>Note</b>		
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		552	899
Prior year adjustment	17	268	
<b>TOTAL GAINS AND LOSSES SINCE LAST ANNUAL REPORT</b>		820	

# INK UNDERWRITING AGENCIES LIMITED

## BALANCE SHEET

At 31 August 2007

		31 August 2007		31 October 2006 Restated (Note 17)	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		91		166
			91		166
<b>CURRENT ASSETS</b>					
Debtors	7	3,962		3,164	
Cash at bank and in hand	8	1,944		1,980	
		5,906		5,144	
<b>CREDITORS: amounts falling due within one year</b>	9	(2,905)		(2,763)	
<b>Net current assets</b>			3,001		2,381
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,092		2,547
<b>Provisions for liabilities</b>	10		-		(7)
<b>NET ASSETS</b>			3,092		2,540
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		-		-
Profit and loss account	12		3,092		2,540
<b>SHAREHOLDERS' FUNDS</b>	13		3,092		2,540

These financial statements were approved by the Board of Directors on 24 November 2008.

Signed on behalf of the Board of Directors



P Matson  
Director

# **INK UNDERWRITING AGENCIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 August 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### **Turnover**

Turnover represents brokerage and commissions, which are taken to revenue in full at the later of the binding contract date or the renewal or commencement date of the policy.

#### **Tangible fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated so as to write off the cost or valuation less estimated residual value, over its estimated useful life as follows:

Office furniture and equipment	- 25% reducing balance
Motor vehicles	- 25% reducing balance

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against on a straight line basis over the period of the lease.

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

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

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.

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2007

### 2. OPERATING PROFIT

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of owned assets	39	58
Audit fee	-	2
	<u>39</u>	<u>60</u>

The total remuneration payable, excluding VAT, to its auditors, Deloitte & Touche LLP, in respect of the audit of these accounts is £15,000 and in respect of the preparation of the tax computation is £5,000. These costs have been borne and paid for by Giles Insurance Brokers Limited, an intermediate parent company.

### 3. DIRECTORS AND EMPLOYEES

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	955	823
Social security costs	77	97
	<u>1,032</u>	<u>920</u>

	10 month period to 31 August 2007 No	12 month period to 31 October 2006 No
The average number of persons employed during the year, pro-rated for the period, including executive directors was:		

Insurance broking and administration	23	30
--------------------------------------	----	----

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 (as restated) £'000
<b>Directors</b>		
Total directors' emoluments	293	120

All emoluments were payable to the highest paid director in the current and prior years.

### 4. TAXATION

#### (a) Analysis of tax charge in the period

The tax charge on the profit on ordinary activities for the period was as follows:

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2007

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000
<b>Current tax:</b>		
UK Corporation tax based on the results for the period at 30% (2006 – 30%)	232	299
Total current tax	232	299
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	7
Tax on profit on ordinary activities	232	306

### (b) Factors affecting tax charge

The tax assessed on the profit before taxation for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000
Profit on ordinary activities before tax	784	1,205
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 % (2006 – 30%)	235	361
Effects of:		
Expenses not deductible for tax purposes	1	18
Group relief (claimed)	(84)	-
Adjustment in respect of previous periods	80	(80)
Current tax charge	232	299

# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2007

### 5. DIVIDENDS

	10 month period to 31 August 2007 £'000	12 month period to 31 October 2006 £'000
Ordinary dividend paid	-	535

### 6. TANGIBLE FIXED ASSETS

	Office Furniture and equipment £'000	Motor Vehicles £'000	Total £'000
<b>COST</b>			
At 1 November 2006	296	121	417
Additions	14	6	20
Disposals	(1)	(127)	(128)
<b>At 31 August 2007</b>	<b>309</b>	<b>-</b>	<b>309</b>
<b>DEPRECIATION</b>			
At 1 November 2006	190	61	251
Charge for the period	28	11	39
Disposals	-	(72)	(72)
<b>At 31 August 2007</b>	<b>218</b>	<b>-</b>	<b>218</b>
<b>NET BOOK VALUE</b>			
At 31 August 2007	91	-	91
At 31 October 2006	106	60	166

### 7. DEBTORS

	31 August 2007 £'000	31 October 2006 £'000 Restated (Note 17)
Trade debtors	1,244	1,679
Insurance debtors	1,350	1,450
Amounts owed by group undertakings	1,351	-
Other debtors	1	1
Prepayments and accrued income	16	34
	<b>3,962</b>	<b>3,164</b>

# **INK UNDERWRITING AGENCIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

### **8. CASH AT BANK AND IN HAND**

	<b>31 August 2007 £'000</b>	<b>31 October 2006 £'000</b>
Current account	567	554
Client money account	1,377	1,426
	<u>1,944</u>	<u>1,980</u>

### **9. CREDITORS: Amounts falling due within one year**

	<b>31 August 2007 £'000</b>	<b>31 October 2006 £'000</b>
Trade creditors	111	-
Insurance creditors	2,441	2,615
Corporation tax	247	110
Other taxes & social security	35	26
Other creditors	71	12
	<u>2,905</u>	<u>2,763</u>

### **10. PROVISIONS FOR LIABILITIES**

	<b>31 August 2007 £'000</b>	<b>31 October 2006 £'000</b>
Deferred taxation	-	7



# INK UNDERWRITING AGENCIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2007

### 11. CALLED UP SHARE CAPITAL

Authorised	31 August 2007		31 October 2006	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 12. PROFIT AND LOSS ACCOUNT

	31 August 2007 £'000	31 October 2006 (as restated) £'000
Balance brought forward	2,540	2,176
Retained profit for the financial period	552	899
Equity dividends paid	-	(535)
Balance carried forward	<u>3,092</u>	<u>2,540</u>

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 August 2007 £'000	31 October 2006 (as restated) £'000
Opening shareholders' equity funds as previously reported	2,272	2,176
Prior year adjustment	<u>268</u>	<u>-</u>
Opening shareholder's funds as restated	2,540	2,176
Profit for the financial period	552	631
Equity dividends paid	-	(535)
Closing shareholder's equity funds	<u>3,092</u>	<u>2,272</u>

## **INK UNDERWRITING AGENCIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

#### **14. PARENT COMPANY AND ULTIMATE HOLDING COMPANY**

The company is a direct subsidiary of Quillco 227 Limited which in turn is a wholly owned subsidiary of Quillco 226 Limited, a company incorporated in Scotland. A copy of the consolidated financial statements is available from Quillco 226 Limited, Spectrum Building 7<sup>th</sup> Floor, 55 Blythswood Street, Glasgow, G2 7AT.

#### **15. RELATED PARTY TRANSACTIONS**

The company is a subsidiary of Quillco 226 Limited. The company has taken advantage of the exemptions available to subsidiary undertakings in FRS 8 "Related Party Disclosures" not to report transactions with other group companies on the basis that consolidated financial statements are available for the ultimate parent company.

#### **16. POST BALANCE SHEET EVENTS**

Subsequent to the year end on 3 March 2008, a controlling interest in the company was acquired by Charterhouse Capital Partners ("CCP"). The group was then restructured and DMWSL 585 Limited became the ultimate holding company of the group.

#### **17. PRIOR YEAR ADJUSTMENT**

During a review of the prior year financial statements an error was discovered relating to transactions with a related company, PDT Insurance Consultants Limited. The comparative figures have been restated to correct this error. The effect of the adjustment is to increase prior year profit by £268,000 and to increase trade debtors in the prior year by £268,000. The tax charge for the financial year to 31<sup>st</sup> August 2007 has been increased by £80,000 to reflect the tax liability arising from the prior year adjustment.

The financial statements of the related company for the year to 30th April 2007 show restated comparative figures to reflect the adjustment.