

Manchester Marine Underwriters Limited

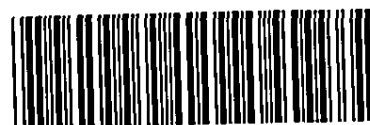
Report and Financial Statements

Year ended

31 December 2008

Company Number 4132536

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Manchester Marine Underwriters Limited

Report and financial statements for the year ended 31 December 2008

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Directors

P J Cahill
M G Brook

Secretary and registered office

K N Grant, 106 Fenchurch Street, London, EC3M 5NR.

Company number

4132536

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU.

Manchester Marine Underwriters Limited

Directors' report for the year ended 31 December 2008

The directors of Manchester Marine Underwriters Limited (the Company) present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The Company loss for the year on ordinary activities after taxation was £65,959 (2007- £39,189 profit) as shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2007 - £11,347).

Principal activities, trading review and future developments

The principal activities of the Company are that of an underwriting agent.

Both the level of business and the year end financial position were in line with expectations.

Following the Company's acquisition its business has throughout the year been gradually transferred to Syndicate 510, an underwriting syndicate which is managed by R J Kiln & Co Limited, a wholly owned subsidiary of Kiln Group Limited. As a result of the transfer of business, the Company is in run off and will not broker any more business. Following a board meeting on 30 June 2009, all non syndicate assets and liabilities will be transferred to Kiln Regional Underwriting Limited (formerly International Marine (Underwriting Agency) Limited).

Charitable and political contributions

During the year the Company made charitable and political contributions of £Nil (2007 - £Nil).

Directors

The directors of the Company during the year were:

P J Cahill
M G Brook

None of the directors has an interest in the share capital of the Company, Kiln Group Limited or Tokio Marine Holdings, Inc. (formerly Millea Holdings, Inc) during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume the company will continue in business.

Manchester Marine Underwriters Limited

Directors' report for the year ended 31 December 2008 (Continued)

Statement of directors' responsibilities (Continued)

The directors confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board



K N Grant

Company Secretary

18th October 2009

Manchester Marine Underwriters Limited

Independent auditor's report

To the shareholders of Manchester Marine Underwriters Limited

We have audited the financial statements of Manchester Marine Underwriters Limited for the year ended 31 December 2008 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with those financial statements, if 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Manchester Marine Underwriters Limited

Independent auditor's report (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss 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.



BDO LLP
*Chartered Accountants
and Registered Auditors*
London
United Kingdom

28 October 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Manchester Marine Underwriters Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	224,565	426,877
Operating expenses		(317,007)	(378,308)
Operating (loss)/profit	6	(92,442)	48,569
Other income	3	2,689	-
Interest receivable and similar income	7	554	9,194
(Loss)/profit on ordinary activities before taxation		(89,199)	57,763
Taxation credit/(charge) on (loss)/profit on ordinary activities	8	23,240	(18,574)
(Loss)/profit on ordinary activities after taxation	17	(65,959)	39,189

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

The notes on pages 7 to 14 form part of these financial statements.

Manchester Marine Underwriters Limited

Balance sheet at 31 December 2008

Company Number 4132536	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets			-		11,014
Investments	11		1,001		1,001
			<u>1,001</u>		<u>12,015</u>
Current assets					
Debtors	12	859,084		600,109	
Cash at bank and in hand		780,180		100,182	
		<u>1,639,265</u>		<u>700,291</u>	
Creditors: amounts falling due within one year	13	1,624,301		629,834	
Net current assets			<u>14,963</u>		<u>70,484</u>
Total assets less current liabilities			<u>15,964</u>		<u>82,472</u>
Provision for liabilities	14		-		(549)
Net assets			<u>15,964</u>		<u>81,923</u>
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		14,964		80,923
Shareholders' funds	17		<u>15,964</u>		<u>81,923</u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 October 2009.



M G Brook
Director

The notes on pages 7 to 14 form part of these financial statements.

Manchester Marine Underwriters Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

The financial statements of Manchester Marine Underwriters Limited (the Company) have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Consolidated financial statements and cash flow statements

In accordance with the exemption allowed under section 228 of the Companies Act 1985, group consolidated financial statements have not been prepared. The Company is itself a wholly-owned subsidiary of Kiln Group Limited, incorporated in Great Britain and registered in England and Wales, which produces group consolidated financial statements incorporating Manchester Marine Underwriters Limited (see note 20). The Company has also taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

Turnover

Turnover consists of commission income earned by the Company for the year. Commission is accounted for at the later of the inception of the policy and the debit note date.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. It is calculated at the following rates:

Computer equipment - 25% per annum

This rate is applied on a straight-line basis.

Fixed assets investments

Fixed asset investments comprise investments in subsidiary undertakings. These are carried at cost less any provision for impairment.

Taxation

The charge for taxation is based on the profit for the year with deferred taxation taken into account.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred taxation balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Manchester Marine Underwriters Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies (Continued)

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the lease.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the average rates of exchange for the year. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom. In addition the company earned management fees.

	2008 £	2007 £
Commission income	65,306	329,877
Management fee	159,259	97,000
	<u>224,565</u>	<u>426,877</u>

3 Other income

	2008 £	2007 £
Foreign exchange gains	2,689	-
	<u>2,689</u>	<u>-</u>

4 Directors

	2008 £	2007 £
Emoluments	-	65,797
	<u>-</u>	<u>65,797</u>

The company does not fund pension scheme arrangements on behalf of the directors.

Manchester Marine Underwriters Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

5 Employees

	2008 £	2007 £
Employee costs (including directors)		
Wages and salaries	169,804	114,166
Social security costs	20,749	12,627
Total costs	190,553	126,793
	Number	Number
The average number of employees including directors was:	5	3

6 Operating (loss)/profit

	2008 £	2007 £
This has been arrived at after charging:		
Depreciation	-	5,234
Loss on disposal of fixed assets	11,014	-
Operating lease - land and buildings	36,560	25,192
Auditors' remuneration:		
- Audit	-	5,500
- Tax	-	1,500
Management fee paid to group undertakings	-	158,000

Audit fees for 2008 of £6,000 were borne by Kiln Group Limited.

7 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	554	9,194

8 Taxation on (loss)/profit on ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax on (loss)/profit for the year	(20,695)	6,828
Amounts payable in respect of group relief	-	12,159
Total current tax (credit)/charge	(20,695)	18,987
Movement in deferred tax (note 14)	(2,545)	(413)
Taxation (credit)/charge on (loss)/profit on ordinary activities	(23,240)	18,574

Manchester Marine Underwriters Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

8 Taxation on (loss)/profit on ordinary activities (continued)

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(89,199)	57,763
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	(25,422)	17,329
Effects of:		
Other expenditure which is not tax deductible	1,526	1,908
Other timing differences	2,591	752
Marginal relief	610	(1,002)
Current tax (credit)/charge for year	(20,695)	18,987

The standard rate of 28.5% for 2008 is based on a rate of 30% for the three months to 31 March 2008 and a rate of 28% for the nine months to 31 December 2008.

9 Dividends

	2008 £	2007 £
Final dividend at £Nil (2007 - £169.36) per share	-	11,347

In 2007, the directors paid a dividend to a minority shareholder of £11,347.

Kiln Regional Underwriting Limited (formerly International Marine (Underwriting Agency) Limited), the immediate parent company, waived its rights to a dividend.

Manchester Marine Underwriters Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*Continued*)

10 Tangible assets

	Computer equipment £
<i>Cost</i>	
At 1 January 2008	20,936
Disposals	(20,936)
	<hr/>
At 31 December 2008	-
	<hr/>
<i>Accumulated depreciation</i>	
At 1 January 2008	9,922
Disposals	(9,922)
	<hr/>
At 31 December 2008	-
	<hr/>
<i>Net book value</i>	
At 31 December 2008	-
	<hr/>
At 31 December 2007	11,014
	<hr/>

11 Investment in subsidiary undertakings

	2008 £	2007 £
Leeds Marine Underwriters Limited	1,000	1,000
Birmingham Marine Underwriters Limited	1	1
	<hr/>	<hr/>
	1,001	1,001
	<hr/>	<hr/>

The Company owns 100% (2007 - 100%) of the issued share capital of Leeds Marine Underwriting Limited, and 100% (2007 - 100%) of the issued share capital of Birmingham Marine Underwriters Limited.

Leeds Marine Underwriters is an underwriting agency. Birmingham Marine Underwriters Limited is a dormant company and was dissolved on 12 May 2009.

Manchester Marine Underwriters Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

12 Debtors

	2008 £	2007 £
Trade debtors	581,368	534,776
Other debtors	30,314	-
Prepayments and accrued income	-	8,545
Amounts owed by group undertakings	245,406	56,788
Deferred tax asset (note 14)	1,996	-
	<u>859,084</u>	<u>600,109</u>

Included in other debtors is a rent deposit of £3,650 (2007 - £3,650), which is recoverable in more than one year.

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	46,818
Amounts owed to group undertakings	1,612,110	551,016
Corporation tax	-	6,828
Group relief	12,159	12,159
Other taxation and social security	32	4,688
Accruals	-	8,325
	<u>1,624,301</u>	<u>629,834</u>

14 Deferred tax

	2008 £	2007 £
Movement in deferred tax:		
At 1 January	(549)	(962)
Capital allowances in excess of depreciation	2,591	413
Effect of reduction in tax rate	(46)	-
	<u>1,996</u>	<u>(549)</u>
At 31 December		

Manchester Marine Underwriters Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

15 Share capital

	2008 Number	Authorised 2007 Number	2008 £	2007 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	2008 Number	Allotted, called up and fully paid 2007 Number	2008 £	2007 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

16 Profit and loss account

	2008 £	2007 £
At 1 January	80,923	53,081
Dividends	-	(11,347)
(Loss)/profit for the financial year	(65,959)	39,189
At 31 December	14,964	80,923

17 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	81,923	54,081
Dividends	-	(11,347)
(Loss)/profit for the financial year	(65,959)	39,189
Closing shareholders' funds	15,964	81,923

18 Commitments under operating leases

As at 31 December 2008, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £	Land and buildings 2007 £
Operating leases which expire:		
Within one year	36,560	25,200

Manchester Marine Underwriters Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

19 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party disclosures" not to disclose transactions with members of the group headed by Kiln Group Limited on the grounds that all of the voting rights in the Company are controlled with that group and the Company is included in consolidated financial statements.

20 Ultimate parent undertaking

The ultimate parent company and controlling party is Tokio Marine Holdings, Inc. (formerly Millea Holdings, Inc.) incorporated in Japan.

The immediate parent company is Kiln Regional Underwriting Limited (formerly International Marine (Underwriting Agency) Limited). Kiln Regional Underwriting Limited is incorporated in Great Britain and registered in England and Wales. Kiln Regional Underwriting Limited is consolidated within the financial statements of Kiln Group Limited.

Copies of the consolidated financial statements of Kiln Group Limited are available from 106 Fenchurch Street, London, EC3M 5NR.

21 Post balance sheet events

On 19 January 2009 Kiln (UK) Holdings Limited changed its name to Kiln Group Limited.

On 12 May 2009 Birmingham Marine Underwriters Limited, a wholly owned subsidiary, was voluntarily dissolved.