

London Market Insurance Brokers Limited

Report and Financial Statements

Year Ended

31 December 2008

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BDO Stoy Hayward
Chartered Accountants

London Market Insurance Brokers Limited

Annual report and financial statements for the year ended 31 December 2008

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Directors

J H Cahill
N J Cahill
D J Lott
J A Smith
P Keetch MP

Secretary and registered office

R J Odell, Lower Ground Floor, London Underwriting Centre, 3 Minster Court, London, EC3R 7DD.

Company number

04318122

Auditors

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

London Market Insurance Brokers Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The company profit for the year on ordinary activities after taxation was £8,684 (2007 - £42,693) as shown in the profit and loss account on page 6.

Following the injection of £600,000 of new share capital in December 2007, the directors were able to expand the business by investing in new production staff, create new insurance products, invest in appointed representative companies and as a result the turnover of the company advanced from £1,167,720 in 2007 to £1,497,358 in 2008 (28% increase). At the same time the net operating expenses of the company grew from £1,132,964 in 2007 to £1,505,135 in 2008 (33% increase). The growth in both revenue and net operating expenses was planned by the directors so as to achieve by the end of 2008 a Lloyd's broker platform with additional production and administrative staff and additional expertise capable of advising all existing and new international clients on all aspects of their insurance portfolio and arranging the placement of their insurance business with Lloyd's and the London company market at competitive rates but with first class security offered by the Lloyd's and London company insurance market. As we go forward in the early part of 2009 the objectives set by the Board have been realised and we are confident that our business will continue to grow and prosper in the future.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of a Lloyd's broker.

Both the level of business and the year end financial position were in line with expectations. The directors expect that the present level of activity will increase leading to 2009 being another profitable year.

The directors strategy and business model for 2009 and beyond, is to continue with the successful business plan which resulted in an increase in turnover during 2008 by 28%. We shall continue to develop further coverholder business and appointed representatives in countries around the world where the Board can justify the capital outlay in order to create a further series of profitable outlets. We will continue to source further producer brokers during 2009 in order to help secure the company's long term future.

Risks and uncertainties

The company follows a risk management policy the object of which is to identify and mitigate risk related to business operations.

Key performance indicators

Turnover for the current year increased by 28% compared to 2007. Staffing levels remained constant over the same periods.

London Market Insurance Brokers Limited

Report of the directors for the year ended 31 December 2008 (*Continued*)

Directors

The directors of the company during the year were:

J H Cahill

D J Lott

J A Smith

N J Cahill

P S Keetch MP (appointed 1 May 2008)

None of the directors who served during the year have any interests in the share capital of the company.

J H Cahill and N J Cahill are both directors of the parent company, John Cahill & Company Limited, and their interests in that company are disclosed in its financial statements. None of the other directors who served during the year have any interests in the share capital of the Group.

London Market Insurance Brokers Limited

Report of the directors for the year ended 31 December 2008 (*Continued*)

Indemnity provision for directors

The directors had the benefit of qualifying third party indemnity provision in force throughout the financial year and is currently in force.

Directors' responsibilities

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

Company law requires the 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 or loss of the company for that period. In preparing those 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 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 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 Stoy Hayward 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.

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

R J Odell



Secretary

27 April 2009

London Market Insurance Brokers Limited

Report of the independent auditors

To the shareholders of London Market Insurance Brokers Limited

We have audited the financial statements of London Market Insurance Brokers 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 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 and whether the information given in the directors' report is consistent with those 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 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.

London Market Insurance Brokers Limited

Report of the independent auditors (*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 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.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

Date 27 April 2009

London Market Insurance Brokers Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	1,497,358	1,167,720
Net operating expenses		(1,505,135)	(1,132,964)
Operating (loss)/profit	5	(7,777)	34,756
Interest receivable and similar income	6	37,317	30,551
Profit on ordinary activities before taxation		29,540	65,307
Taxation on profit on ordinary activities	7	(20,856)	(22,614)
Profit for the financial year	13,14	8,684	42,693

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

London Market Insurance Brokers Limited

Balance sheet at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	61,604	-
Current assets			
Debtors	9	7,130,981	2,447,301
Cash at bank and in hand	10	1,130,263	4,736,425
		<u>8,261,244</u>	<u>7,183,726</u>
Creditors: amounts falling due within one year	11	7,290,580	6,160,142
		<u>1,032,268</u>	<u>1,023,584</u>
Total assets less current liabilities			
Capital and reserves			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account	13	32,268	23,584
		<u>1,032,268</u>	<u>1,023,584</u>
Shareholders' funds - equity	14		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2009.

J H Cahill
Director



The notes on pages 8 to 13 form part of these financial statements.

London Market Insurance Brokers Limited

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

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company is exempt from the requirement to produce a cash flow statement as it is part of a group under the definitions set out within the Company Act 1985 and has taken advantage of the provisions set out within Financial Reporting Standard 1 applicable to small entities.

Turnover

Turnover consists of brokerage income due to the company for the period. Credit is taken for brokerage upon inception of the policy and adjustments to brokerage arising from return or additional premiums, unless material, are taken into account when they occur.

Insurance broking debtors and creditors

The company acts as agent in broking the insurable risks of its clients and is not liable for premiums due to underwriters. Notwithstanding the legal relationship with clients and underwriters, the company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

The legal status of settling accounts on a net basis is uncertain and in the event of an insolvency is generally abandoned. FRS5 requires that offset of assets and liabilities should be recognised in financial statements where the offset would solve the insolvency of the other party. Accordingly, only such offsets have been recognised in stating insurance broking debtors and creditors.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of any provision for depreciation or impairment. 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 rate:

Computer equipment	-	25% per annum
Fixtures and fittings	-	25% per annum

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the average rates of exchange for the year. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

2 Turnover

Turnover consists entirely of brokerage commission made in the United Kingdom.

London Market Insurance Brokers Limited

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

3 Employees

	2008 £	2007 £
Staff costs, including directors, consist of:		
Wages and salaries	840,106	784,465
Social security costs	102,848	92,372
	<u>942,954</u>	<u>876,837</u>
The average number of employees, including directors was:	Number	Number
Production	9	8
Administration	8	9
	<u></u>	<u></u>

Other than as disclosed below, no directors received remuneration from the company in either the current or preceding period.

4 Directors

	2008 £	2007 £
Emoluments of the company's directors:		
Aggregate emoluments	137,329	100,673
	<u></u>	<u></u>
Emoluments to highest paid director	108,729	100,673
	<u></u>	<u></u>

Certain of the directors provide services to other companies within the John Cahill Group. The directors' aggregate emoluments disclosed above includes only the amounts that have been charged to this company in respect of the services provided to it.

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

5 Operating profit

	2008 £	2007 £
This has been arrived at after charging:		
Auditors' remuneration	19,250	20,250
Foreign exchange (gains) / losses	(113,017)	(32,140)
	<u></u>	<u></u>

London Market Insurance Brokers Limited

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

6 Interest receivable and similar income

	2008 £	2007 £
Bank interest	37,317	30,551

7 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
Group relief payable	20,856	15,545
Movement in deferred tax	-	7,069
Total tax charge for the year	20,856	22,614

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 £
Profit on ordinary activities before tax	29,540	65,307
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	8,418	19,592
Effects of:		
Expenditure which is not tax deductible	12,438	3,022
Utilisation of tax losses	-	(7,069)
Group relief	(20,856)	(15,545)
Payment of group relief	20,856	15,545
Current tax charge for year	20,856	15,545

London Market Insurance Brokers Limited

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

8 Tangible assets

	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2008	-	-	-
Additions – Asset transferred from JC & Co. Ltd	138,949	28,657	167,606
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	138,949	28,657	167,606
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2008	-	-	-
Charge transferred from JC & Co. Ltd	82,997	23,005	106,002
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	82,997	23,005	106,002
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	55,952	5,652	61,604
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>

On 31 December 2008 the company transferred tangible assets, from John Cahill & Company Limited, at the written down value of £61,604.

9 Debtors

	2008 £	2007 £
Trade debtors	7,010,886	1,924,366
Other debtors	8,112	-
Amounts owed by parent company	40,000	446,818
Prepayments and accrued income	71,983	76,117
	<hr/>	<hr/>
	7,130,981	2,447,301
	<hr/>	<hr/>

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

Included within cash in bank and in hand is £866,808 (2007 - £4,015,312), which is held in bank accounts designated as non-statutory trust accounts.

	2008 £	2007 £
Trade creditors	7,196,002	5,912,095
Group relief	20,856	15,545
Other creditors including taxation and social security	30,333	127,185
Accruals	43,389	105,317
	<hr/>	<hr/>
	7,290,580	6,160,142

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

	2008 £	2007 £
At 1 January 2008	23,584	(19,109)
Profit for the financial year	8,684	42,693
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At 31 December 2008	32,268	23,584

London Market Insurance Brokers Limited

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

14 Reconciliation of movements in equity shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	1,023,584	380,891
Ordinary shares issued in year	-	600,000
Profit for the financial year	8,684	42,693
	<hr/>	<hr/>
Closing shareholders' funds	1,032,268	1,023,584
	<hr/>	<hr/>

15 Related party disclosures

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 John Cahill & Company Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

16 Ultimate parent undertaking

The directors regard John Cahill & Company Limited as the ultimate parent undertaking. At 31 December 2008, John Cahill & Company Limited had a 100% (2007 - 100%) interest in the ordinary share capital of the company. The results of this company are consolidated into those of the ultimate parent undertaking.

Mr J H Cahill, the chairman, is the ultimate controlling party by virtue of his controlling interest in the issued share capital of John Cahill & Company Limited.

Copies of the financial statements of John Cahill & Company Limited are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF4 3UZ.