

# Report & Financial Statements

For the year ended 31 December 2010

**Tyser & Co Limited**

**Registered number: 4256470**

DIRECTORS: C M Spratt (Chairman)  
G J Andrews  
H C G Butcher  
M J Cairns  
C J Elliott  
Q J Heaney  
J J Macey  
W H Main (Non-executive)  
R E Marsh  
J R Perry  
D S Randle  
C Sydenham  
A V Wilson  
T P Newbery (Non-executive) Appointed 29 March 2011

SECRETARY: J R Perry

REGISTERED OFFICE: Beaufort House  
15 St Botolph Street  
LONDON  
EC3A 7EE

STATUTORY AUDITOR: Deloitte LLP

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**CHAIRMAN'S STATEMENT**

Writing this report in April 2011 has provided me with the luxury of a remarkable perspective as I comment on the events of 2010, viewed through the prism of the first quarter of 2011 – a three month period which may prove to have a profound influence on the trading environment in the London & International Insurance and Re-insurance Markets for the balance of 2011 and beyond. However, I will for the moment resist the temptation of speculating on whether the unholy trinity of Japan, New Zealand and Australia represent market changing events and focus on the reality of 2010.

The continuing difficult Market conditions, to which I referred in my last Statement, have persisted by and large throughout 2010 and, as such, whilst not a dazzling performance, it is commendable that overall revenues should have ended up at £34.2m, which is 2% ahead of the £33.5m reported last year. In fact, on a constant exchange rate basis, and allowing for a one-off item that occurred in 2009, underlying growth was around 5%, which is only a marginal decline in the like for like 2009/2008 growth rate.

In 2009 we achieved an EBITA (Earnings Before Interest (expense), Tax and Amortisation) of £4.5m as compared with an EBITA of just over £4.2m for 2010, representing a 6% decrease on 2009 and a margin of 12.3% which is short of our near-term target. However, this performance was affected by some one-off expenses, most notably our office move in September, which incurred an effective double charge of premises costs for most of the year. In addition, and associated with this move, was a larger than normal depreciation of redundant office furniture as we took the opportunity to buy new furniture for our offices. The Balance Sheet net asset position was £11.5m at 31<sup>st</sup> December 2010, a net reduction of £2m due to the declaration and payment of a £5m dividend to our holding company, Hawkes Bay Holdings, partially offset by retained earnings of £3m. Our Balance Sheet position remains strong.

The office move referred to above was completed on 27<sup>th</sup> September, preceded by an energetic five months of fit out. The office in Camomile Street which had been our home for 27 years closed at lunchtime on Friday 24<sup>th</sup> September and by mid-morning on Monday 27<sup>th</sup>, the new offices were fully operational. This was a remarkable achievement and only possible because of the deployment of considerable organisational skills and a lot of hard work by a relatively few members of staff, who made the move a painless and seamless experience for the large majority of our staff. Although we have been in our new premises for barely six months, the benefits of being in modern accommodation are already tangible. In addition, now we are all on one floor, communication and collaboration between our broking divisions has improved markedly.

In keep with previous statements, it is appropriate that I comment on the Regulatory environment. The Government's plans to restructure the role of the FSA and to split this function into the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) are well advanced and as Lloyd's brokers we will be regulated by the FCA. The implications of this change are not yet totally clear but we do hope that the new regime's approach to supervision adequately reflects and distinguishes between the issues facing the wholesale and retail sectors of the Insurance Broking industry. Meanwhile, we continue to foster an open and constructive relationship with the FSA.

As we grow and develop our business and the infrastructure supporting that business, we are also seeking to strengthen all aspects of our management and governance and, to that end, I am delighted to announce that Trevor Newbery has been appointed an additional Non-Executive Director of Tyser & Co Ltd. During the 1990s Trevor was Managing Director of Heath Corporate Risks Ltd. In 2000 he was recruited by Ernst & Young to be a Director of its Regulatory practice. In 2005 Trevor joined Grant Thornton as a Partner in the firm's Financial Services Group and was responsible for its General Insurance Regulatory and Internal Audit practice. In 2010 he retired from Grant Thornton but continues to work for the firm on client relationship matters as Deputy Chairman of the Insurance Group within the Financial Services Advisory practice. We take enormous comfort from having Trevor on our Board as he brings with him a unique blend of his experience as a senior insurance practitioner and knowledge and understanding of the UK regulatory environment particularly those aspects relating to the London Insurance Market.

Insofar as our broking activities are concerned, you may recall that a year ago I explained that 2009 should be characterised as a year of investment and change following the Company's successful recruitment of a number of high quality individuals and teams and that 2010 would be the year in which the benefits of that recruitment would flow through and I am pleased to report that a high level of success has been achieved following those efforts. That business is now consolidating and the Board is confident that we have the capacity to take the Company forward during the course of 2011 and grow specifically targeted classes which, in turn, will further improve the stability of the Company. Having the office move behind us and, more particularly, having resolved an unnecessary and feckless legal dispute with a competitor, which was expensive and distracting in terms of senior management time, we can now apply ourselves more purposefully to growing our business.

All of this requires our infrastructure and support departments to be properly resourced and I am confident that this is the case. We continue to invest in our support departments and in the course of 2010 much of our attention was given to improving our HR Department – a process which has been ongoing since the appointment of our new HR Director, Mark James. We are in the process of updating our IT systems to provide our brokers and clients with a robust and flexible platform. This will deliver an efficient and high quality service which is of paramount importance and where the need for continuous investment is understood.

As I look back over the last three years, particularly 2010, I take great pride in what has been achieved by the Company, thanks to a Board which has a clear understanding of and commitment to the objectives we have set ourselves, supported by loyal and energetic senior managers and staff.

**Christopher Spratt**  
**Chairman**

20 April 2011

**DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2010.

**PRINCIPAL ACTIVITY**

The principal activity of the company continues to be that of an insurance and reinsurance broker.

**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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- 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 adequate accounting records that are sufficient to show and explain the companies transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**DIRECTORS' REPORT (continued)**

**RESULTS AND DIVIDENDS**

The results for the year and the state of the company's affairs are shown in the attached financial statements on pages 11 to 22.

The profit for the year of £2,540,000 (2009: £2,840,000) has been taken to reserves. A final dividend was settled during the year of £5,000,000 (2009: nil). The directors recommend a further final dividend to be paid for the year of £1,900,000 (2009: nil).

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the paragraphs headed "Review of the business and future developments" below. These paragraphs also refer to the financial position of the company including its cash flows, liquidity position and borrowing facilities. The paragraphs below headed "Financial instruments" refer to the company's objectives, policies and processes for managing its capital and its financial risk management, including exposures to credit risk and liquidity risk. In addition note 18 to the accounts gives details of its financial instruments and hedging activity.

The group of which the company is a member has considerable financial resources together with committed borrowing facilities that provide additional comfort. The majority of the company's revenue is derived from renewable policies. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain outlook. The directors are aware that the directors of the ultimate holding company, Hawkes Bay Holdings Limited (HBH), have prepared and carefully considered cash flow forecasts for the group for a period of five years from the reporting date of 31 December 2010 and are confident that the group has adequate resources to meet its liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

During the year to 31 December 2010 the directors have focused on the following principal areas:

- continuing development of the current business, including organic growth from our existing teams and focused recruitment where appropriate;
- striving for the highest levels of service to our clients as well as to the markets into which we place business;
- improving the efficiency of our infrastructure and management information from our business systems through the development of better and more business friendly reporting;
- development of new areas of business; and
- management of risk in the business.

The Board manages the business through regular formal meetings along with committees chaired by members of the Board which report back to the Board as required. The general business environment continued to be one of weak insurance rates. Against this background the Board is very pleased with the overall increase in business volumes achieved during the period and has continued its efforts to maintain the momentum of business development. We have employed additional business producers throughout the period under review and this has assisted with the achievement of increased business volumes.

**DIRECTORS' REPORT (continued)**

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)**

One of the fundamentals of our business is the quality of service we offer to clients, prospective clients and the markets in which we place our clients' business. This is manifested in a number of ways, from competitive pricing, quality, speed and accuracy of document production and ultimately through to the quality of claims service should our clients have the need for this. This requires constant review and innovation in order to keep ahead of our competitors and stay abreast of market developments – particularly as various electronic processing initiatives evolve. The Board is aware of the critical importance of our service offering and constantly reviews this aspect of the business to try to ensure that we remain at the forefront of the market.

The continuing development of our business systems along with the refinement of detailed management information has enabled management to review all areas of the business. From these reviews management expect to focus more on profitable business and to withdraw from or rationalise the unprofitable business carried on by the company. In addition the company is able to identify areas of business that need to be developed for targeted enhancement or recruitment of additional teams and producers to improve the quality of our service offering.

The Board is constantly examining ways in which the business can be strengthened and further growth achieved both organically and through new business areas and business models.

The Board considers the most significant performance indicators to be margin before interest, tax and amortisation, and revenue growth. These are referred to further in the Chairman's report.

Risks inherent in the business can broadly be categorised into two areas – financial and people related

- Financial risks are managed through:
  - A currency hedging programme and other financial instruments described further below.
  - Financial processes and controls that allow us to monitor and control insurance and company funds accurately and in a timely manner.
  - Appropriate banking relationships and facilities to allow working capital requirements to be managed efficiently.
  - Managing a spread of banking relationships in order to minimise credit and liquidity risks.

The liquidity position of the company and the group is monitored on a daily basis, and cash flow projections are maintained and updated regularly. Borrowing arrangements for the group as a whole are in place and the group has significant committed facilities over and above the facilities that are indicated as required by its cash flow projections.

- People risks are managed through the:
  - Offering and implementation of competitive remuneration and incentive packages.
  - Employment of appropriately qualified and experienced staff.
  - Provision of appropriate training and professional development.
  - Provision of an appropriate working environment.

**DIRECTORS' REPORT (continued)****FINANCIAL INSTRUMENTS****Treasury operations and financial instruments**

The group of which the company is a member operates a centralised treasury function, chaired by a Non-executive Director and is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

The group's principal financial instruments comprise forward exchange contracts the purpose of which is to manage currency risks arising from the group's activities, bank overdrafts and loans. In addition, the group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations. In accordance with the group's treasury policy, derivative instruments are not entered into for speculative purposes.

**Liquidity risk**

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business.

**Interest rate risk**

The group is exposed to interest rate risk on deposits, bank overdrafts and loans.

**Foreign currency risk**

The group's principal foreign currency exposures arise from revenues denominated in overseas currencies, in particular in US dollars. Group policy permits but does not demand that these exposures be hedged in order to protect the sterling value of those revenues. This hedging activity involves the use of foreign exchange forward contracts and options.

**Credit risk**

Investments of cash surpluses, borrowings and forward exchange contracts are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Both the level of the business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustainable for the foreseeable future.

**Litigation**

Since July 2009 the company has been a co-defendant in a case of alleged conspiracy and inducement to breach staff contracts brought against Tyser & Co Limited (amongst other defendants) by Lonmar Global Risks Limited that was taken to the High Court. The case was heard in October 2010 and Lonmar lost its case when the judgement was handed down in November 2010. All costs associated with this case have been absorbed by the company in the ordinary course of business. The judgement was appealed (twice) but on 1 March 2011 the Court of Appeal refused the claimant's final appeal. As such, the Directors do not expect the matter to have any further impact on the company's operations, financial position or cash flow.

**DIRECTORS**

The directors are listed on page 1 of these financial statements and have held office during the whole year from 1 January 2010 to the date of this report unless otherwise stated.

**DIRECTORS' REPORT (continued)**

**AUDITOR**

The company has dispensed with the need to hold an Annual General Meeting and hence the need to reappoint auditors annually. Therefore, Deloitte LLP are deemed to continue in office.

This report was approved by the Board on 20 April 2011.

**CJ Elliott**  
Director

**QJ Heaney**  
Director

Beaufort House, 15 St Botolph Street, London EC3A 7EE

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYSER & CO LIMITED**

We have audited the financial statements of Tyser & Co Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Downes (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
20 April 2011

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2010**

		Year to 31 December 2010	Year to 31 December 2009
	Notes	£'000	£'000
TURNOVER	2	34,232	33,465
Administrative expenses:			
Goodwill amortisation		(469)	(380)
Other		(30,282)	(29,862)
Total administrative expenses		<u>(30,751)</u>	<u>(30,242)</u>
OPERATING PROFIT		3,481	3,223
Interest receivable	4	266	899
Interest payable and similar charges	5	(26)	(32)
Net interest		<u>240</u>	<u>867</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>3,721</u>	<u>4,090</u>
Taxation charge on profit on ordinary activities	6	(1,181)	(1,250)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u><u>2,540</u></u>	<u><u>2,840</u></u>

The company's turnover and expenses all relate to continuing operations.

There are no recognised gains or losses in the year other than those reported in the profit and loss account and therefore no statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of the financial statements.

**BALANCE SHEET as at 31 December 2010**  
**Registered number: 4256470**

		<b>31 December</b>	
		<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>			
Intangible assets - goodwill	8	6,722	6,836
Investments	9	14	368
		<u>6,736</u>	<u>7,204</u>
<b>CURRENT ASSETS</b>			
Debtors	10	13,370	17,456
Cash at bank and in hand	11	33,730	29,246
		<u>47,100</u>	<u>46,702</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	<u>(42,350)</u>	<u>(39,960)</u>
<b>NET CURRENT ASSETS</b>		<u>4,750</u>	<u>6,742</u>
<b>NET ASSETS</b>		<u><u>11,486</u></u>	<u><u>13,946</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	102	102
Share premium account	16	588	588
Capital reserves	16	6,832	7,301
Profit and loss account	16	3,964	5,955
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><u>11,486</u></u>	<u><u>13,946</u></u>

The accompanying notes form an integral part of the financial statements. The financial statements on pages 11 to 22 were approved by the Board on 20 April 2011.

**CJ Elliott**  
 Director

**QJ Heaney**  
 Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010****1. ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently throughout the current and prior years, are set out below.

**(a) Accounting basis**

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

The financial position of the company is further described in the Chairman's Statement and Directors' Report. Accordingly the financial statements have been prepared on the going concern basis.

**(b) Purchased Goodwill**

Goodwill arising on the acquisition of subsidiary businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

**(c) Turnover**

Turnover represents net brokerage and commission receivable on continuing activities. Brokerage is credited to the profit and loss account on the later of the date of inception of a risk or, if the completion of placement occurs subsequent to inception, the debit note date. Adjustments relating to additional or return premiums are accounted for as and when they arise. Commission is credited on an accruals basis.

Brokerage is deferred to recognise contractual post placement activities.

**(d) Foreign currencies**

Profit and loss account transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities in overseas currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

**(e) Interest payable and interest receivable**

Interest receivable and interest payable are recognised on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**1. ACCOUNTING POLICIES (continued)**

**(f) Derivative financial instruments**

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold derivative financial instruments for speculative purposes.

Foreign exchange contracts are related to anticipated currency earnings and are taken out to protect the company's sterling income position relative to the underlying overseas currency in which the income is earned. Gains and losses arising on these contracts are deferred and are recognised as the revenue to which the contract relates is recognised.

**(g) Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**(h) Investments**

Investments held as fixed assets, including investments in subsidiary undertakings, are stated at cost less provision for impairment.

**(i) Insurance broking assets and liabilities**

Insurance brokers act as agents in placing insurance risks of their clients with insurers and as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, pre-cash flow debtors and creditors arising from these insurance broking transactions are not included as assets or liabilities of the company. Other than amounts receivable for fees or commissions earned on a transaction, no recognition of the insurance transaction occurs until the company receives or settles cash in respect of premiums or claims, at which time a corresponding debtor or creditor is established in favour of the insurer or the client.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**1. ACCOUNTING POLICIES (continued)**

**(j) Exemption from Group Accounts**

Group accounts are not prepared in line with section 400 of the Companies Act 2006 as the company is itself a wholly owned subsidiary and is included in the consolidated financial statements of Hawkes Bay Holdings Limited, its ultimate parent company. These financial statements therefore present information about the company as an individual undertaking and not about its group.

In accordance with FRS 8, the company is exempt, as a wholly owned subsidiary, from the requirement to disclose transactions with entities that are part of the Group.

The company has taken advantage of the exemption under FRS 1 (Revised) not to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary of a group which prepares a consolidated cash flow statement and which is publicly available.

**2. TURNOVER**

Turnover represents amounts derived from insurance broking.

	<b>Year to 31 December</b>	
Geographical analysis of turnover:	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	6,508	6,782
Rest of Europe	3,402	3,237
North America	16,034	15,144
Asia	4,562	5,337
Other	3,726	2,965
	<u>34,232</u>	<u>33,465</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**3. AUDITOR'S REMUNERATION**

The remuneration of the auditors in respect of the audit of the company and other work is paid by Tyser Group Services Limited, and included in the accounts of that company. The amount paid is as follows:

	<b>Year to 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Audit Fee	60	60
Other services pursuant to legislation	6	6
Tax services	5	5
	<hr/>	<hr/>
Paid by Tyser Group Services limited on behalf of the company	71	71
	<hr/> <hr/>	<hr/> <hr/>

**4. INTEREST RECEIVABLE**

	<b>Year to 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from insurance broking and corporate funds	266	899
	<hr/> <hr/>	<hr/> <hr/>

**5. INTEREST PAYABLE**

	<b>Year to 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Interest charged on bank loans and overdrafts	26	32
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**6. TAXATION**

**(a) Analysis of charge in period**

	<b>Year to 2010</b>	<b>31 December 2009</b>
	<b>£000</b>	<b>£000</b>
UK tax:		
Corporation tax payable at 28% (2009: 28%) on the taxable profits for the period	1,173	1,251
Adjustment in respect of prior periods	-	(1)
	<u>1,173</u>	<u>1,250</u>
Deferred tax adjustment in respect of prior years	8	-
	<u>1,181</u>	<u>1,250</u>
Tax charge in the Profit and Loss account	<u>1,181</u>	<u>1,250</u>

	<b>Year to 2010</b>	<b>31 December 2009</b>
	<b>£000</b>	<b>£000</b>
<b>(b) Factors affecting tax charge for period</b>		
Profit on ordinary activities before tax	<u>3,722</u>	<u>4,090</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	1,042	1,145
<i>Effects of:</i>		
Adjustments to tax charge in respect of prior periods	-	(1)
Goodwill amortisation	131	106
	<u>1,173</u>	<u>1,250</u>
Current tax charge for period (see (a) above)	<u>1,173</u>	<u>1,250</u>

	<b>Year to 2010</b>	<b>31 December 2009</b>
	<b>£000</b>	<b>£000</b>
<b>(c) Balance sheet deferred tax</b>		
Balance brought and carried forward in respect of:		
Other timing differences	<u>-</u>	<u>8</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**7. DIRECTORS' EMOLUMENTS**

None of the directors received any remuneration from the company.

All of the directors and employees engaged in the business of the company are employed by other group companies. Staff costs and numbers are disclosed in the accounts of those companies.

**8. INTANGIBLE ASSETS – GOODWILL**

	<b>31 December</b>	
<b>Insurance Broking Business</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>COST</b>		
At 1 January	7,596	7,596
Addition (see note 9)	355	-
	<u>7,951</u>	<u>7,596</u>
31 December	<u><u>7,951</u></u>	<u><u>7,596</u></u>
<b>AMORTISATION</b>		
1 January	760	380
Charged during the year	469	380
	<u>1,229</u>	<u>760</u>
31 December	<u><u>1,229</u></u>	<u><u>760</u></u>
<b>NET BOOK VALUE</b>		
31 December	<u><u>6,722</u></u>	<u><u>6,836</u></u>

**9. INVESTMENTS**

	<b>Investment in Subsidiary undertakings</b>	<b>Unlisted Investments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 January 2010</b>	354	14	368
Disposal	(354)	-	(354)
	<u>-</u>	<u>14</u>	<u>14</u>
<b>At 31 December 2010</b>	<u><u>-</u></u>	<u><u>14</u></u>	<u><u>14</u></u>

During 2010 the subsidiary undertaking was liquidated and struck off the Company Register. As the underlying business all transferred to Tyser & Co. Limited this resulted in a consequent increase to Intangible Assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**10. DEBTORS**

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Due in less than one year:		
Trade debtors	9,731	9,632
Deferred tax	-	8
Prepayments and accrued income	2,292	1,695
Amounts owed by group undertakings	1,313	6,121
Other debtors	34	-
	<u>13,370</u>	<u>17,456</u>

**11. CASH AT BANK AND IN HAND**

Included in cash at bank and in hand is £33,654,000 (2009: £29,206,000) which is held in non-statutory trust accounts, which operate in compliance with the requirements of the Financial Services Authority.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft (see note 13)	428	-
Trade creditors	38,702	35,267
Accruals and deferred income (see note 14)	1,781	1,476
Amounts owed to group undertaking	188	2,166
Corporation tax (see note 6(a))	1,251	1,051
	<u>42,350</u>	<u>39,960</u>

**13. BANK OVERDRAFT**

**(a) Maturity**

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft:		
Aggregate amounts repayable:		
Within one year	<u>428</u>	<u>-</u>

**(b) Security**

The company has a bank overdraft facility which is secured by an unlimited multilateral company guarantee and debenture given by group companies.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**14. ACCRUALS AND DEFERRED INCOME**

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Deferred Brokerage	1,776	1,329
Provision for potential losses arising on future settlement of hedging contracts	-	142
Sundry accruals	5	5
	<u>1,781</u>	<u>1,476</u>

**15. CALLED UP SHARE CAPITAL**

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Authorised share capital: 250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
Allotted, called up and fully paid 101,772 ordinary shares of £1 each	<u>102</u>	<u>102</u>

**16. RESERVES**

	<b>Share Capital (Note 15)</b>	<b>Share Premium</b>	<b>Capital Reserves</b>	<b>Profit and Loss Account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 January 2010	102	588	7,301	5,955	13,946
Profit for the year	-	-	-	2,540	2,540
Amortisation of goodwill	-	-	(469)	469	-
Dividend payment	-	-	-	(5,000)	(5,000)
As at 31 December 2010	<u>102</u>	<u>588</u>	<u>6,832</u>	<u>3,964</u>	<u>11,486</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At 31 December 2010 the company had capital commitments of £nil (31 December 2009: £nil).

The company has extended a guarantee to Tyser Group Services Limited (TGSL) in respect of any pension or annuitant deficit recorded within the financial statements of TGSL, which has been calculated in accordance with the provisions of FRS 17 Retirement Benefits. The deficit (net of related deferred tax) amounted to £1,368,000 at 31 December 2010 (2009: £1,808,000).

**18. HEDGING CONTRACTS**

The company has entered into a number of contracts and options to help protect the value of its foreign currency earnings against fluctuations in exchange rates. As at 31 December, these comprise:

**Forward sale agreements**

A series of forward sale agreements to sell USD, EUR and CAD at predetermined rates of exchange during 2010, 2011 and 2012. Total commitments in each of these years are shown below

Currency	Forward sales value in:		
	2011	2012	2013
USD	15,000,000	4,500,000	1,000,000
EUR	1,000,000	800,000	800,000
CAD	2,700,000	2,475,000	1,200,000

**Option agreements**

A series of options in USD, EUR and CAD that protect the sterling value of our three primary revenue earning currencies. Should the currency strengthen against sterling up to a trigger rate then the company has no obligation to sell that currency. Should the currency strengthen beyond the trigger rate then the company is obliged to sell at the original protected rate of exchange.

The maximum commitment of the company under these options is as follows:

Currency	Maximum Option value in:		
	2011	2012	2013
USD	12,400,000	20,500,000	10,500,000
EUR	1,700,000	1,250,000	400,000
CAD	2,200,000	1,650,000	1,000,000

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2010**

**18. HEDGING CONTRACTS (continued)**

Fair values for each class of derivatives are as follows, assuming the protection rate is triggered in all cases:

	<b>31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Forward sale agreements	(382)	228
Option agreements	(582)	(1,435)
	<u>(964)</u>	<u>(1,207)</u>
	<u><u>(964)</u></u>	<u><u>(1,207)</u></u>

**19. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS**

At the balance sheet date Hawkes Bay Holdings Limited is considered by the directors the ultimate controlling party and immediate and ultimate holding company of Tyser & Co Limited. Consolidated accounts of Hawkes Bay Holdings Limited, the smallest and largest group into which this company is consolidated, are publicly available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Tyser & Co Limited was charged a management fee for the year totalling £26,997,000 (2009: £23,250,000) by Tyser Group Services Limited, a fellow subsidiary of Hawkes Bay Holdings Limited, the ultimate holding company.