

Report & Financial Statements

For the year ended 31 December 2008

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
W H Main (non executive)
R E Marsh
D S Randle
C Sydenham
A V Wilson (appointed 20 August 2008)

SECRETARY:

J R Perry

REGISTERED OFFICE:

12-20 Camomile Street
LONDON EC3A 7PJ

REGISTERED AUDITOR:

Deloitte LLP

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CHAIRMAN'S STATEMENT

The process of management and ownership change which came to a head in the last quarter of 2007 really set the scene for 2008 as the first full trading year with the new management and ownership structures in place and ready to be tested.

Bearing in mind that during 2008 we continued to trade through a predominately soft market and against the backdrop of a weak Dollar, until the last quarter which saw a dramatic strengthening of the US Dollar against Sterling, it is gratifying to report revenues of £26.8m against £23.8m for the prior year – an increase of 13%. During the period expense growth, excluding goodwill amortisation of £380k, was held at just over 5% resulting in a pre-amortisation operating profit of £2.5m which represents a 200% increase over the equivalent operating profit of £800k for 2007. Our earnings before interest, tax and amortisation (EBITA) came in at just under £3.5m – an increase of 67% over the £2.1m achieved in 2007.

However, during the third and fourth quarters of the year the reality of the global economic downturn became increasingly apparent giving the lie to assurances that the financial crisis would not affect the real economy and it is clear that the downturn and its consequences will continue to run through 2009 and beyond. This poses us with challenges as economic activity continues to slow with clients' turnover and insured values falling and businesses failing. Set against that we have in our favour the relative weakness of Sterling against those currencies comprising the large majority of our revenue; also with the inescapable need for Reinsurers to rebuild their balance sheets and to produce a profit without the benefit of interest earnings and with a much reduced stream of investment income, it is reasonable to anticipate a hardening market characterised by increased underwriting discipline and rising premiums. The absence of interest earnings is also a fact of life for us as brokers and we need to focus on our ability to trade profitably without this benefit.

Part of the fall-out from the financial crisis is the well publicised regulatory changes being worked on by our regulator, the Financial Services Authority (FSA). Whilst it is our hope and expectation that any such changes are being developed for the improved regulation of the Investment and Banking industries, it is inevitable that some repercussions will be felt in the Insurance Broking industry. Undeniably, we and our regulator live in challenging times, and through our open and constructive relationship with the FSA we look forward to collaborating with and supporting them in the continuing evolution of a relevant and coherent regulatory framework and set of processes.

Clearly, 2008 was a year of hard work and achievement with our EBITA margin of 13% representing a strong improvement over the 5% achieved in 2007 and we remain well on track for our medium term target of 20% over the next few years. Our strong performance in 2008 gives us greater confidence in our future and our ability to anticipate issues and meet the changing requirements of our clients, all of which will call on the continuing dedication of our directors, senior managers and staff whose support remains invaluable.

Christopher Spratt
Chairman

22nd April 2009

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2008.

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). 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 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 maintaining proper accounting records which 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.

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 auditors are 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 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.

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 10 to 21.

The profit for the year of £2,090,000 (2007: £1,335,000) has been taken to reserves. An interim dividend of £1,500,000 was paid to Hawkes Bay Holdings Limited during the year (2007: nil). The directors recommend no final dividend be paid for the year (2007: 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 20 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 2008 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 2008 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 business is managed through the Board which meets on a monthly basis. The general business environment continued to be one of weak insurance rates and weakness through much of the year of the US dollar – the currency in which much of the company's business is transacted. 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 group. In addition the group 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

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

- Financial risks are managed through:
 - our 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 Board monitors its liquidity position on a daily basis, and maintains and regularly updates cash flow projections. 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 experience 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 which 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.

DIRECTORS

The directors have held office during the whole year from 1 January 2008 to the date of this report unless otherwise stated.

AUDITORS

A resolution to reappoint Deloitte LLP as auditor to the company and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

This report was approved by the Board on 22nd April 2009.

CM Spratt
Director

QJ Heaney
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYSER & CO LIMITED

We have audited the financial statements of Tyser & Co Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYSER & CO LIMITED
(continued)**

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

Opinion

In our opinion:

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

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

22nd April 2009

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Notes	Year to 31 December 2008 £000	Year to 31 December 2007 £000
TURNOVER	2	26,829	23,851
Administrative expenses:			
Goodwill amortisation		(380)	-
Other		(24,325)	(23,043)
Total administrative expenses	3	<u>(24,705)</u>	<u>(23,043)</u>
Operating profit before goodwill amortisation		2,504	808
Goodwill amortisation		(380)	-
Operating profit after goodwill amortisation		<u>2,124</u>	<u>808</u>
OPERATING PROFIT		2,124	808
Interest receivable	4	987	1,288
Interest payable and similar charges	5	(72)	(223)
Net interest		<u>915</u>	<u>1,065</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,039	1,873
Taxation charge on profit on ordinary activities	6	(949)	(538)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>2,090</u>	<u>1,335</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.

BALANCE SHEET as at 31 December 2008

	Notes	31 December	
		2008 £000	2007 £000
FIXED ASSETS			
Intangible assets - goodwill	8	7,216	7,596
Investments	9	368	368
		<u>7,584</u>	<u>7,964</u>
CURRENT ASSETS			
Debtors	10	17,002	19,343
Cash at bank and in hand	11	26,671	25,939
		<u>43,673</u>	<u>45,282</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(39,654)</u>	<u>(42,542)</u>
NET CURRENT ASSETS		<u>4,019</u>	<u>2,740</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,603</u>	<u>10,704</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	-	(188)
PROVISIONS FOR LIABILITIES	16	(497)	-
		<u>11,106</u>	<u>10,516</u>
NET ASSETS		<u><u>11,106</u></u>	<u><u>10,516</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	102	102
Share premium account	18	588	588
Capital reserves	18	7,681	8,061
Profit and loss account	18	2,735	1,765
		<u>11,106</u>	<u>10,516</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>11,106</u></u>	<u><u>10,516</u></u>

The financial statements on pages 10 to 21 were approved by the Board on 22nd April 2009

CM Spratt
Director

QJ Heaney
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The principle 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.

The financial position of the company is further described in the Chairman's statement and Directors' report.

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. 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.

(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

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

(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, 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 asset or liability is established in favour of the insurer or the client.

(j) Exemption from Group Accounts

Group accounts are not prepared in line with section 228 of the Companies Act 1985 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 FRS8, 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 FRS1 (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.

(k) Compliance with accounting standards and Companies Act 1985

The financial statements have been prepared in accordance with applicable accounting standards.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

2. TURNOVER

Turnover represents amounts derived from insurance broking.

Geographical analysis of turnover:

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
United Kingdom	6,702	6,773
Rest of Europe	3,598	3,130
North America	11,463	9,617
Asia	3,620	2,935
Other	1,446	1,396
	<u>26,829</u>	<u>23,851</u>

3. AUDITORS 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:

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
Audit Fee	56	56
Other services pursuant to legislation	6	6
Tax services	5	7
	<u>67</u>	<u>69</u>
Paid by Tyser Group Services limited on behalf of the company	<u>67</u>	<u>69</u>

4. INTEREST RECEIVABLE

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
Interest receivable from insurance broking and corporate funds	<u>987</u>	<u>1,288</u>

5. INTEREST PAYABLE

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
Interest charged on bank loans and overdrafts	<u>72</u>	<u>223</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

6. TAXATION

(a) Analysis of charge in period

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
UK tax:		
Corporation tax payable at 28.5% (2007: 30%) on the taxable profits for the period	845	43
Adjustment in respect of prior periods	104	-
	<u>949</u>	<u>43</u>
Deferred tax charge– current year	127	503
Deferred tax adjustment in respect of prior years	(127)	(9)
Effect of rate change to 28% on deferred tax carried forward	-	1
	<u>-</u>	<u>495</u>
Deferred tax charge for the period	-	495
Tax charge in the Profit and Loss account	<u><u>949</u></u>	<u><u>538</u></u>

(b) Factors affecting tax charge for period

	Year to 31 December 2008 £000	Year to 31 December 2007 £000
Profit on ordinary activities before tax	3,039	1,873
	<u>3,039</u>	<u>1,873</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	866	562
<i>Effects of:</i>		
Prior year charge for claims handling	-	(367)
Adjustments to tax charge in respect of prior periods	104	-
Goodwill amortisation	108	-
Group relief	-	(17)
Utilisation of losses	(129)	(135)
	<u>949</u>	<u>43</u>
Current tax charge for period (see (a) above)	<u><u>949</u></u>	<u><u>43</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

6. TAXATION (continued)

(c) Balance sheet deferred tax	Year to 31 December 2008 £000	Year to 31 December 2007 £000
Losses carried forward	-	-
Other timing differences	8	8
	<hr/>	<hr/>
Deferred tax asset	8	8
	<hr/>	<hr/>
Asset at start of period:	8	503
Deferred tax charge in profit and loss account for period	-	(495)
	<hr/>	<hr/>
Deferred tax asset at end of period (note 10)	8	8
	<hr/>	<hr/>

7. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration from the company.

8. INTANGIBLE ASSETS – GOODWILL

Insurance Broking Business	31 December	
	2008 £000	2007 £000
COST		
1 January	7,596	-
Acquired during the year	-	7,596
	<hr/>	<hr/>
31 December	7,596	7,596
	<hr/>	<hr/>
AMORTISATION		
1 January	-	-
Charged during the year	380	-
	<hr/>	<hr/>
31 December	380	-
	<hr/>	<hr/>
NET BOOK VALUE		
31 December	7,216	7,596
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

9. INVESTMENTS

	Investment in Subsidiary undertakings £000	Unlisted Investments £000	Total £000
At 31 December 2007 and 31 December 2008	354	14	368

Details of the company's subsidiary at 31 December 2008 are as follows:

Name of operation	Country of incorporation	Activity	Proportion of shares held
Tyser Special Risks Limited	England	Dormant	100%

10. DEBTORS

	31 December	
	2008	2007
	£000	£000
Due in less than one year:		
Trade debtors	12,581	16,979
Deferred tax	8	8
Prepayments and accrued income	981	501
Amounts owed by group undertakings	3,432	1,855
	17,002	19,343

11. CASH AT BANK AND IN HAND

Included in cash at bank and in hand is £26,671,000 (2007: £25,220,000) 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

	31 December	
	2008	2007
	£000	£000
Bank overdraft (see note 13)	976	-
Bank loan due within one year	188	249
Trade creditors	36,031	39,936
Accruals and deferred income (see note 14)	1,260	1,261
Amounts owed to group undertaking	354	1,053
Corporation tax (see note 6(a))	845	43
	39,654	42,542

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

13. BANK OVERDRAFT

(a) Maturity

	31 December	
	2008	2007
	£000	£000
Bank overdraft:		
Aggregate amounts repayable:		
Within one year	976	-
	<u>976</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.

14. ACCRUALS AND DEFERRED INCOME

	31 December	
	2008	2007
	£000	£000
Deferred Brokerage	1,255	1,255
Sundry accruals	5	6
	<u>1,260</u>	<u>1,261</u>
At 1 January and 31 December	<u>1,260</u>	<u>1,261</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December	
	2008	2007
	£000	£000
Bank Loan		
Due between one and two years	-	188
	<u>-</u>	<u>188</u>

16. PROVISION FOR LIABILITIES

	31 December	
	2008	2007
	£000	£000
Provision for potential losses arising on future settlement of hedging contracts	497	-
	<u>497</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

17. CALLED UP SHARE CAPITAL

	31 December	
	2008	2007
	£'000	£'000
Authorised share capital: 250,000 ordinary shares of £1 each	250	250
Allotted, called up and fully paid 101,772 ordinary shares of £1 each	102	102

18. RESERVES

	Share Capital (Note 17) £'000	Share Premium £'000	Capital Reserves £'000	Profit and Loss Account £'000	Total £'000
As at 1 January 2008	102	588	8,061	1,765	10,516
Profit for the year	-	-	-	2,090	2,090
Amortisation of goodwill			(380)	380	-
Dividends paid on equity shares	-	-	-	(1,500)	(1,500)
As at 31 December 2008	102	588	7,681	2,735	11,106

During the year the company paid a dividend of £1,500,000 (2007: £nil) to Hawkes Bay Holdings Limited, its immediate and ultimate holding company.

19. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2008 the company had capital commitments of £nil (31 December 2007: £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 FRS17 Retirement Benefits. The deficit (net of related deferred tax) amounted to £417,000 at 31 December 2008 (2007: deficit of £1.464m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2008

20. HEDGING CONTRACTS

The Group has entered into a number of contracts and options to help protect the value of its foreign currency earnings against fluctuations in exchange rates. These comprise:

Forward sale agreements

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

Currency	Forward sales value in:	
	2010	2011
USD	6,000,000	6,000,000
EUR	-	450,000
CAD	-	1,450,000

Option agreements

Various option contracts which enable the company to sell currency each month at pre-determined rates should the value of the currency fall below those rates and conversely require the company to sell those currencies at a protection rate should the value rise above a different, higher rate.

Details of the option contracts in place are as follows.

- **US Dollars:** Two contracts each of which protects USD 500k per month until July 2010 at certain exchange rates should the value of the USD fall below that rate, and conversely require the company to sell USD 1m at that rate should the value rise above that rate.
- A further contract protects USD 500k per month until December 2009 at a certain rate and conversely requires the company to sell USD 1m at a different rate should the value rise above a specified higher rate. Should the USD be above that rate on 29 December 2009 the contract extends for a further six months.
- **EUR:** a contract to protect EUR 250k per month until 31 December 2010 at a certain exchange rate should the value of the Euro fall below that rate, and conversely requires the company to sell EUR 400k at a different rate should the value rise above a specified higher rate.
- **CAD:** a contract to protect CAD 300k per month until 31 December 2009 at a certain exchange rate should the value of the CAD fall below that rate, and conversely require the company to sell CAD 400k at a different rate should the value rise above a specified higher rate. Should the CAD be above that rate on 29 December 2009 the contract extends until December 2010.

The maximum commitment of the company under these various hedging arrangements is as follows.

Currency	Potential monthly Maximum commitment	Date expires	Total potential maximum commitment
USD	2,000,000	July 2010	38,000,000
USD	1,000,000	June 2010	18,000,000
EURO	400,000	December 2010	9,600,000
CAD	400,000	December 2010	9,600,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2008

20. HEDGING CONTRACTS (continued)

Fair values for each class of derivatives are as follows:

	31 December	
	2008	2007
	£000	£000
Forward sale agreements	(1,352)	55
Option agreements	(9,242)	(58)
	<u>(10,594)</u>	<u>(3)</u>

21. 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 £23,250,000 (2007: £22,323,000) by Tyser Group Services Limited, a fellow subsidiary of Hawkes Bay Holdings Limited, the ultimate holding company.