

Euler Hermes Risk Services UK Ltd

FINANCIAL STATEMENTS

YEAR ENDED 31st December 2010

**1 Canada Square
London E14 5DX**

Company Number 2949249

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Euler Hermes Risk Services UK Ltd

Year Ended 31 December 2010

<u>CONTENTS</u>	<u>PAGE</u>
Company Details	1
Report of the Directors	2 – 4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6 – 7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10 – 15

Euler Hermes Risk Services UK Ltd

COMPANY DETAILS

DIRECTORS	F Desnos R Meyer M Wyatt M Dowle K Macauley	Chairman
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SECRETARY	S Kaler
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AUDITORS	KPMG Audit Plc 15 Canada Square London E14 5GL
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REGISTERED OFFICE	1 Canada Square London E14 5DX
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Euler Hermes Risk Services UK Ltd

Company Number 2949249

REPORT OF THE DIRECTORS **Year Ended 31 December 2010**

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2010

Principal Activity

The principal activities of the Company are to provide financial information and to produce credit analysis and financial reports

Review of the Business, Results and Future Developments

In 2010 Euler Hermes Risk Services Limited's activities continued to be targeted towards extending the services offered to external clients, in particular those companies who also hold credit insurance policies with Euler Hermes UK plc

During the year Euler Hermes UK Group approved plans to restructure its business operations in the UK as part of a worldwide Euler Hermes Group initiative. Part of the impact of these restructuring plans relating to 2011 has been provided for within the company's accounts relating to the following

Redundancy Costs	£645,000
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Turnover for the year amounted to £11,697,076, down 6% against the prior year. The decline in revenues comes mainly from the European market (23%) excluding UK, which is linked to the reduction in the number of credit insurance policyholders and reduced credit exposure. Administrative expenses were £13,895,438 an increase of 12% compared to the prior year with the increase mainly linked to restructuring costs and the initial costs of set-up on a new multi-national policy.

The result of these exceptional factors is a loss after tax of £1,582,362 in comparison to a profit after tax of £34,643 in the prior year.

The Directors are however confident that continuous development of additional services and products should result in a return to profitability in the foreseeable future.

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd)

Year Ended 31 December 2010

Financial Risks

As part of the Euler Hermes Holdings UK group, Euler Hermes Risk Services UK Limited operates a risk management framework which covers identification, monitoring and active management of the main financial and operational risks faced by the Company. Due to the nature of its activities, the company is exposed to limited financial risks. Daily cash management and liquidity are provided by Euler Hermes UK plc and do not attract exposure to financial markets. Limited exposure to currency fluctuations may arise on the provision of contracts in foreign currencies. The Company does not use any derivatives to cover these risks but has procedures in place to ensure appropriate matching of assets and liabilities in currencies at any time within the Euler Hermes Holdings UK group.

Directors

The Directors who served during the year were as follows

F Desnos	
R Meyer	Appointed 4 March 2010
L Limon Duparcmeur	Resigned 1 March 2010
M Dowle	
J I Bell	Appointed 21 July 2010
J I Bell	Resigned 24 December 2010
M Wyatt	
K Macauley	

Indemnity insurance

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Policy and Practice on Payment of Creditors

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Suppliers are paid centrally for the UK Group by Euler Hermes Management UK Ltd and the Directors believe it is helpful to give the disclosures on a Group basis. Trade creditors' days of the Group for the year ended 31 December 2010 were 16 days (2009: 21 days).

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd)

Year Ended 31 December 2010

Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of this report confirms that

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2010 of which the auditors are unaware, and
- 2) the Director has taken all steps that he/she ought to have taken in his/her duty as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office

By Order of the Board



S Kaler
Secretary

03 MAR 2011

Dated:

Euler Hermes Risk Services UK Ltd

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 company's 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EULER HERMES RISK SERVICES LTD

We have audited the financial statements of Euler Hermes Risk Services UK Ltd for the year ended 31st December 2010 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31st December 2010 and of its loss for the year then ended
- have been properly prepared in accordance with UK 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.

Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EULER HERMES RISK SERVICES LTD (Cont'd)

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

Murray Raisbeck

Murray Raisbeck (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Dated: *4 March 2011*

Euler Hermes Risk Services UK Ltd

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2010

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
TURNOVER	2	11,697,076	12,434,348
Administrative expenses		<u>(13,895,438)</u>	<u>(12,386,238)</u>
OPERATING (LOSS)/PROFIT	3	(2,198,362)	48,110
Interest receivable		-	4
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(2,198,362)</u>	<u>48,114</u>
Tax on (loss)/profit on ordinary activities	6	<u>616,000</u>	<u>(13,471)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(1,582,362)</u>	<u>34,643</u>

The Company has no recognized gains and losses other than shown in the Profit and Loss Account and therefore no separate Statement of Total Recognized Gains and Losses has been presented

All activities of the Company are regarded as continuing

The accounting policies and notes on pages 10 to 15 to the financial statements form an integral part of these financial statements.


Euler Hermes Risk Services UK Ltd

BALANCE SHEET

As at 31 December 2010

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
CURRENT ASSETS			
Debtors	7	6,257,621	10,111,105
Cash at bank and in hand		271,056	266,562
		<u>6,528,677</u>	<u>10,377,667</u>
CREDITORS - Amounts falling due within one year	8	(7,985,193)	(10,251,821)
NET CURRENT LIABILITIES		<u>(1,456,516)</u>	<u>125,846</u>
NET LIABILITIES		<u>(1,456,516)</u>	<u>125,846</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss reserve	10	(1,456,518)	125,844
EQUITY SHAREHOLDERS' FUNDS	11	<u>(1,456,516)</u>	<u>125,846</u>

These financial statements were approved by the Board of Directors and signed on its behalf by



F Desnos
Director

Dated: 31/3/11



R Meyer
Director

Dated: 3.3.2011

The accounting policies and notes on pages 10 to 15 to the financial statements form an integral part of these financial statements

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2010

1. Principal Accounting Policies

a. Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 4

The Company is a member of the Euler Hermes Holdings UK Group which has considerable financial resources. The Company provides services to many Euler Hermes UK plc insured clients and fellow group subsidiaries around the world, and, as a result the Directors are confident of maintaining for the foreseeable future both a healthy client base and a contribution margin sufficiency.

As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors are confident that the Company has 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. Turnover

Turnover represents the value, excluding VAT, of services completed in the year

c. Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions are translated at the actual rate on the date of the transaction. Realised and unrealised exchange gains and losses from ordinary operations are credited or charged to the Profit and Loss Account.

d. Deferred taxation

Deferred tax is provided in full on all timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the rates at which it is expected that the tax liability or benefit will arise.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2010

2. Turnover	<u>2010</u>	<u>2009</u>
	£	£
Turnover by geographical area of destination		
United Kingdom	7,235,900	6,711,185
Rest of Europe	4,025,305	5,199,146
Rest of the World	435,871	524,017
	<u>11,697,076</u>	<u>12,434,348</u>

3. Operating Profit	<u>2010</u>	<u>2009</u>
	£	£
The operating profit is stated after charging, inter alia:		
Auditors' remuneration		
Fees for the audit of the company	15,000	19,350
Redundancy Costs	<u>645,000</u>	<u>-</u>

4. Staff numbers and costs

All staff are employed by Euler Hermes Management UK Limited, a service company and fellow group subsidiary. Other pension costs are contributions to the defined benefit pension scheme which is fully disclosed in Euler Hermes Management UK Limited and contributions to defined contribution schemes. The following amounts were recharged to the company in respect to staff costs

	<u>2010</u>	<u>2009</u>
	£	£
The aggregate staff costs of these persons were as follows		
Wages and salaries	2,128,048	2,240,110
Social security costs	206,569	221,155
Other pension costs	221,875	224,647
	<u>2,556,492</u>	<u>2,685,912</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2010

4. Staff numbers and costs (cont'd)

The average monthly number of persons employed by Euler Hermes Management UK Ltd but made available to the company in 2010 was 61 (2009 63) all of whom were primarily involved in the provision of credit analysis and financial reporting services

5. Directors' Remuneration

The Directors of Euler Hermes Risk Services UK Limited received the following aggregate remuneration charged to the company and included within net operating expenses.

	<u>2010</u>	<u>2009</u>
	£	£
Directors' remuneration comprises		
Emoluments	<u>95,962</u>	<u>86,015</u>

There was no Director for whom retirement benefits were accruing at 31 December 2010 (2009 0).

6. Tax on Profit on Ordinary Activities

	<u>2010</u>	<u>2009</u>
	£	£
The taxation charge in the Profit and Loss Account comprises		
UK corporation tax	(616,000)	13,471
Total current tax	<u>(616,000)</u>	<u>13,471</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2010

6. Tax on Profit on Ordinary Activities (cont'd)

Factors affecting the tax charge for the year	<u>2010</u> £	<u>2009</u> £
(Loss)/Profit on ordinary activities before tax	<u>(2,198,362)</u>	<u>48,114</u>
(Loss)/Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 28% (2009 28%)	(616,000)	13,471
Current tax charge for the year	<u>(616,000)</u>	<u>13,471</u>

7. Debtors

	<u>2010</u> £	<u>2009</u> £
Trade debtors - group	545,065	747,898
- third party	1,739,043	1,951,924
Corporation tax recoverable	616,000	-
Amounts due from group undertakings	<u>3,357,513</u>	<u>7,411,283</u>
	<u>6,257,621</u>	<u>10,111,105</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Year Ended 31 December 2010

8. Creditors - Amounts falling due within one year	<u>2010</u> £	<u>2009</u> £
Amounts owed to group undertakings	6,676,316	9,437,478
Corporation tax	-	13,471
Other creditors	261,750	1,759
Accruals and deferred income	1,047,127	799,113
	<u>7,985,193</u>	<u>10,251,821</u>
 9. Share Capital	 <u>2010</u> £	 <u>2009</u> £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
 10. Profit and Loss Reserve	 <u>2010</u> £	 <u>2009</u> £
At 1 January	125,844	1,091,201
(Loss)/Profit for the year	(1,582,362)	34,643
Dividend paid (2009 £500,000 per share)	-	(1,000,000)
At 31 December	<u>(1,456,518)</u>	<u>125,844</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2010

11. Reconciliation of Movements in Shareholders' Funds	<u>2010</u>	<u>2009</u>
	£	£
(Loss)/Profit for the financial year	(1,582,362)	34,643
Dividend paid	-	(1,000,000)
Net addition to / (reduction in) shareholders' funds	(1,582,362)	(965,357)
Opening Shareholders' Funds	125,846	1,091,203
Closing Shareholders' Funds	<u>(1,456,516)</u>	<u>125,846</u>

12. Cash Flow Statement

The Company is a wholly owned subsidiary of Euler Hermes Holdings UK plc, which is wholly owned by Euler Hermes SA. The Company is included in the consolidated accounts of Euler Hermes SA. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (revised) from publishing a Cash Flow Statement.

13. Related Party Transactions

The Company is a wholly owned subsidiary of Euler Hermes Holdings UK plc, which is wholly owned by Euler Hermes SA. The Company has taken advantage of the exemption under Financial Reporting Standard Number 8 from disclosing related party transactions with Group entities.

14. Ultimate and Immediate Parent Undertaking

The immediate parent undertaking at 31 December 2010 was Euler Hermes Holdings UK plc, which is incorporated in Great Britain and registered in England and Wales, copies of whose Financial Statements can be obtained from 1 Canada Square, London, E14 5DX.

The ultimate parent undertaking and controlling party at 31 December 2010 was Allianz SE, which is incorporated and registered in the EU as a European company, copies of whose consolidated Financial Statements can be obtained from Königinstraße 28, 80802 München, Germany.