

**DARWIN CLAYTON (UK) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 30 September 2008**

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## **DARWIN CLAYTON (UK) LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

M M Wetherall  
M O'Connor  
D Thackway

**COMPANY SECRETARY**

T Dunk

**COMPANY NUMBER**

2783474

**REGISTERED OFFICE**

Darwin House  
20 Mount Ephraim Road  
Tunbridge Wells  
Kent  
TN1 1ED

**AUDITORS**

Horwath Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
Jaeger House  
5 Clanricarde Gardens  
Tunbridge Wells  
Kent  
TN1 1PE

**BANKERS**

Lloyds TSB Bank plc  
4-6 Monson Road  
Tunbridge Wells  
Kent  
TN1 1NJ

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**DARWIN CLAYTON (UK) LIMITED**

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## **DARWIN CLAYTON (UK) LIMITED**

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### **DIRECTORS' REPORT for the year ended 30 September 2008**

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The directors present their report and the financial statements for the year ended 30 September 2008.

#### **STATEMENT OF 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the period was that of an insurance broker.

#### **BUSINESS REVIEW**

The company's turnover has reduced from £3,208,373 to £2,996,202. This reduction reflects market pressures. The insurance cycle continues and pressure on rates continue, causing premiums to reduce. We do not anticipate any improvement during 2008/09 and this will continue to adversely affect business.

Operating profit (including inter company income) increased in 2007/08 to £289,590 (10% of turnover) from £194,288 (6% of turnover) for 2006/07.

Administration expenses were 90% of turnover for 2007/08 and 94% for 2006/07. We continue to monitor costs and these are, we believe, under control against turnover.

The future will be difficult in view of the market conditions. The company will continue to exercise strict financial control to maintain business profitability pending market conditions improving.

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## **DARWIN CLAYTON (UK) LIMITED**

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### **DIRECTORS' REPORT for the year ended 30 September 2008**

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#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £277,717 (2007 - £58,605).

Interim dividends amounting to £850,000 have been paid in the year. The directors propose a final dividend of £Nil (2007 - £283,520).

#### **DIRECTORS**

The directors who served during the year were:

M M Wetherall  
M O'Connor  
D Thackway

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable contributions of £620 (2007 - £100).

#### **FINANCIAL INSTRUMENTS, RISKS AND UNCERTAINTIES**

The principal risks and uncertainties to the company are the continuing 'soft' market and changes to the FSA regulatory environment.

The company's principal financial instruments comprise of cash deposits. The company has no borrowings. The company has other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

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## DARWIN CLAYTON (UK) LIMITED

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### DIRECTORS' REPORT for the year ended 30 September 2008

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#### KEY PERFORMANCE INDICATORS

##### Turnover

The turnover in a period is compared against the turnover in a previous period. It is expressed as a percentage in growth terms. The difference in turnover allows the company to monitor the success of the client base. The source data is from the company's accounting records.

The turnover this year has reduced by 7% (2007 - 7%) as a result of continued market pressures.

##### Current liabilities to current assets ratio

The current liabilities to current assets ratio in a period is compared against the ratio in a previous period. It is derived by dividing the current liabilities by the current assets, expressed as a percentage, and determines the financial strength of the company. The source data is from the company's accounting records:

For 2007/08 the ratio of current liabilities to current assets was 99.3%, an increase of 18.5% from the figure for 2006/07 of 80.8%.

##### Profit before tax

The profit before tax in a period is compared to the profit before tax in a previous period. It determines the company's overall profitability and is the final statement of the company's activities in a period. The source data is from the company's accounting records.

Profit before tax for 2007/08 was £349,610 which compares with £260,130 for 2006/07 representing an increase of 34.4%.

#### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

#### AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *16th January 2009* and signed on its behalf.



**T Dunk**  
Secretary

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## **DARWIN CLAYTON (UK) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DARWIN CLAYTON (UK) LIMITED**

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We have audited the financial statements of Darwin Clayton (UK) Limited for the year ended 30 September 2008, set out on pages 6 to 19. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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 Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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.

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.

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**DARWIN CLAYTON (UK) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DARWIN CLAYTON (UK) LIMITED**

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**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 30 September 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.

*Horwath Clark Whitehill LLP*

**HORWATH CLARK WHITEHILL LLP**

Chartered Accountants  
Registered Auditors

Jaeger House  
5 Clanricarde Gardens  
Tunbridge Wells  
Kent  
TN1 1PE

Date: *22 January 2009*



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**DARWIN CLAYTON (UK) LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 September 2008**

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	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
<b>TURNOVER</b>		<b>2,996,202</b>	<b>3,208,373</b>
Administrative expenses		<b>(2,706,612)</b>	<b>(3,014,085)</b>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>289,590</b>	<b>194,288</b>
Interest receivable		<b>60,020</b>	<b>65,842</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>349,610</b>	<b>260,130</b>
Tax on profit on ordinary activities	<b>7</b>	<b>(71,893)</b>	<b>(201,525)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>14</b>	<b>277,717</b>	<b>58,605</b>

All amounts relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

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**DARWIN CLAYTON (UK) LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 30 September 2008**

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	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>277,717</b>	<b>58,605</b>
Movement in the investment property reserve	-	245,979
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>277,717</b>	<b>304,584</b>

The notes on pages 10 to 19 form part of these financial statements.


**DARWIN CLAYTON (UK) LIMITED**

**BALANCE SHEET**  
**as at 30 September 2008**

	Note	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		<b>334,456</b>		373,419
Fixed asset investments	9		<b>1,000</b>		1,000
			<b>335,456</b>		374,419
<b>CURRENT ASSETS</b>					
Debtors	10	<b>1,072,840</b>		1,371,463	
Cash at bank and in hand		<b>945,539</b>		1,487,856	
		<b>2,018,379</b>		2,859,319	
<b>CREDITORS: amounts falling due within one year</b>	11	<b>(2,003,653)</b>		<b>(2,311,273)</b>	
<b>NET CURRENT ASSETS</b>			<b>14,726</b>		548,046
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>350,182</b>		922,465
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		<b>50,000</b>		50,000
Profit and loss account	14		<b>300,182</b>		872,465
<b>SHAREHOLDERS' FUNDS</b>	15		<b>350,182</b>		922,465

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
16 January 2009.

  
**M M Wetherall**  
Director

  
**M O'Connor**  
Director

The notes on pages 10 to 19 form part of these financial statements.

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**DARWIN CLAYTON (UK) LIMITED**

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**CASH FLOW STATEMENT**  
**for the year ended 30 September 2008**

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	<b>Note</b>	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Net cash flow from operating activities	17	<b>673,544</b>	<b>(158,001)</b>
Returns on investments and servicing of finance	18	<b>59,803</b>	<b>65,842</b>
Taxation		<b>(99,772)</b>	<b>(272,664)</b>
Capital expenditure and financial investment	18	<b>(42,372)</b>	<b>484,339</b>
Equity dividends paid		<b>(1,133,520)</b>	<b>(337,000)</b>
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(542,317)</b>	<b>(217,484)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT**  
**for the year ended 30 September 2008**

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	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Decrease in cash in the year	<b>(542,317)</b>	<b>(217,484)</b>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(542,317)</b>	<b>(217,484)</b>
Net funds at 1 October 2007	<b>1,487,856</b>	<b>1,705,340</b>
<b>NET FUNDS AT 30 SEPTEMBER 2008</b>	<b>945,539</b>	<b>1,487,856</b>

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The notes on pages 10 to 19 form part of these financial statements.

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## **DARWIN CLAYTON (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2008**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.2 TURNOVER**

Turnover relates to brokerage and commission income accounted for in the year in which the related policies are written or renewed, after adjustment for lapsed or terminated policies.

Turnover and operating profit have been fully derived from continuing operations.

##### **1.3 INVESTMENTS**

Investments in subsidiaries are valued at cost less provision for impairment.

##### **1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%	straight line
Motor vehicles	-	33%	straight line
Fixtures & fittings	-	25%	reducing balance
Computer equipment	-	25%	straight line

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## **DARWIN CLAYTON (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2008**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 OPERATING LEASES**

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### **1.6 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### **1.7 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

##### **1.8 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### **2. TURNOVER**

All turnover arose within the United Kingdom.

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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2008**

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**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>93,988</b>	<b>109,097</b>
Operating lease rentals:		
- rent of land and buildings	<b>77,170</b>	<b>64,526</b>
Difference on foreign exchange	<b>(96,572)</b>	<b>-</b>

**4. AUDITORS' REMUNERATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for the audit of the company's annual accounts (excluding VAT)	<b>20,000</b>	<b>19,250</b>
Fees payable to the company's auditor and its associates (excluding VAT) in respect of:		
Other services relating to taxation	<b>1,925</b>	<b>1,850</b>
All other services	<b>7,910</b>	<b>5,900</b>

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,762,218</b>	<b>1,758,994</b>
Social security costs	<b>212,569</b>	<b>195,270</b>
Other pension costs	<b>85,185</b>	<b>125,036</b>
	<b>2,059,972</b>	<b>2,079,300</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>3</b>	<b>4</b>
Office staff	<b>52</b>	<b>53</b>
	<b>55</b>	<b>57</b>

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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2008**

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**6. DIRECTORS' REMUNERATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>529,901</b>	<b>527,439</b>
Company pension contributions to money purchase pension schemes	<b>32,893</b>	<b>35,107</b>

During the year retirement benefits were accruing to 1 director (2007 - 1) in respect of money purchase pension schemes.

The highest paid director received remuneration of £200,757 (2007 - £221,042).

**7. TAXATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	<b>87,573</b>	<b>103,646</b>
Adjustments in respect of prior periods	<b>854</b>	<b>(4,511)</b>
	<b>88,427</b>	<b>99,135</b>
Foreign tax on income for the year	<b>-</b>	<b>102,390</b>
<b>TOTAL CURRENT TAX</b>	<b>88,427</b>	<b>201,525</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>(222)</b>	<b>-</b>
Effect of tax rate change on opening liability	<b>(16,312)</b>	<b>-</b>
<b>TOTAL DEFERRED TAX</b> (see note 12)	<b>(16,534)</b>	<b>-</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>71,893</b>	<b>201,525</b>



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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2008**

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**7. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2007 - *higher than*) the standard rate of corporation tax in the UK (29%). The differences are explained below:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>349,610</b>	<b>260,130</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29% (2007 - 30%)	<b>101,387</b>	<b>78,039</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>8,296</b>	<b>31,586</b>
Capital allowances for year in excess of depreciation	-	<b>4,451</b>
Depreciation in excess of capital allowances	<b>230</b>	-
Difference between accounting profit on sale of property and chargeable gains	-	<b>38,817</b>
Foreign tax credits not used	-	<b>79,136</b>
Adjustments to tax charge in respect of prior periods	<b>854</b>	<b>(4,511)</b>
Marginal relief	<b>(23,725)</b>	<b>(25,993)</b>
Ineligible depreciation	<b>1,385</b>	-
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<b>88,427</b>	<b>201,525</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**DARWIN CLAYTON (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2008

**8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>COST</b>				
At 1 October 2007	237,854	176,754	894,888	1,309,496
Additions	-	41,152	17,920	59,072
Disposals	-	(53,625)	-	(53,625)
At 30 September 2008	<u>237,854</u>	<u>164,281</u>	<u>912,808</u>	<u>1,314,943</u>
<b>DEPRECIATION</b>				
At 1 October 2007	43,898	94,816	797,363	936,077
Charge for the year	4,757	56,822	32,409	93,988
On disposals	-	(49,578)	-	(49,578)
At 30 September 2008	<u>48,655</u>	<u>102,060</u>	<u>829,772</u>	<u>980,487</u>
<b>NET BOOK VALUE</b>				
At 30 September 2008	<u>189,199</u>	<u>62,221</u>	<u>83,036</u>	<u>334,456</u>
At 30 September 2007	<u>193,956</u>	<u>81,938</u>	<u>97,525</u>	<u>373,419</u>

**9. FIXED ASSET INVESTMENTS**

	Shares in group under- takings £
<b>COST OR VALUATION</b>	
At 1 October 2007 and 30 September 2008	<u>1,000</u>

**SUBSIDIARY UNDERTAKINGS**

The following was a dormant subsidiary undertaking of the company:

Name	Holding
Darwin Clayton Limited	
The aggregate of the share capital and reserves as at 30 September 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:	

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Darwin Clayton Limited	<u>1,000</u>	<u>-</u>

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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2008**

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**10. DEBTORS**

	2008 £	2007 £
Trade debtors	868,487	679,925
Other debtors	4,270	924
Prepayments and accrued income	183,549	690,614
Deferred tax asset (see note 12)	16,534	-
	<u>1,072,840</u>	<u>1,371,463</u>

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

	2008 £	2007 £
Trade creditors	1,145,946	949,206
Amounts owed to group undertakings	1,000	1,000
Corporation tax	87,573	99,135
Proposed dividend	-	283,520
Other creditors	17,020	53,537
Accruals and deferred income	752,114	924,875
	<u>2,003,653</u>	<u>2,311,273</u>

**12. DEFERRED TAXATION**

	2008 £	2007 £
At 1 October 2007	-	-
Released during the year	16,534	-
At 30 September 2008	<u>16,534</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	<u>(16,534)</u>	<u>-</u>

**13. SHARE CAPITAL**

	2008 £	2007 £
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2008**

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**14. RESERVES**

	Profit and loss account £
At 1 October 2007	872,465
Profit for the year	277,717
Dividends: Equity capital	(850,000)
	<hr/>
At 30 September 2008	300,182
	<hr/>

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Opening shareholders' funds	922,465	1,147,380
Profit for the year	277,717	58,605
Dividends (Note 16)	(850,000)	(283,520)
Other recognised gains and losses during the year	-	245,979
Movement in the investment property reserve	-	(245,979)
	<hr/>	<hr/>
Closing shareholders' funds	350,182	922,465
	<hr/>	<hr/>

**16. DIVIDENDS**

	2008 £	2007 £
<b>ORDINARY</b>		
Interim dividends declared and paid	850,000	-
Final dividends proposed	-	283,520
	<hr/>	<hr/>
	850,000	283,520
	<hr/>	<hr/>

On 15 June 2008 the directors declared an interim dividend of £20.000 per share. On 30 June 2008, a further interim dividend of £6.8418 was declared. S C Quested waived rights to dividends for 18,333 shares held.

A final dividend of £Nil (2007 - £5.6704) was proposed.

**DARWIN CLAYTON (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2008

**17. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2008 £	2007 £
Operating profit	289,590	194,288
Depreciation of tangible fixed assets	93,988	109,097
Profit on disposal of tangible fixed assets	(12,653)	(6,850)
Decrease in debtors	315,157	90,806
Decrease/(increase) in amounts owed by group undertakings	-	(545,342)
Decrease in creditors	(12,538)	-
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS</b>	<b>673,544</b>	<b>(158,001)</b>

**18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2008 £	2007 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	59,803	65,842
	2008 £	2007 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(59,072)	(106,611)
Sale of tangible fixed assets	16,700	8,750
Sale of investment properties	-	582,200
<b>NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE</b>	<b>(42,372)</b>	<b>484,339</b>

**19. ANALYSIS OF CHANGES IN NET DEBT**

	1 October 2007 £	Cash flow £	Other non-cash changes £	30 September 2008 £
Cash at bank and in hand:	1,487,856	(542,317)	-	945,539
<b>NET FUNDS</b>	<b>1,487,856</b>	<b>(542,317)</b>	<b>-</b>	<b>945,539</b>

**20. PENSION COMMITMENTS**

The company contributes to money purchase pension schemes for directors and staff. The pension cost charge represents contributions payable by the company to the schemes and amounted to £85,185 (2007 - £125,036).

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**DARWIN CLAYTON (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2008**

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**21. OPERATING LEASE COMMITMENTS**

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>EXPIRY DATE:</b>		
After more than 5 years	<b>58,500</b>	<b>58,500</b>

**22. TRANSACTIONS WITH DIRECTORS**

Final dividends of £179,565 relating to the year ended 30 September 2007 and interim dividends of £850,000 relating to the year ended 30 September 2008 were paid in the year to M O'Connor, a director and majority shareholder.

**23. RELATED PARTY TRANSACTIONS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Due to Darwin Clayton Limited	<b>1,000</b>	<b>1,000</b>

**24. CONTROLLING PARTY**

The directors consider the O'Connor family to be the ultimate controlling party.