

Euler Hermes Risk Services UK Ltd

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

**1 Canada Square
London E14 5DX**

Company Number 2949249

TUESDAY



AMQU70UH

A18

24/06/2008

127

COMPANIES HOUSE

Euler Hermes Risk Services UK Ltd

Year Ended 31 December 2007

<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 – 17

Euler Hermes Risk Services UK Ltd

COMPANY DETAILS

DIRECTORS	F Desnos P Mercer J Daly C Lacey L Limon Duparcmeur M Wyatt	Chairman Managing Director
SECRETARY	A Madan	
AUDITORS	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB	
REGISTERED OFFICE	1 Canada Square London E14 5DX	

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS

Year Ended 31 December 2007

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2007

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 2007, Euler Hermes Risk Services Limited's activities continued to be targeted towards extending the services offered to external clients, primarily targeting those companies who also hold credit insurance policies with Euler Hermes UK plc

Turnover for the year amounted to £13,303,517, up 2.5% against the prior year. The performance of domestic sales has been satisfying with a growth of 6.7%. However, partly due to a change of the organization of Euler Hermes Group for foreign financial information, the export activity decreased by 4.0%. Despite the increased volume of activity, administrative expenses were £10,585,476, a fall of 0.4% compared to the prior year, mainly linked to a reduced overhead. This has allowed the company to maintain a very strong operating contribution at £2,718,041, 15.8% higher than that achieved in the prior year. Profits have remained strong with profit after tax of £1,952,565 in 2007 against £1,662,657 in the prior year. The Directors are pleased with the continued profitability of the business and the development of services introduced during the year. The Directors envisage pursuing the same strategy and to continue to develop additional services and products which should support the development of the business in the foreseeable future.

Dividends

The company paid a dividend of £1,650,000 for the year ended 31 December 2006 during the year. The Directors recommend payment of a dividend for the year ended 31 December 2007 of £1,950,000.

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.

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd) **Year Ended 31 December 2007**

Directors

The Directors who served during the year were as follows

R J Webster	Resigned 31 December 2007
J Daly	
F Desnos	
P P Flanagan	Resigned 6 July 2007
C Lacey	
P Mercer	
M Wyatt	Appointed 25 September 2007

On 21 January 2008, L Limon Duparcmeur was appointed as a director

Directors' Interests

There were no directors in office at the end of the financial year that had a disclosable interest in the share capital of the Company

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 UK plc 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 2007 were 5 days (2006 11 days)

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 2007 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

Euler Hermes Risk Services UK Ltd

REPORT OF THE DIRECTORS (Cont'd) Year Ended 31 December 2007

Auditors

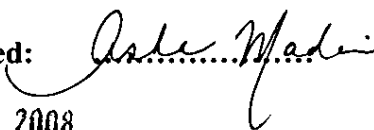
The Board of Directors appointed KPMG Audit Plc in place of PricewaterhouseCoopers LLP as auditors of the Company with effect from 1 April 2007

By Order of the Board

**A Madan
Secretary**

Dated:

19 MAR 2008

A handwritten signature in dark ink, appearing to read 'A. Madan', is written over a dotted line that follows the word 'Dated:'.

Euler Hermes Risk Services UK Ltd

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF 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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They 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 THE COMPANY

We have audited the financial statements of Euler Hermes Risk Services UK Ltd for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK 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.

Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY (Cont'd)

Basis of audit opinion (cont'd)

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

8 Salisbury Square London EC4Y 8BB

Dated: *28 March 2008*

Euler Hermes Risk Services UK Ltd

PROFIT AND LOSS ACCOUNT For the Year Ended 31 December 2007

	<u>Notes</u>	<u>2007</u> £	<u>2006</u> £
TURNOVER	2	13,303,517	12,979,340
Administrative expenses		<u>(10,585,476)</u>	<u>(10,632,847)</u>
OPERATING PROFIT	3	2,718,041	2,346,493
Interest receivable		89,201	62,162
Interest payable		<u>-</u>	<u>(10,274)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,807,242	2,398,381
Tax on profit on ordinary activities	6	<u>(854,677)</u>	<u>(735,724)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,952,565</u>	<u>1,662,657</u>

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

All activities of the Company are regarded as continuing

The accounting policies and notes to the financial statements form an integral part of these financial statements

Euler Hermes Risk Services UK Ltd

BALANCE SHEET

As at 31 December 2007

	Notes	<u>2007</u> £	<u>2006</u> £
FIXED ASSETS			
Tangible assets	7	361,789	368,764
CURRENT ASSETS			
Debtors	8	8,938,126	10,261,713
Cash at bank and in hand		491,612	484,676
		<u>9,429,738</u>	<u>10,746,389</u>
CREDITORS - Amounts falling due within one year	10	(7,576,190)	(9,242,456)
NET CURRENT ASSETS		<u>1,853,548</u>	<u>1,503,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,215,337</u>	<u>1,872,697</u>
CREDITORS - Amounts falling due after more than one year	11	(231,955)	(191,880)
NET ASSETS		<u>1,983,382</u>	<u>1,680,817</u>
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Profit and loss reserve	14	1,983,380	1,680,815
EQUITY SHAREHOLDERS' FUNDS	15	<u>1,983,382</u>	<u>1,680,817</u>

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

P Mercer

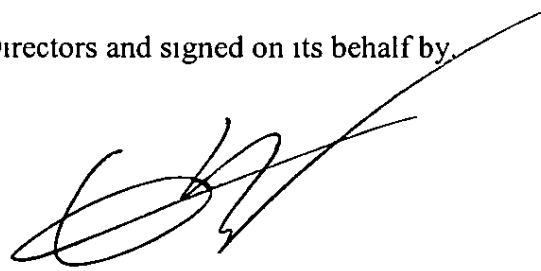
Managing Director

Dated : 

1 9 MAR 2008

L Limon Duparcmeur

Director

Dated:  **1 9 MAR 2008**

The accounting policies and notes 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 2007

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

b Turnover

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

c Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to operating profit over the period of the lease. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Profit and Loss Account.

d 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.

e 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 2007

2. Turnover	<u>2007</u>	<u>2006</u>
	£	£
Turnover by geographical area of destination		
United Kingdom	8,346,891	7,822,550
Rest of Europe	4,610,882	4,632,299
Rest of the World	345,744	524,491
	<u>13,303,517</u>	<u>12,979,340</u>

Segmental analysis by geographical area of origin is not given as substantially all the Company's turnover was concluded in the UK

3. Operating Profit	<u>2007</u>	<u>2006</u>
	£	£
The operating profit is stated after charging, inter alia		
Auditors' remuneration		
Audit fees	19,973	19,429
Other services	-	-
Depreciation	78,546	82,834
Operating lease rentals – land and buildings	<u>155,486</u>	<u>129,681</u>

4. Staff numbers and costs

The average monthly number of persons employed by Euler Hermes UK plc but made available to the Company in 2007 was 69 (2006 80) all of whom were primarily involved in the provision of credit analysis and financial reporting services

	<u>2007</u>	<u>2006</u>
	£	£
The aggregate staff costs of these persons were as follows		
Wages and salaries	2,547,846	2,740,526
Social security costs	258,702	295,221
Other pension costs	289,213	325,883
	<u>3,095,761</u>	<u>3,361,630</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

5. Directors' Remuneration	<u>2007</u>	<u>2006</u>
	£	£
Directors' remuneration comprises.		
Emoluments	<u>112,018</u>	<u>96,345</u>
There was 1 Director for whom retirement benefits were accruing at 31 December 2007 (2006 1)		
6. Tax on Profit on Ordinary Activities	<u>2007</u>	<u>2006</u>
	£	£
The taxation charge in the Profit and Loss Account comprises		
UK corporation tax	853,000	730,000
Adjustment in respect of previous periods	(1,323)	8,732
Total current tax	<u>851,677</u>	<u>738,732</u>
Deferred taxation	<u>3,000</u>	<u>(3,008)</u>
	<u>854,677</u>	<u>735,724</u>
Factors affecting the tax charge for the year	<u>2007</u>	<u>2006</u>
	£	£
Profit on ordinary activities before tax	<u>2,807,242</u>	<u>2,398,381</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	842,173	719,514
Capital allowances for the year in excess of depreciation	(2,100)	(3,008)
Expenses not deductible for tax purposes	12,927	13,494
Adjustment to tax charge in respect of previous periods	(1,323)	8,732
Current tax charge for the year	<u>851,677</u>	<u>738,732</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

7. Tangible Fixed Assets

	<u>Equipment</u>	<u>Fixtures & Fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
COST				
At 1 January 2007	315,427	2,768	493,270	811,465
Additions	-	-	161,576	161,576
Disposals	(207,632)	-	(181,143)	(388,775)
At 31 December 2007	<u>107,795</u>	<u>2,768</u>	<u>473,703</u>	<u>584,266</u>
ACCUMULATED DEPRECIATION				
At 1 January 2007	315,427	2,768	124,506	442,701
Charge for the year	-	-	78,546	78,546
Disposals	(207,632)	-	(91,138)	(298,770)
At 31 December 2007	<u>107,795</u>	<u>2,768</u>	<u>111,914</u>	<u>222,477</u>
NET BOOK VALUE				
At 31 December 2007	<u>-</u>	<u>-</u>	<u>361,789</u>	<u>361,789</u>
NET BOOK VALUE				
At 31 December 2006	<u>-</u>	<u>-</u>	<u>368,764</u>	<u>368,764</u>

Assets held under finance leases with a cost of £473,703 (2006 £493,270) are included in motor vehicles. Accumulated depreciation on leased assets was £111,914 (2006 £124,506). Depreciation on leased assets of £78,546 (2006 £82,834) has been charged in the year.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

8. Debtors	<u>2007</u> £	<u>2006</u> £
Trade debtors - group	2,197,995	1,556,061
- third party	1,438,207	665,042
Amounts due from group undertakings	5,295,731	8,032,454
Prepayments and accrued income	1,393	356
Deferred taxation	4,800	7,800
	<u>8,938,126</u>	<u>10,261,713</u>
9. Deferred Taxation	<u>2007</u> £	<u>2006</u> £
Accelerated capital allowances		
Asset at 1 January	7,800	4,792
Charge in the profit and loss account for the year	(3,000)	3,008
Asset at 31 December	<u>4,800</u>	<u>7,800</u>
10. Creditors - Amounts falling due within one year	<u>2007</u> £	<u>2006</u> £
Amounts owed to group undertakings	4,179,405	6,120,674
Finance leases	345,024	209,050
Corporation tax	853,000	730,000
Other creditors	75,491	122,694
Accruals and deferred income	2,123,270	2,060,038
	<u>7,576,190</u>	<u>9,242,456</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

11. Creditors - Amounts falling due after more than one year	<u>2007</u> £	<u>2006</u> £
Finance leases	<u>231,955</u>	<u>191,880</u>
12. Finance Leases	<u>2007</u> £	<u>2006</u> £
Future minimum lease payments under finance leases are as follows		
Within one year	374,598	236,265
In more than one year, but not more than five years	<u>257,945</u>	<u>221,052</u>
Total gross payments	632,543	457,317
Less finance charges included above	<u>(55,564)</u>	<u>(56,387)</u>
	<u>576,979</u>	<u>400,930</u>
13. Share Capital	<u>2007</u> £	<u>2006</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>
14. Profit and Loss Reserve	<u>2007</u> £	<u>2006</u> £
At 1 January	1,680,815	1,818,158
Profit for the year	1,952,565	1,662,657
Dividend paid - £825,000 per share (2006. £900,000 per share)	<u>(1,650,000)</u>	<u>(1,800,000)</u>
At 31 December	<u>1,983,380</u>	<u>1,680,815</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

15. Reconciliation of Movements in Shareholders' Funds	<u>2007</u>	<u>2006</u>
	£	£
Profit for the financial year	1,952,565	1,662,657
Dividend paid	(1,650,000)	(1,800,000)
Net addition to / (reduction in) shareholders' funds	302,565	(137,343)
Opening Shareholders' Funds	1,680,817	1,818,160
Closing Shareholders' Funds	<u>1,983,382</u>	<u>1,680,817</u>

16. Operating Leases

	<u>Land and Buildings</u>	
	<u>2007</u>	<u>2006</u>
	£	£
Leases which expire		
within 1 year	23,774	21,300
within 2 – 5 years	30,829	81,933
after 5 years	60,871	60,871
	<u>115,474</u>	<u>164,104</u>

17. 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.

18. 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.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2007

19. Ultimate and Immediate Parent Undertaking

The immediate parent undertaking at 31 December 2007 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 2007 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