

Cunningham Lindsey Holdings II (UK) Limited
Annual report and financial statements
for the year ended 31 December 2009

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Cunningham Lindsey Holdings II (UK) Limited

Annual report and financial statements for the year ended 31 December 2009

	Page(s)
Company Information	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Statement of Total Recognised Gains and Losses	5
Balance sheet	6
Notes to the financial statements	7-13

Cunningham Lindsey Holdings II (UK) Limited

Company Information for the year ended 31 December 2009

Directors

E Mullen
P Bes

Company Secretary

D J Bruce

Registered Office

Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Registered Number

06444708 (England and Wales)

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Cunningham Lindsey Holdings II (UK) Limited

Directors' report for the year ended 31 December 2009

The directors present their report with the audited financial statements of the company for the year ended 31 December 2009

Principal activity

The principal activity of the company in the year under review was that of a holding company

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the Cunningham Lindsey Group and are not managed separately. The ultimate parent company of this group is Cunningham Lindsey Group Limited. Accordingly, the principal risks and uncertainties of Cunningham Lindsey Group Limited, which include those of the company, are discussed in this group's annual report, which does not form part of this report.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Future developments

The company will continue to be a holding company in the foreseeable future.

Comparative Period

The comparative period presented in these financial statements is from 4 December 2007, the date of incorporation, to 31 December 2008.

Financial risk management

The company has considered the risks of credit and pricing and their potential impact on the business. The directors do not consider such risks to be applicable or to have any significant impact on the business.

Liquidity risk

The company maintains short-term facilities with other group companies to ensure it has sufficient funds for operations.

Interest rate risk

The company's interest rate risk arises from both interest bearing assets and interest bearing liabilities, which bear interest at various rates. Interest bearing liabilities relate primarily to amounts owed to group undertakings. The company has not used interest rate swaps or cash flow hedges of future interest payments as this risk is managed at group level.

Results and dividends

The company's loss before tax for the year is £6,859,000 (4 December 2007 to 31 December 2008 loss £10,287,000). No dividends were distributed for the year ended 31 December 2009 (4 December 2007 to 31 December 2008 £nil).

Directors

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report unless otherwise stated below.

E Mullen

P Bes (appointed 11 February 2009)

J Christiansen (resigned 30 January 2009)

Director's indemnities

The company's ultimate parent company maintains liability insurance for the company's directors and officers. The liability insurance includes an indemnity for the company's directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Cunningham Lindsey Holdings II (UK) Limited

Directors' report for the year ended 31 December 2009 (continued)

Going concern

The financial statements have been prepared on a going concern basis as the ultimate parent, Cunningham Lindsey Group Limited, has indicated that it will not seek repayment of intercompany funding provided directly or indirectly to the company for a period of at least 12 months from the signing of these financial statements, where such repayment would restrict the ability of Cunningham Lindsey Holdings II (UK) Limited to meet its liabilities as they fall due

Statement of directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

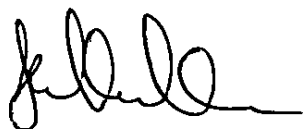
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the Board



E Mullen
Director

22 December 2010

Registered number: 06444708

Independent auditors' report to the members of Cunningham Lindsey Holdings II (UK) Limited

We have audited the financial statements of Cunningham Lindsey Holdings II (UK) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3 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 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Stephanie Hyde

Stephanie Hyde (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

22 December 2010

Cunningham Lindsey Holdings II (UK) Limited

Profit and loss account for the year ended 31 December 2009

	Notes	Year ended 31 Dec 2009 £'000	4 Dec 2007 to 31 Dec 2008 £'000
Turnover		-	-
Administrative expenses – income/(charge)		6	(9)
Operating profit	3	6	(9)
Interest receivable and similar income	4	2,807	510
Interest payable and similar charges	5	(9,672)	(10,788)
Loss on ordinary activities before taxation		(6,859)	(10,287)
Tax on loss on ordinary activities	6	4,557	-
Loss for the financial period after taxation		(2,302)	(10,287)

All operations of the company relate to continuing activities

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial periods stated above and their historical cost equivalents

Statement of Total Recognised Gains and Losses for the year ended 31 December 2009

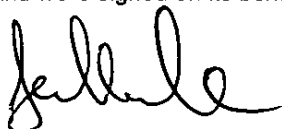
	Notes	Year ended 31 Dec 2009 £'000	4 Dec 2007 to 31 Dec 2008 £'000
Loss for the financial year		(2,302)	(10,287)
Exchange difference arising from retranslation of foreign equity investment	12	-	121
Total recognised losses for the year		(2,302)	(10,166)

Cunningham Lindsey Holdings II (UK) Limited

Balance Sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	7	211,412	146,578
		211,412	146,578
Current assets			
Debtors (including £52,559,000 (2008 £nil) due after one year)	8	66,481	14,930
Cash at bank and in hand		12,661	-
		79,142	14,930
Creditors – Amounts falling due within one year	9	(154,306)	(124,232)
Net current assets		(75,164)	(109,302)
Total assets less current liabilities		136,248	32,276
Creditors – Amounts falling due after more than one year	10	(34,102)	-
Net assets		102,146	37,276
Capital and reserves			
Called up share capital	11	-	-
Share premium account	12	105,349	47,442
Profit and loss account (deficit)	12	(12,589)	(10,287)
Revaluation reserve	12	121	121
Capital reserve	12	9,265	-
Total shareholders' funds	14	102,146	37,276

The financial statements on pages 5 to 13 were approved by the Board of Directors on 22 December 2010 and were signed on its behalf by



E Mullen
Director

Registered number: 06444708

Cunningham Lindsey Holdings II (UK) Limited

Notes to the financial statements for the year ended 31 December 2009

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

The financial statements have been prepared on a going concern basis as the ultimate parent, Cunningham Lindsey Group Limited, has indicated that it will not seek repayment of intercompany funding provided directly or indirectly to the company for a period of at least 12 months from the signing of these financial statements, where such repayment would restrict the ability of Cunningham Lindsey Holdings II (UK) Limited to meet its liabilities as they fall due.

Exemption from preparing consolidated financial statements

The financial statements present information about Cunningham Lindsey Holdings II (UK) Limited as an individual undertaking and not about its group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary of Cunningham Lindsey Group Limited in whose consolidated financial statements the company and its subsidiaries are included.

Cash flow statement

The company is a wholly owned subsidiary of Cunningham Lindsey Group Limited and is included in the consolidated financial statements of Cunningham Lindsey Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Related party transactions

The company has taken advantage of the exemption in FRS8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company, in which the company is included.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but have not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses or from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial Instruments

Financial instruments are classified and accounted for according to substance of contractual agreements, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Investments are stated at cost less any impairment in value. Impairment reviews are carried out annually. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Foreign equity investments which have a corresponding foreign currency borrowing designated as a hedge (see foreign currencies policy) are denominated in the appropriate foreign currency and retranslated at each period end. The resultant exchange differences, to the extent they are not offset with exchange movements on borrowings, are taken directly to a separate revaluation reserve.

Cunningham Lindsey Holdings II (UK) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

2. Accounting policies (continued)

Foreign currencies

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

Exchange gains or losses on foreign currency borrowings which are designated a hedge against foreign equity investments are offset within reserves against the related gains or losses on the equity investment. The total amount of gains or losses on the borrowings are only offset to the extent of the exchange differences arising on the foreign equity investments, and on borrowings which do not exceed, in aggregate, the total amount of cash that the investments are expected to be able to generate whether from profits or otherwise.

During the period ending 31 December 2008 the directors designated a portion of its US\$ borrowings as a hedge against a US\$ investment. This hedge remained in place for the year ended 31 December 2009. A proportion of the foreign exchange gains on these loans and losses on the investment have been offset within reserves. See note 12.

2. Staff costs and directors' emoluments

There were no staff costs for the year ended 31 December 2009 (4 December 2007 to 31 December 2008 £nil).

The directors are remunerated by another group company in respect of their services to the group as a whole and it is not possible to apportion this remuneration against the companies in the group.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	Year ended 31 Dec 2009	4 Dec 2007 to 31 Dec 2008
	£'000	£'000
Services provided by the company's auditor		
Fees payable for audit	-	7
Fees payable for other services		
- Tax advisory	-	2

Auditor remuneration is paid for by Lindsey Morden, a fellow group company. The amount of auditors' remuneration applicable to the company is deemed to be £4,500.

4. Interest receivable and similar income

	Year ended 31 Dec 2009	4 Dec 2007 to 31 Dec 2008
	£'000	£'000
Interest receivable from group undertakings	1,771	510
Foreign exchange gain	1,036	-
	2,807	510

Cunningham Lindsey Holdings II (UK) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

5. Interest payable and similar charges

	Year ended 31 Dec 2009	4 Dec 2007 to 31 Dec 2008
	£'000	£'000
Interest payable to group undertakings	9,672	9,123
Debt issue costs	-	180
Foreign exchange loss	-	1,485
	9,672	10,788

6. Tax on loss on ordinary activities

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	Year ended 31 Dec 2009	4 Dec 2007 to 31 Dec 2008
	£'000	£'000
Current tax		
UK corporation tax	(1,921)	-
Adjustment in respect of previous periods	(2,636)	-
Deferred tax – origination and reversal of timing differences	-	-
Tax credit on loss on ordinary activities	(4,557)	-

The tax assessed for the year is the same (2008 higher) than the standard rate of corporation tax in the UK
The difference is explained below

	Year ended 31 Dec 2009	4 Dec 2007 to 31 Dec 2008
	£'000	£'000
Loss on ordinary activities before tax	(6,859)	(10,287)
Tax on loss on ordinary activities at standard rate in the UK of 28% (2008 28.61%)	(1,921)	(2,943)
Effects of		
Unutilised losses	-	2,943
Adjustment in respect of previous periods	(2,636)	-
Current tax (credit) / charge	(4,557)	-

During the year ended 31 December 2009 the company has agreed with fellow group companies that all losses surrendered under group relief will be charged for, including amounts in respect of previous periods
This has resulted in the adjustment in respect of previous periods

There are £244,377 (2008 £246,566) of potential deferred tax assets in respect of accumulated losses, none of which have been recognised There are no other deferred tax costs or liabilities at 31 December 2009 (2008 £nil)

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

6. Tax on loss on ordinary activities (continued)

Factors affecting current and future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7. Investments

	Shares in group undertakings £'000
Cost	
At 1 January 2009	146,578
Additions	158,133
Disposals	(90,961)
Revaluation – exchange rate adjustment (note 12)	(2,338)
At 31 December 2009	211,412
Net book value	
At 31 December 2009	211,412
At 31 December 2008	146,578

See note 12 for further information in respect of transactions in the year relating to investments.

The company's investments at the balance sheet date in the ordinary share capital of companies include the following:

Name of undertaking	Country of incorporation or registration	Principal Activity	Proportion of ordinary shares held
Cunningham Lindsey Canada Claims Services Ltd	Canada	Loss adjusting	100%
Cunningham Lindsey Holdings (Delaware) LLC	USA	Holding company	100%
Cunningham Lindsey US Inc	USA	Loss adjusting	100%

All the above undertakings are held directly. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

8. Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	13,922	14,930
Amounts falling due after more than one year		
Amounts owed by group undertakings	52,559	-
Aggregate amounts	66,481	14,930

The amounts owed by group undertakings due within one year are unsecured, repayable on demand and accrue interest ranging from 2.52% to 3.53% (4 December 2007 to 31 December 2008 Bank of England base rate and a 4.75% margin)

Amounts owed by group undertakings after more than one year are unsecured and accrue interest between 8.03% and 8.25%

9. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	154,306	124,224
Accrued expenses	-	8
	154,306	124,232

The loans due to other group undertakings are unsecured, repayable on demand and bear interest at various rates ranging from 2.52% to 7.75% (4 December 2007 to 31 December 2008 the Bank of England base rate plus 4.75% margin)

10. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	34,102	-
	34,102	-

In February 2009, Cunningham Lindsey Holdings II (UK) Limited ("CLH II UK") entered in an agreement with Cunningham Lindsey Holdings (UK) Limited ("CLH UK") CLH UK advanced a loan of \$52,500,000 to CLH II UK in consideration for shares as described in note 12. This loan is unsecured, repayable on the 11 February 2015 and bore interest at 8.02%

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

11. Called up share capital

	2009 £	2008 £
Authorised		
45,000 (2008 20,000) ordinary shares of £0 01 each	450	200
Allotted and fully paid		
45,000 (2008 20,000) ordinary shares of £0 01 each	450	200

During the year 25,000 shares of £0 01 each were issued and allotted. These rank pari passu with the existing shares in all respects. Details of the consideration for these shares can be found in note 12.

12. Reserves

	Revaluation reserve £'000	Profit and loss account (deficit) £'000	Share premium account £'000	Capital reserve £'000	Total £'000
At 1 January 2009	121	(10,287)	47,442	-	37,276
Loss for the financial year	-	(2,302)	-	-	(2,302)
Premium on share issue	-	-	57,907	-	57,907
Capital contribution	-	-	-	9,265	9,265
At 31 December 2009	121	(12,589)	105,349	9,265	102,146

In February 2009, the Company's ultimate parent, Cunningham Lindsey Group Limited ("CLGL"), acquired EFI Global Inc ("EFI") and GAB Robins BV ("Expertise Holdings"). CLGL and its direct and indirect subsidiaries (the "Group"), including the Company, subsequently engaged in a post-acquisition reorganisation intended to rationalise the operational and tax structure of the Group and the positions of EFI and GAB Robins within the Group.

As part of this post acquisition reorganisation, Cunningham Lindsey Holdings II (UK) Limited ("CLH II UK") issued a further 25,000 ordinary shares of £0 01 each ranking pari passu with the existing authorised shares. Cunningham Lindsey Holdings (UK) Limited ("CLH UK") transferred all the EFI shares and the Expertise Holdings shares to CLH UK in return for 25,000 CLHUK shares and \$52,500,000. This sum was advanced to CLH II UK through an intercompany loan agreement at an interest rate of 8.02%, repayable on 11 February 2015.

CLH II UK subsequently transferred all the EFI shares to Cunningham Lindsey US Inc ("CLUS") in return for 801,118 Class A and 200,000 Class B common shares in CLUS. CLH II UK also transferred all the Expertise Holdings shares to Cunningham Lindsey Holdings (Delaware) LLC ("CLHD") in return for 7,500 CLHD shares and \$52,500,000. The sum was advanced to CLHD by CLH II UK through an intercompany loan agreement at an interest rate of 8.03%, repayable on the 11 February 2015. The Company has pledged the new Shares to ING Capital LLC in connection with the Group's credit agreement.

Also, in February 2009, a loan note of EUR 9,675,667 was incurred by the group as part of the purchase of the EFI interest from GAB North America. This loan was ultimately pushed down to Cunningham Lindsey Europe BV who ultimately hold the interest in REBV. As part of this process, the loan receivable was transferred to CLH II UK via a capital contribution. CLH II UK in return passed this loan down to CLHD via a capital contribution to its subsidiary undertaking.

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

12. Reserves (continued)

In October 2009, loans advanced to senior management for purchasing CLGL shares, recorded initially within CLGL were pushed down to the relevant local entity. As part of this transaction, CLH II UK received a capital contribution from CLH UK which was then passed down to CLUS and CLHD.

£2,337,590 (4 December 2007 to 31 December 2008: £6,965,249) of foreign exchange gains on foreign currency loans have been offset within reserves against exchange losses on investments in overseas subsidiary undertakings.

13. Ultimate parent undertakings and controlling party

The company's immediate parent company is Cunningham Lindsey Holdings (UK) Limited, a company registered in England and Wales.

The ultimate parent company is Cunningham Lindsey Group Limited, a company registered in the Cayman Islands. The ultimate controlling shareholder of Cunningham Lindsey Group Limited is Trident IV LP, a private equity fund managed by Stone Point Capital LLC, which is registered in the United States. Trident IV LP and Stone Point LLC do not issue financial statements that are available to the public.

At the date of approval of these financial statements, the parent company of the smallest and largest group for which consolidated financial statements are prepared and are available to the public is Cunningham Lindsey Group Limited. The financial statements of Cunningham Lindsey Group Limited may be obtained from the company secretary at Apex Plaza, Forbury Road, Reading, Berkshire, RG1 1AX.

14. Reconciliation of movements in shareholders' funds

	Year ended 31 Dec 2009 £'000	4 Dec 2007 to 31 Dec 2008 £'000
Loss for the financial year	(2,302)	(10,287)
Issue of share capital	-	-
Share premium	57,907	47,442
Capital contribution	9,265	-
Revaluation reserve – exchange differences	-	121
Net addition to shareholders' funds	64,870	37,276
Opening shareholders' funds	37,276	-
Closing shareholders' funds	102,146	37,276