

Cunningham Lindsey Holdings II (UK) Limited
Annual report and financial statements
for the year ended 31 December 2011

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Cunningham Lindsey Holdings II (UK) Limited

Annual report and financial statements for the year ended 31 December 2011

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Cunningham Lindsey Holdings II (UK) Limited

Company information

Directors

E Mullen
P Bes
E J M Tubb

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 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities

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, but which are publicly available (see note 15)

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 for the foreseeable future

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 the group level

Results and dividends

The company's loss before tax for the year is £8,271,000 (2010 loss £9,886,000). The company's net assets at the year end are £90,665,000 (2010 £96,745,000). No dividends were distributed for the year ended 31 December 2011 (2010 £nil). The directors do not recommend a final dividend

Directors

The directors who have held office during the whole of the period from 1 January 2011 to the date of signing of these financial statements, unless otherwise stated, are given below

E Mullen

P Bes

E J M Tubb (appointed 10 February 2012)

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 2011 (continued)

Going concern

The financial statements have been prepared on the going concern basis as the ultimate parent company, 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 date of 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 the company's auditors are aware of the information.

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 J M Tubb
Director

26 September 2012

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 2011 which comprise the profit and loss account, 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 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 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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 2011 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.

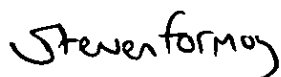
Opinion on other matter prescribed by the Companies Act 2006

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.



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

26 September 2012

Cunningham Lindsey Holdings II (UK) Limited

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover		-	-
Administrative expenses		(49)	(54)
Operating loss	3	(49)	(54)
Interest receivable and similar income	4	4,577	3,273
Interest payable and similar charges	5	(12,799)	(13,105)
Loss on ordinary activities before taxation		(8,271)	(9,886)
Tax on loss on ordinary activities	6	2,191	2,768
Loss for the financial year		(6,080)	(7,118)

All operations of the company relate to continuing activities

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 7 to 12 form part of these financial statements

Cunningham Lindsey Holdings II (UK) Limited

Balance Sheet as at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	7	205,688	213,536
		205,688	213,536
Current assets			
Debtors (including £64,028,000 (2010 £54,382,000) due after one year)	8	137,788	85,114
Cash at bank and in hand		1,706	12,851
		139,494	97,965
Creditors – amounts falling due within one year	9	(212,978)	(176,667)
Net current liabilities		(73,484)	(78,702)
Total assets less current liabilities		132,204	134,834
Creditors – amounts falling due after more than one year	10	(41,539)	(38,089)
Net assets		90,665	96,745
Capital and reserves			
Called-up share capital	11	-	-
Share premium account	12	-	105,349
Profit and loss account	12	79,562	(19,707)
Revaluation reserve	12	121	121
Capital reserve	12	10,982	10,982
Total shareholders' funds	14	90,665	96,745

The financial statements on pages 5 to 12 were approved by the board of directors on 26 September 2012 and were signed on its behalf by



E J M Tubb
Director

Registered number: 06444708

Cunningham Lindsey Holdings II (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

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 the going concern basis as the ultimate parent company, 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 date of 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, but which are publicly available (see note 15).

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 (see note 13). 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 FRS 8 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 the 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 when there is an indication of impairment.

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 2011 (continued)

1. 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.

2. Staff costs and directors' emoluments

There were no staff costs for the year ended 31 December 2011 (2010: £nil). The company had no employees during the year (2010: 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 loss

Auditors' 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 (2010: £4,500).

4. Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from group undertakings	3,787	3,273
Foreign exchange gain	790	-
	4,577	3,273

5. Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable to group undertakings	12,799	11,977
Foreign exchange loss	-	1,128
	12,799	13,105

Cunningham Lindsey Holdings II (UK) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6. Tax on loss on ordinary activities

	2011 £'000	2010 £'000
Current tax		
- UK corporation tax on loss for the year	(2,191)	(2,768)
Tax on loss on ordinary activities	(2,191)	(2,768)

The tax assessed for the year is the same (2010 same) as the standard rate of corporation tax in the UK of 26.5% (2010 28%)

There are £207,936 (2010 £242,591) 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 2011 (2010 £nil). The company has surrendered the benefit of tax losses to other group companies for a total consideration of £2,191,000 (2010 £2,768,000).

Factors affecting current and future tax charges:

During the year, as a result of the changes in the UK main corporation tax rate to 26% that was substantively enacted on 29 March 2011 and that will be effective from 1 April 2011, and to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effects of these changes are not expected to have a significant impact on these financial statements.

7. Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2011	213,536
Disposal	(8,029)
Revaluation – exchange rate adjustment	181
At 31 December 2011	205,688
Net book value	
At 31 December 2011	205,688
At 31 December 2010	213,536

The disposal relates to the settlement of a working capital debt being set off against the investment in Cunningham Lindsey Holdings II (UK) Limited's fellow subsidiary, Cunningham Lindsey Canada Claims Services Ltd.

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

7. Fixed asset investments (continued)

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 the value of the underlying businesses.

8. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	73,756	30,732
Other debtors	4	-
	73,760	30,732
Amounts falling due after more than one year		
Amounts owed by group undertakings	64,028	54,382
Aggregate amounts	137,788	85,114

The amounts owed by group undertakings due within one year are unsecured, repayable on demand and accrue interest ranging from 1.28% to 6.44% (2010: 1.49% to 7.67%).

Amounts owed by group undertakings after more than one year are unsecured and accrue interest between 8.03% and 8.25% (2010: between 8.03% and 8.25%).

9. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	212,978	176,667

The amounts owed to group undertakings are unsecured, repayable on demand and bear interest at various rates ranging from 1.09% to 8.25% (2010: 1.46% to 8.26%).

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

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

	2011 £'000	2010 £'000
Amounts owed to group undertakings	41,539	38,089

The amounts owed to group undertakings are unsecured, repayable on the 11 February 2015 and bear interest at 8.02% (2010: 8.02%)

11. Called up share capital

	2011 £	2010 £
Allotted and fully paid		
45,000 (2010: 45,000) ordinary shares of £0.01 each	450	450

12. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Share premium account £'000	Capital reserve £'000	Total £'000
At 1 January 2011	121	(19,707)	105,349	10,982	96,745
Loss for the financial year	-	(6,080)	-	-	(6,080)
Capital reduction	-	105,349	(105,349)	-	-
At 31 December 2011	121	79,562	-	10,982	90,665

In December 2011, a capital reduction was effected in Cunningham Lindsey Holdings II (UK) Limited, whereby the balance of £105,349,000 within the share premium account was cancelled and extinguished. This amount arising from the reduction was credited to the profit and loss account.

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 2011. A proportion of the foreign exchange gains on these loans and losses on the investment have been offset within reserves.

£180,683 of foreign exchange losses (2010 losses: £406,537) on foreign currency loans have been offset within reserves against exchange gains (2010 gains) on investments in overseas subsidiary undertakings (see note 7).

Cunningham Lindsey Holdings II (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

13. Other financial commitments

On 20th July 2010, Cunningham Lindsey Intermediate Holdings (Delaware) LLC and Cunningham Lindsey US Inc, fellow group companies, signed a credit agreement with a banking syndicate headed by Bank of America. Under this agreement the group borrowed amounts of \$126,000,000, £19,670,841 and €34,550,452. These borrowings are jointly and severally secured on the trade and assets of a number of group companies including Cunningham Lindsey Holdings II (UK) Limited.

The 2010 Credit Agreement was amended on April 6, 2011 to refinance the existing term loan to \$250,000,000, increase the aggregate revolving commitments to \$100,000,000, extend the maturity date of the outstanding revolving loans to April 6, 2016, and to make certain other amendments and modifications. At December 31, 2011, a total of \$164,003,000 (2010 - \$124,425,000), €32,839,000 (2010 - €34,118,571) and £18,697,000 (2010 - £19,424,956) was outstanding under the 2011 Credit Agreement (2010 - 2010 Credit Agreement).

14. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Loss for the financial year	(6,080)	(7,118)
Capital contribution	-	1,717
Net addition to shareholders' funds	(6,080)	(5,401)
Opening shareholders' funds	96,745	102,146
Closing shareholders' funds	90,665	96,745

15. 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 Capital 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.