

**LIVERPOOL MARINE AND GENERAL INSURANCE
COMPANY LIMITED**

**Annual Report and Accounts
for the year ended 31 December 2009**

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LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

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LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Company information

Directors

R J Clayton

D P Cockrem

I A Craston

M G Culmer

N G P Donaldson

M Harris

Secretary

Roysun Limited

Registered office

St Mark's Court
Chart Way
Horsham
West Sussex
RH12 1XL

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Directors' report for the year ended 31 December 2009

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2009

Business review and principal activities

The principal activity of the Company was the writing of marine insurance business. The whole of the Company's net insurance account was reinsured with its parent company. The Company ceased writing new business in 1993.

The Company held a share in an investment pool.

The technical account comprises the running down of the existing book of business and is classified as discontinued.

The results for the Company show a profit on ordinary activities before tax of £266,000 (2008 £504,000) for the year and gross premiums written of £Nil (2008 £Nil). The shareholder funds of the Company were £5,444,000 as at 31 December 2009 (31 December 2008 £5,248,000).

Future outlook

There is not expected to be any change to the business in the foreseeable future.

Dividends

The directors do not recommend payment of a dividend in respect of the year ended 31 December 2009 (2008 £Nil).

Principal risks, uncertainties and key performance indicators

A discussion on the management of financial risk is set out below. Key performance indicators are not appropriate for the Company and are not maintained because the Company no longer conducts insurance business and investment strategy is determined at Group level. Financial KPIs are detailed in the Annual Report & Accounts of the Group which do not form part of this report within the Group CEO review on pages 6 to 10 and the regional business reviews on pages 14 to 25.

Financial risk management

The Company is a subsidiary of RSA Insurance Group plc and its management of risk is set at Group level. The Group's approach to financial risk, through its management of credit, market and liquidity risks, is set out below.

Credit risk

The primary sources of credit risk within the Group are investment and treasury activities and reinsurance counterparty risk. Within the investment management and treasury activities, a range of bank counterparty concentration and credit quality limits together with other controls are in place to ensure that exposure is managed within the Group risk appetite. New reinsurance cover is placed with reinsurers that are authorised as Approved Reinsurance Counterparties recommended by the Group Reinsurance Credit Committee under criteria approved by the Board Risk Committee.

Market risk

Market risk arises from the Group's investment portfolios. The Global Asset Management Committee is the management committee that oversees the Group's investment strategy under the oversight of the Investment Committee and operating within risk limits set by the Board Risk Committee.

Liquidity risk

Liquidity risk is considered to be a low risk category. Group liquidity is managed by Group Treasury and each operation is required to maintain a minimum level of cash or cash equivalents or highly liquid assets that can be liquidated within a maximum stated period of time. Contingency funding plans are prepared and monitored to ensure that these minimum levels are met even in stress conditions.

Articles of association

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital through the repeal of section 2(5)(a) of the Companies Act 1985, which became effective on 1 October 2009.

Accordingly, by written resolution passed on 1 April 2010, the Company amended its articles of association (the "Old Articles") by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, were treated with effect from 1 October 2009 as provisions of the Old Articles. At the same time the Company adopted new Articles of Association (the "New Articles"). The New Articles do not contain restrictions on the share capital of the Company and consequently, the Company no longer has any authorised share capital.

Directors

Mr P. L. Miles served as a director until he resigned on 30 June 2010. The names of the current directors are listed on page 1, they served throughout the year.

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

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

Auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information

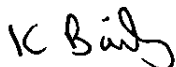
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have confirmed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditors in the absence of an Annual General Meeting

Going concern

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Company is exposed, the Company's ongoing financial commitments and the continuing availability of sufficient group resources for the next twelve months and beyond. As a result of this, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis.

By Order of the Board



Roysun Limited
Secretary
5 August 2010

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Directors' responsibilities statement

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

Independent auditors' report to the member of Liverpool Marine and General Insurance Company Limited

We have audited the financial statements of Liverpool Marine and General Insurance Company Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

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 profit 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.



Alexander Arterton (Senior Statutory Auditor),
for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditors,
London, United Kingdom

6 August

2010

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Profit & loss account for the year ended 31 December 2009

Technical account – general business

	Notes	2009 £000	2008 £000
Gross premiums written		-	-
Outward reinsurance premiums		-	-
Premiums written, net of reinsurance		-	-
Change in the gross provision for unearned premiums		-	-
Change in the provision for unearned premiums, reinsurers' share		-	-
Earned premiums, net of reinsurance		-	-
Claims paid			
Gross amount		(2)	-
Reinsurers' share		2	-
Change in the provision for claims			
Gross amount		-	8
Reinsurers' share		-	(8)
Claims incurred, net of reinsurance		-	-
Net operating expenses	5	-	-
Balance on the technical account for general business		-	-

All figures relate to discontinued operations

The notes on pages 9 to 13 form an integral part of these accounts

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Profit & loss account (continued) for the year ended 31 December 2009

Non-technical account

	Notes	2009 £000	2008 £000
Balance on the technical account for general business		-	-
Investment income	10	281	306
Unrealised (losses)/gains on investments		(15)	198
Profit on ordinary activities before tax		266	504
Taxation on profit on ordinary activities	11	(70)	(159)
Profit for the financial year		196	345

There have been no recognised gains or losses in either reporting period other than those recorded in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The notes on pages 9 to 13 form an integral part of these accounts.

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED**Balance sheet**
as at 31 December 2009**Assets**

	Notes	2009 £000	2008 £000
Investments			
Participation in investment pool	12	5,811	5,546
Reinsurers' share of technical provisions			
Claims outstanding		25	27
Total assets		5,836	5,573

Liabilities

	Notes	2009 £000	2008 £000
Capital and reserves			
Called up share capital	13	3,300	3,300
Profit and loss account	14	2,144	1,948
Shareholder funds	14	5,444	5,248
Technical provisions			
Claims outstanding		25	27
Creditors			
Amounts owed to group undertakings		296	139
Other creditors including taxation and social security	15	71	159
		367	298
Total liabilities		5,836	5,573

The notes on pages 9 to 13 form an integral part of these accounts

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


R J Clayton
Director
5 August 2010

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Notes to the accounts

1 Financial Statements

The financial statements are prepared in accordance with applicable UK accounting standards and in compliance with the Companies Act 2006, and the Statement of Recommended Practice (SORP) on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 (as amended in December 2006). The financial statements have been prepared under the current value rules, as permitted by Schedule 3 of the accounting regulations, on the going concern basis.

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Company is exposed, the Company's ongoing financial commitments and the continuing availability of sufficient group resources for the next twelve months and beyond. As a result of this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis.

A summary of the major accounting policies, which have been applied consistently throughout the year and the preceding year is set out below.

a) General insurance business

i Underwriting results

The underwriting result is accounted for on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance. Premiums written are accounted for in the year in which the contract is entered into and include estimates where the amounts are not determined at the balance sheet date. Premiums written exclude taxes and duties levied on premiums. Commission and other acquisition costs incurred in writing the business are deferred and amortised over the period in which the related premiums are earned.

Claims paid represent all payments made during the period whether arising from events during that or earlier periods.

ii Technical provisions

The provision for unearned premiums represents the proportion of premiums written relating to periods of insurance subsequent to the balance sheet date, calculated principally on a daily pro rata basis.

The provision for claims outstanding, whether reported or not, comprises the estimated cost of claims incurred but not settled at the balance sheet date. It includes related expenses and a deduction for the expected value of salvage and other recoveries. The provision is determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims.

Differences between the estimated cost and subsequent settlement of claims are dealt with in the technical account for the year in which the claims are settled or in which the provisions for claims outstanding are re-estimated.

Provision is made, based on information available at the balance sheet date, for any estimated future underwriting losses relating to unexpired risks after taking into account future investment income that is expected to be earned from the assets backing the provision for unearned premiums (net of deferred acquisition costs). The unexpired risk provision is assessed in aggregate for business classes which, in the opinion of the directors, are managed together. When considering any requirement for a provision for unexpired risks, no account is taken of any new claims events occurring after the balance sheet date other than those that can be expected during the unexpired period of risk at the balance sheet date.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon gross provisions and having due regard to collectability.

iii Reinsurance recoveries

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to the market data on the financial strength of each of the reinsurance companies and taking into account any disputes on, and defects in, contract wordings.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling using the cumulative average rate for the financial year. The resulting exchange differences are included within the profit and loss account.

The results of overseas operations are translated at the average rates for the period and their balance sheets at the rates ruling at the balance sheet date. The resulting exchange differences are taken to reserves.

c) Investment return

Income from investments is included in the non-technical account on an accruals basis. Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses. Dividends on equity investments are recognised on the date at which the investment is priced 'ex dividend'.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price.

Movements in unrealised gains and losses on investments represent the difference between their carrying value at the balance sheet date and their purchase price or their carrying value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

d) Taxation

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Notes to the accounts (continued)

Current tax, based on profits and income for the year, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences (except as set out below) that have originated but 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the 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 a non-discounted basis

e) *Investments*

The beneficial interest in the investment pool is stated at the Company's share of the value of the underlying assets. Movements in carrying value, together with profits and losses arising on disposal of any part of the beneficial interest, are taken to the non-technical account

Other investments are stated in the balance sheet at market values comprising stock exchange values for listed securities. Profits and losses on the realisation of investments and the differences between market values and book values of the investments, together with the related tax, are taken to the non-technical account

2 *Estimation Techniques, Risks, Uncertainties & Contingencies*

Introduction

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks

The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in respect of the insurance liabilities of the company

The insurance liabilities of an insurance company include the provision for unearned premiums and unexpired risks and the provision for outstanding claims. Unearned premiums and unexpired risks represent the amount of income set aside by the company to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the balance sheet date. Outstanding claims represents the company's estimate of the cost of settlement of claims that have occurred by the balance sheet date but have not yet been finally settled

In addition to the inherent uncertainty of having to make provision for future events, there is also considerable uncertainty as regards the eventual outcome of the claims that have occurred by the balance sheet date but remain unsettled. This includes claims that may have occurred but have not yet been notified to the company and those that are not yet apparent to the insured. As a consequence of this uncertainty, the insurance company needs to apply sophisticated estimation techniques to determine the appropriate provisions

Estimation techniques

Claims and unexpired risks provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the potential longer term significance of large events, the levels of unpaid claims, legislative changes, judicial decisions and economic and political conditions

Where possible the Company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The Company's estimates of losses and loss expenses are reached after a review of several commonly accepted actuarial projection methodologies and a number of different bases to determine these provisions. These include methods based upon the following

- the development of previously settled claims, where payments to date are extrapolated for each prior year,
- estimates based upon a projection of claims numbers and average cost,
- notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years, and
- expected loss ratios

In addition, the Company uses other methods such as the Bornhuetter-Ferguson method, which combines features of the above methods. The Company also uses bespoke methods for specialist classes of business. In selecting its best estimate, the Company considers the appropriateness of the methods and bases to the individual circumstances of the provision class and underwriting year. The process is designed to select the most appropriate best estimate

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjusters' estimates or projected separately in order to allow for the future development of large claims

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability

The claims provisions are subject to close scrutiny both within the Company's business units and at Group Corporate Centre. In addition, for major classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. As an example, the

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Notes to the accounts (continued)

Company's exposure to asbestos and environmental pollution is examined on this basis. The results of these reviews are considered when establishing the appropriate levels of provisions for outstanding claims and unexpired periods of risk.

It should be emphasised that the estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate. This technique means that the estimate is inevitably deterministic rather than stochastic.

Uncertainties and contingencies

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss,
- uncertainty as to the extent of policy coverage and limits applicable,
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring, and
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder.

There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations and court judgments that broaden policy coverage beyond the intent of the original insurance, legislative changes and claims handling procedures.

The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from the initial estimates, particularly for the Company's long tail lines of business. The Company seeks to provide appropriate levels of claims provision and provision for unexpired risks taking the known facts and experience into account.

The Company evaluates the concentration of exposures to individual and cumulative insurance risk and establishes its reinsurance policy to reduce such exposure to levels acceptable to the Company.

3 Exchange rates

The rates of exchange used in these accounts in respect of the major overseas currencies are

	2009 Cumulative Average	2009 End of Period	2008 End of Period
Euro	1.12	1.13	1.03
Singapore Dollar	2.27	2.27	2.07
US Dollar	1.57	1.61	1.44

Nil gains or losses arose on the retranslation of foreign currency items during the year (2008 £Nil)

4 Segmental information

All business was written in the United Kingdom and was within the marine, aviation and transport class and is discontinued.

5 Net operating expenses: technical account – general business

All operating expenses are 100% recoverable within the terms of a reinsurance contract. Accordingly, net operating expenses are £nil (2008 £Nil).

6 Movement in prior year's provision for claims outstanding

There was no movement in net incurred claims arising from the difference between the net claims provision at the beginning of the year, subsequent payments and the provision at the end of the year (2008 Surplus of £Nil).

7 Auditors' remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £1,650 (2008 £1,650) which were borne by a parent company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to Deloitte LLP are disclosed in the RSA Insurance Group plc 2009 Annual Report & Accounts.

8 Directors' emoluments

None of the directors received any emoluments from the Company during the year (2008 £nil). All the directors receive remuneration from Royal & Sun Insurance plc as employees of that company, and it is not appropriate, because of the non-executive nature of their services, to make an apportionment of their emoluments in respect of the Company.

9 Employees and staff costs

The Company did not employ anyone during the year (2008 nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2008 £nil).

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Notes to the accounts (continued)

10 Investment income

	2009 £000	2008 £000
Income from participation in investment pool	280	273
Gains on the realisation of investments	1	33
	281	306

11 Taxation

The charge for taxation in the profit and loss account comprises

	2009 £000	2008 £000
Current tax		
UK corporation tax	70	140
Adjustments in respect of prior periods	-	19
Total current tax	70	159
Tax charge	70	159

The UK corporation tax for the current year is based on a rate of 28% (2008 28.5%)

Factors affecting the current tax charge

The current tax charge for the year is less than 28% (2008 more than 28.5%) due to the items set out in the reconciliation below

	2009 £000	2008 £000
Profit on ordinary activities before tax	266	504
Tax at 28% (2008 28.5%)	74	144
<i>Factors affecting charge</i>		
Fiscal adjustments	(4)	(4)
Adjustments to tax charge in respect of previous periods	-	19
Current tax charge for the year	70	159

The Company had no deferred tax assets or liabilities at 31 December 2009 (2008 £nil)

12 Investments

	2009 £000	2008 £000
Participation in investment pool	5,811	5,546
Listed investments included in the above are as follows		
Debt securities and other fixed income securities	5,687	5,209

The composition of the investment pool is 73% (2008 77%) British government stocks, 26% (2008 18%) other government and corporate bonds and 1% (2008 5%) deposits with credit institutions

The historical cost of other financial investments is £5,338,000 (2008 £5,073,000)

13 Share capital

	2009 £000	2008 £000
Allotted, issued and fully paid up		
3,300,000 (2008 3,300,000) ordinary shares of 100p each	3,300	3,300
	3,300	3,300

LIVERPOOL MARINE AND GENERAL INSURANCE COMPANY LIMITED

Notes to the accounts (continued)

14 Movements in shareholder funds

	Share capital £000	Profit & loss account £000	2009 £000	2008 £000
Shareholder funds at 1 January	3,300	1,948	5,248	4,903
Profit for the financial year	-	196	196	345
Shareholder funds at 31 December	3,300	2,144	5,444	5,248

15 Other creditors

Other creditors including taxation and social security includes £70,000 (2008 £159,000) in respect of corporation tax payable

16 Cash flow statement

The Company is a wholly-owned subsidiary of RSA Insurance Group plc and the cash flows of the Company are included in the consolidated cash flow statement of RSA Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised 1996) 'Cash flow Statements' and has elected not to prepare its own cash flow statement.

17 Related party transactions

Advantage has been taken of the exemption provided in FRS 8 'Related Party Disclosures' from disclosing details of transactions with RSA Insurance Group plc and its subsidiaries and associated undertakings. There were no other related party transactions requiring disclosure.

18 Parent companies

The Company's immediate parent company is Sun Alliance and London Insurance plc, which is registered in England and Wales.

The Company's ultimate parent company and controlling party is RSA Insurance Group plc, which is registered in England and Wales and is the parent company of the smallest and largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 9th Floor, One Plantation place, 30 Fenchurch Street, London EC3M 3BD.