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# **LONDON & LEITH INSURANCE COMPANY LIMITED**

Report and Financial Statements

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◆ *Year Ended 31 December 2011* ◆

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## **London & Leith Insurance Company Limited**

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## **London & Leith Insurance Company Limited**

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### **COMPANY INFORMATION**

Directors	W A Bridger N J Steer R Williams
Corporate Secretary	Compre Services (UK) Ltd
Registered office	St Clare House 30 - 33 Minories London EC3N 1DD
Registered number	586792
Auditors	Mazars LLP Chartered Accountants and Statutory Auditors Tower Bridge House St Katharine's Way London E1W 1DD

## **London & Leith Insurance Company Limited**

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### **DIRECTORS' REPORT**

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

#### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is the run off of its insurance and reinsurance business

The company's technical provisions have remained at the same level during 2011. The Shareholders' funds have increased by £8,870, with £Nil attributable to technical aspects and £8,870 attributable to non-technical aspects. There is no provision for future run off costs as it is anticipated that investment income returns will exceed on an ongoing basis the estimated future management expenses.

	2011 £	2010 £
The company's key financial performance indicators for the year are		
- Technical provisions	464,000	464,000
- Shareholders' funds	4,182,291	4,173,421

The principal risks and uncertainties recognised by the directors of this company in run off are the unpredictable nature of claims arising on business written many years ago and the exposure to currency exchange rate fluctuations which are mitigated by active claims management, reinsurance arrangements and regular monitoring and execution of currency exchanges.

On 28 February 2011 the entire share capital of Compre Holdings Ltd was acquired by Compre (1) Limited. The company's ultimate parent undertaking became Milestone Capital Partners LLP with effect from that date.

#### **RESULTS AND DIVIDENDS**

The profit for the year attributable to shareholders amounted to £8,870 (2010 - Loss £10,880).

The directors do not recommend the payment of a dividend for the year (2010 - Nil).

#### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors of the company who served during the year are as follows:

N J Steer	
W A Bridger	(appointed 28 February 2011)
R Williams	(appointed 28 February 2011)
M Sinko	(resigned 28 February 2011)

On 1 July 2011 G J Garwood resigned as Company Secretary. Compre Services (UK) Ltd was appointed as Corporate Secretary on 1 March 2012.

None of the directors had an interest in the share capital of the company at any time during the year under review. Messrs M M Sinko and N J Steer had, until 28 February 2011, an interest in the issued share capital of the company's ultimate parent undertaking, Compre Holdings Limited and these are disclosed in the accounts of the parent company. Compre Holdings Limited ceased to be the company's ultimate parent undertaking on 28 February 2011.

None of the directors benefited from qualifying third party indemnity provisions in place during the financial year or as at the date of this report.

## **London & Leith Insurance Company Limited**

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### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE 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 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 the 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,
- ♦ follow applicable accounting standards, and
- ♦ prepare the financial statements on the going concern basis

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.

#### **AUDITORS**

Each director confirms that so far as he is aware there is no relevant audit information of which the company's auditors are unaware. Furthermore each director confirms that he has taken all of the steps that he ought to have taken as a director in order to make himself aware of any such information and to establish whether the auditors are aware of that information.

Mazars LLP will continue in office in accordance with Companies Act 2006, s487 (2)

By order of the Board



N J Steer  
Managing Director  
29 March 2012

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## **London & Leith Insurance Company Limited**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON & LEITH INSURANCE COMPANY LIMITED**

We have audited the financial statements of London & Leith Insurance Company 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 Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors. 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 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 member as a body for our audit work, for this report, or for the opinions we have formed.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

#### **Opinion on the 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 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 the 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.

**London & Leith Insurance Company Limited**


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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
LONDON & LEITH INSURANCE COMPANY LIMITED**

**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

A handwritten signature in black ink, appearing to read 'A. Hubbard', with a long horizontal flourish extending to the right.

Andrew Hubbard (Senior statutory auditor)  
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditors  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD  
29 March 2012

# **London & Leith Insurance Company Limited**

## **PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>TECHNICAL ACCOUNT - GENERAL BUSINESS</b>			
Gross premiums written		0	0
Outward Insurance premiums		0	0
<b>Earned premiums, net of reinsurance</b>		<u>0</u>	<u>0</u>
Allocated investment return transferred from the non-technical account		46,902	22,186
<b>Total technical income</b>		<u>46,902</u>	<u>22,186</u>
Claims paid			
- gross amount		0	0
- less reinsurers' share		0	0
- net of reinsurance		<u>0</u>	<u>0</u>
Change in the provision for claims			
- gross amount		0	0
- less reinsurers' share		0	0
- net of reinsurance		<u>0</u>	<u>0</u>
<b>Claims incurred, net of reinsurance</b>		0	0
Net operating expenses	2	(46,902)	(37,259)
<b>Total charges</b>		<u>(46,902)</u>	<u>(37,259)</u>
<b>Balance on the technical account for general business</b>		<u>0</u>	<u>(15,073)</u>



## **London & Leith Insurance Company Limited**

### **PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>NON-TECHNICAL ACCOUNT</b>			
<b>Balance on the technical account for general business</b>		0	(15,073)
Investment income	3	61,001	22,186
Allocated investment return transferred to the general business technical account	3	(46,902)	(22,186)
Investment expenses	3	(5,229)	(879)
<b>Profit/(loss) on ordinary activities before tax</b>		<u>8,870</u>	<u>(15,952)</u>
Tax on profit/(loss) on ordinary activities	4	0	5,072
<b>Profit/(loss) after tax for the financial year</b>	11	<u><u>8,870</u></u>	<u><u>(10,880)</u></u>

The company has no recognised gains and losses for the year, other than those included in the profit and loss account above. Accordingly, no statement of total recognised gains and losses is required for the company in respect of the year under review.

The notes on pages 10 to 14 form part of these financial statements.

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**London & Leith Insurance Company Limited**

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**BALANCE SHEET**  
at 31 December 2011

	Notes	2011 £	2010 £
<b>ASSETS</b>			
<b>Investments</b>			
Other financial investments	8	4,075,741	2,000,000
<b>Debtors</b>			
Other debtors	9	17,656	4,247
<b>Other assets</b>			
Cash at bank and in hand		562,840	2,645,003
<b>Total assets</b>		<u>4,656,237</u>	<u>4,649,250</u>


## **London & Leith Insurance Company Limited**

### **BALANCE SHEET**

at 31 December 2011

	Notes	2011 £	2010 £
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	10	150,000	150,000
Profit and loss account	11	4,032,291	4,023,421
<b>Shareholder's funds attributable to equity interests</b>		<b>4,182,291</b>	<b>4,173,421</b>
<b>Technical provisions</b>			
Claims outstanding	12	464,000	464,000
<b>Creditors</b>			
Other creditors including taxation and social security	13	2,848	0
<b>Accruals and deferred income</b>		<b>7,098</b>	<b>11,829</b>
<b>Total equity and liabilities</b>		<b>4,656,237</b>	<b>4,649,250</b>

The financial statements set out on pages 6 to 14 were approved by the board of directors on 29 March 2012 and were signed on its behalf by -



N J Steer  
Managing Director

The notes on pages 10 to 14 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2011

**1. ACCOUNTING POLICIES**

The financial statements are prepared on the basis of the accounting policies set out below and comply with the special provisions relating to insurance companies in regulation 6, Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("The Regulations"). The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 (as amended in December 2006) (the "ABI SORP") have been adopted.

A summary of the more important accounting policies, which have been applied consistently is set out below.

**Recognition of profits and losses**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain assets as required by the Regulations.

- (a) Premiums written relate to differences between booked premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the company.
- (b) Expenditure is charged as accrued to the technical account, with the exception of certain corporate and investment expenses, which are charged to the non technical account.
- (c) Claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from prior years.

The provision for claims outstanding is made on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date.

Whilst management believes that the provisions for outstanding claims are fairly stated, these estimates inevitably contain inherent uncertainties because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to the company and the company's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business underwritten by the company.

The estimates made are based upon current facts available to the company and the prevailing legal environment affecting it and are subject to regular review, with any resulting adjustments reported in future earnings.

**Investments**

- (d) Investment income comprises interest and dividends receivable for the year.
- (e) All investments are stated at current value in the Balance Sheet. Realised and unrealised gains and losses are taken to the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2011

**1. ACCOUNTING POLICIES (continued)**

**Exchange rates**

- (f) Foreign currency liabilities are substantially covered by foreign currency assets. Accordingly, such monetary assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date and the exchange differences are included in the non-technical account. Exchange differences on transactions during the year are translated at the rate of exchange ruling on the date on which the transaction occurs and are also included in the non-technical account.

**Deferred taxation**

- (g) The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

**2 NET OPERATING EXPENSES**

	2011 £	2010 £
Administrative expenses	46,902	37,259

Auditors' remuneration in respect of audit services amounted to £6,700 (2010 - £6,500) and in respect of non audit services amounted to £Nil (2010 - £4,450)

**3 INVESTMENT RETURN**

	2011 £	2010 £
<b>Investment income</b>		
Income from other investments	61,001	22,186
<b>Allocated investment return from non-technical to technical profit and loss account</b>		
This allocation matches the lower of either the investment income or the claims management costs and the administrative expenses charged to the technical profit and loss account	(46,902)	(22,186)
<b>Investment expenses</b>		
Investment management charges	(5,229)	(879)

## London & Leith Insurance Company Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

#### 4. TAXATION

	2011 £	2010 £
Corporation tax	0	0
Over provision in prior years	0	5,072
	<u>0</u>	<u>5,072</u>

The current taxation charge for the year is different from the standard rate of corporation tax in the UK

The differences are explained below

Profit/(loss) on ordinary activities before tax	<u>8,870</u>	<u>(15,952)</u>
Theoretical tax at UK Corporation tax rate of 26.5% (2010 28%)	2,351	(4,467)
Effects of		
- Tax losses carried forward	(2,351)	4,467
Actual current tax charge	<u>0</u>	<u>0</u>

A deferred tax asset of £ 1,771 (2010 £ 3,828 ) has not been recognised in accordance with the provision of FRS 19 regarding the recoverability of deferred tax assets

#### 5. EMOLUMENTS OF DIRECTORS AND STAFF

The company has no employees and accordingly the financial statements do not include any amounts for wages and salaries, social security costs or other pension costs

Mr M M Sinko was remunerated for his services as a director within the Compré (1) Limited group of companies by Compré Services (Finland) Oy. This remuneration is disclosed in the financial statements of those companies.

Messrs N J Steer, W A Bridger and R Williams were remunerated for their services as directors within the Compré (1) Limited group of companies by Compré Services (UK) Limited. This remuneration is disclosed in the financial statements of that company.

#### 6. PARENT UNDERTAKING

The company's ultimate parent undertaking as at 31 December 2011 was Milestone Capital Partners LLP, a company incorporated in Great Britain and registered in England and Wales.

Compré (1) Limited is the parent undertaking of the largest and smallest group of which the company is a member and which prepares group accounts incorporating the results and state of affairs of the company. Copies of group accounts are available from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff CF4 3UZ.

#### 7. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 in not disclosing transactions with other members of the Compré (1) Limited group as it is a wholly owned subsidiary of Compré (1) Limited and the consolidated financial statements of this ultimate parent undertaking are publicly available.

# London & Leith Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 8. INVESTMENTS

	Current value		Historical cost	
	2011	2010	2011	2010
	£	£	£	£
<b>Other financial investments</b>				
Deposits with credit institutions	4,075,741	2,000,000	4,052,730	2,000,000
<b>Total investments</b>	<b>4,075,741</b>	<b>2,000,000</b>	<b>4,052,730</b>	<b>2,000,000</b>

### 9 OTHER DEBTORS

	2011	2010
	£	£
Prepayments and accrued income	17,398	0
Other debtors	258	4,247
	<b>17,656</b>	<b>4,247</b>

### 10 CALLED UP SHARE CAPITAL

	2011	2010
	£	£
Allotted, called up and fully paid ordinary shares of £1 each	150,000	150,000

### 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2011	2011	2011	2010	2010	2010
	Share	Profit	Total	Share	Profit	Total
	Capital	and loss		Capital	and loss	
	£	account	£	£	account	£
Balance 1 January	150,000	4,023,421	4,173,421	150,000	4,034,301	4,184,301
Profit/(loss) for the year	0	8,870	8,870	0	(10,880)	(10,880)
<b>Balance 31 December</b>	<b>150,000</b>	<b>4,032,291</b>	<b>4,182,291</b>	<b>150,000</b>	<b>4,023,421</b>	<b>4,173,421</b>

### 12 CLAIMS OUTSTANDING

	2011	2010
Balance 1 January	464,000	464,000
Movement during year	0	0
<b>Balance 31 December</b>	<b>464,000</b>	<b>464,000</b>

## **London & Leith Insurance Company Limited**

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### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2011

#### **13. CREDITORS**

	2011	2010
Other group undertakings	<u>2,848</u>	<u>0</u>

#### **14 CASH FLOW STATEMENT**

The company has not prepared a cash flow statement in accordance with an exemption from FRS1, as it is a wholly owned subsidiary of a UK parent company which prepares consolidated accounts incorporating a cash flow statement

#### **15. CONTINGENCIES AND COMMITMENTS**

There were no outstanding capital commitments, contingent assets or contingent liabilities as at 31 December 2011 (2010 £ NIL)