

COMPANY REGISTRATION NO 2859376

**NLC NAME NO 2 LIMITED**

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**REPORT AND  
FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**NLC NAME NO 2 LIMITED**

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**NLC NAME NO 2 LIMITED**

**DIRECTORS, OFFICERS AND REGISTERED OFFICE**

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**Directors**

S V Castle  
J B O'Roarke

**Secretary**

P B Cassidy

**Registered office**

County Gates  
Bournemouth  
BH1 2NF

Tel 01202 292333  
Fax 01202 751825

**Independent auditor**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
31 Great George Street  
Bristol  
BS1 5QD

**DIRECTORS' REPORT**

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The Directors submit their annual report and the audited financial statements for NLC Name No 2 Limited (the 'Company') for the year to 31 December 2010

**1. Results and dividends**

The profit on ordinary activities for the year after taxation was £1,952,000 (2009 £140,000 loss) The Directors paid an interim dividend in the current year of £1,981,000 (2009 £nil)

**2. Principal activities**

The Company's principal activity was formerly that of insurance underwriting as a corporate member of the Society of Lloyd's The Company commenced underwriting on 1 January 1994 Note 4 to the accounts sets out the syndicate participations of the Company for the 1997, 1998 and 1999 underwriting years of account The Company ceased underwriting on 31 December 1999 and all of the syndicate participations were closed on 31 December 2009 by way of reinsurance

**3. Review and developments**

**(a) Results and performance**

During the year the Company paid an interim dividend of £1,981,000 The Company no longer trades and does not have any performance objectives The Board do not consider it appropriate to report on key performance indicators

**(b) Principal risks and uncertainties**

Given the nature of the operations the Directors do not consider there are any significant risks and uncertainties facing the Company

**(c) Future developments**

All of the syndicate participations were closed on 31 December 2009 and on that date the Company ceased its insurance operations The Directors do not anticipate any changes in this status in the near future

**4. Directors and their interests**

The present members of the Board and the members who served during the year are listed on page 2

**5. Basis of preparation**

The financial statements of the Company are presented using International Financial Reporting Standards as adopted in the European Union As the Company has ceased participation in Lloyd's syndicates and the intention of Management is not to recommence any such activity, or any other trading activity, in the foreseeable future, the financial statements have not been prepared on a going concern basis

**6. Accounting presentation**

The Directors rely heavily on information provided by Lloyd's Whilst the Directors have overseen the reconciliation of the balance on the statement of comprehensive income at 31 December 2010 with a calculation of the amounts due from the syndicates, the Directors have not been able to check the consistency and accuracy of the accounting information to the degree which is possible for the Company's own transactions

**7. Parent company**

The Company is a wholly owned subsidiary of Liverpool Victoria General Insurance Group Limited (2009 New London Capital Holdings Limited) The ultimate parent company is Liverpool Victoria Friendly Society Limited (LVFS), an incorporated Friendly Society registered under the Friendly Societies Act 1992

**8. Employees**

The Company did not directly employ any staff, instead it utilised the staff and premises of LVFS in carrying out its activities in 2010

**DIRECTORS' REPORT**

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**9. Charitable and political donations**

No charitable or political donations have been made during 2010 (2009 £nil)

**10. Disclosure of information to the auditor**

Each Director at the date of this report confirms that

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

**11. Statement of Directors' responsibilities**

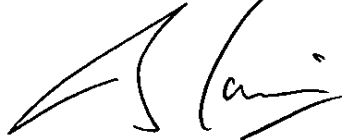
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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.

**APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD**



P B Cassidy  
Secretary  
21 March 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NLC NAME NO 2 LIMITED**

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We have audited the financial statements of the NLC Name No 2 Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors Responsibilities Statement on page 4, 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 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

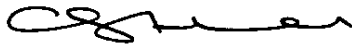
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NLC NAME NO 2 LIMITED**

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**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



Claire Stockhausen (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
31 Great George Street  
Bristol  
BS1 5QD

24 March 2011

**NLC NAME NO 2 LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
Insurance contracts premium revenue	5	-	14
Insurance contracts premium ceded to reinsurers	5	-	5
<b>Net premium revenue</b>		<b>-</b>	<b>19</b>
Investment income	6	-	32
Other income	7	1,906	-
<b>Total income</b>		<b>1,906</b>	<b>51</b>
Insurance claims and loss adjustment expenses	8	-	281
Insurance claims and loss adjustment expenses recoverable from reinsurers	8	-	(134)
<b>Net insurance claims</b>		<b>-</b>	<b>147</b>
Other operating and administrative expenses	9	46	(128)
<b>Total claims and expenses</b>		<b>46</b>	<b>19</b>
<b>Profit before tax</b>		<b>1,952</b>	<b>70</b>
Income tax expense	11	-	(210)
<b>Profit/(loss) for the year</b>		<b>1,952</b>	<b>(140)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,952</b>	<b>(140)</b>

All balances relate to continuing business

The notes on pages 11 to 24 are an integral part of the financial statements



**NLC NAME NO 2 LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2010**

<b>Attributable to equity holders of the Company</b>			
	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2010	15	17	32
Dividend paid	-	(1,981)	(1,981)
Profit for the year	-	1,952	1,952
<b>Balance at 31 December 2010</b>	<b>15</b>	<b>(12)</b>	<b>3</b>

<b>Attributable to equity holders of the Company</b>			
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2009	15	157	172
Loss for the year	-	(140)	(140)
<b>Balance at 31 December 2009</b>	<b>15</b>	<b>17</b>	<b>32</b>

The notes on pages 11 to 24 are an integral part of the financial statements

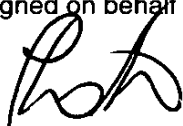
**NLC NAME NO 2 LIMITED**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
<b>Assets</b>			
Financial assets			
- Fair value through income	12	-	1,648
Reinsurance assets	13	-	170
Insurance receivables	14	-	240
Trade and other receivables	15	-	774
Cash and cash equivalents	16	257	1,048
<b>Total assets</b>		<b>257</b>	<b>3,880</b>
<b>Liabilities</b>			
Insurance contracts	17	-	1,583
Insurance payables	18	-	116
Current tax liability	19	-	103
Trade and other payables	20	254	2,046
<b>Total liabilities</b>		<b>254</b>	<b>3,848</b>
<b>Equity</b>			
Share capital	22	15	15
(Accumulated losses)/retained earnings	23	(12)	17
<b>Total equity</b>		<b>3</b>	<b>32</b>
<b>Total liabilities and equity</b>		<b>257</b>	<b>3,880</b>

The notes on pages 11 to 24 are an integral part of the financial statements

These financial statements were approved by the Board of Directors on 21 March 2011  
Signed on behalf of the Board of Directors



S V Castle

**NLC NAME NO 2 LIMITED****STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,048</b>	<b>1,449</b>
<b>Cash flow arising from:</b>			
<b>Operating activities</b>			
Cash used in operating activities	24	(355)	(256)
Interest received	6	-	2
Income tax paid	19	(103)	(147)
<b>Net cash flows used in operating activities</b>		<b>(458)</b>	<b>(401)</b>
<b>Financing activities</b>			
Dividends paid	23	(1,981)	-
Proceed from disposal of financial assets	12	1,648	-
<b>Net cash flows used in financing activities</b>		<b>(333)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(791)</b>	<b>(401)</b>
<b>Cash and cash equivalents at 31 December</b>		<b>257</b>	<b>1,048</b>

The notes on pages 11 to 24 are an integral part of the financial statements

## **NLC NAME NO 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **1. General information**

NLC Name No 2 Limited is registered as a Corporate Name at Lloyd's, but is now dormant. The Company is limited by shares, domiciled and incorporated in United Kingdom.

#### **2. Accounting policies**

##### **BASIS OF PRESENTATION**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union ('EU') and the International Financial Reporting Interpretations Committee ('IFRIC') and also with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

As the Company has ceased participation in Lloyd's syndicates and the intention of Management is not to recommence any such activity, or any other trading activity, in the foreseeable future, the financial statements have not been prepared on a going concern basis. However, at the 31 December 2010, all remaining assets are either fully recoverable or supported by the ultimate parent Company and therefore there has been no impact of this change on the valuation of the Company's statement of financial position. Consequently the accounting policies listed below remain relevant. This change is purely presentational to meet the requirements of IAS 1 and does not represent any uncertainty in the Company's ability to meet its remaining obligations as they fall due.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS. The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### **Basis of accounting for underwriting business**

The Company underwrote insurance as a corporate member of Lloyd's on a number of syndicates managed by third parties. In view of the position as principal of underwriting members for the transactions of syndicates in which they participate, the attributable share of transactions undertaken by the syndicates have been included in the financial statements. The transactions were undertaken within premium trust funds applicable to the syndicates and profits arising from the underwriting may only be released in accordance with Lloyd's syndicate accounting rules, usually two years after the end of an underwriting year of account, and after satisfying Lloyd's solvency requirements for all years of account open at the time of release.

Until 31 December 2009 the statement of comprehensive income was prepared by aggregating the Company's share of the underwriting transactions (premiums, claims, expenses and investment income) of the syndicates of which the Company was a member.

Until 31 December 2009 the statement of financial position of the Company included the Company's share of the assets and liabilities of the syndicates in which it participated.

The Lloyd's syndicates in which the Company participated are managed and controlled by their respective managing agents. The attributable share of the transactions, assets and liabilities of the syndicates included in the financial statements has been incorporated on the basis of audited information supplied by the managing agents to Lloyd's. Lloyd's has aggregated this information to provide the Company with statements of the Company's attributable share of those transactions, assets and liabilities.

## **NLC NAME NO 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **Premiums**

Insurance contracts premium revenue represents premiums receivable on business incepting during the underwriting year of account together with adjustments to premiums written in previous underwriting years of account and including estimates for 'pipeline' premiums. Insurance contract premium revenue is stated before deduction of commissions but exclusive of taxes, duties levied on premiums and other deductions.

Insurance contracts premium ceded to reinsurers is accounted for in the same accounting period as the related direct insurance contracts or reinsurance contracts.

#### **Investment income**

Investment income is accounted for on a receivable basis. Syndicate investments and cash are held on a pooled basis, the return from which is allocated to underwriting years of account proportionately to the funds contributed by the year of account.

#### **Financial assets**

Financial assets are investments attributable to the Company's share of the syndicates' investments and are shown at their fair value.

#### **Insurance contract liabilities**

The underwriting accounts for all classes of business are prepared on a three year basis, in accordance with Lloyd's normal practice. The excess of premiums written and syndicate investment income over the claims and syndicate expenses paid in respect of business incepting in an underwriting year is carried forward for two years in a fund and no profit is recognised until the end of the third year following the start of each underwriting year. The fund is included as part of outstanding claims.

#### **Closed years of account**

At the end of the third year, the underwriting account is normally closed by way of Reinsurance to Close ("RITC") into the following year of account. The amount of the RITC premium payable is determined by the managing agent who will make provision for the estimated cost of claims notified but not settled at the statement of financial position date together with the estimated cost of claims incurred but not reported at that date and claims handling costs. Subsequent variations in these liabilities are borne by the year of account into which it is reinsured.

#### **Run-off years of account**

Where an underwriting year of account is not closed at the end of the third year ("a run-off" year of account) a provision is determined by the managing agent for the estimated cost of all known and unknown liabilities of that year, on a similar basis to the RITC process. Variations in this liability will remain to be borne by the corporate member. The Directors give consideration to the potential for further deterioration of run-off years of account on the basis of information available at the time of drawing up the financial statements and make additional provisions where it is considered appropriate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Claims outstanding**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. Such methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each underwriting year, based upon the observed development of earlier years and expected loss ratios.

The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in future, for example to reflect public attitudes to claiming or varying levels of claims inflation. The approach adopted takes into account, inter alia, the nature and materiality of the business and the type of data available.

Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims. Additional qualitative input, such as allowance for one-off occurrences or changes in legislation, policy conditions or portfolio mix, is used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved.

Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

**Insurance receivables and payables**

Insurance receivables and payables are recognised when due and include amounts due from or to agents, brokers and insurance contract holders. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income. Insurance receivables and payables are initially recognised at fair value and subsequently held at amortised cost.

**Trade and other receivables**

Trade and other receivables are recognised when due and comprise amounts due to the Company from group undertakings and other receivables. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income. Trade and other receivables are initially recognised at fair value and then subsequently held at amortised cost.

**Trade and other payables**

Trade and other payables are recognised when due and include amounts due to group undertakings and accruals. They are initially recognised at fair value and subsequently held at amortised cost.

**Foreign currencies**

Until 31 December 2009 syndicate assets, liabilities, income and expenditure expressed in US dollars and Canadian dollars were translated at the rates of exchange ruling at 31 December 2009. Underwriting transactions in other foreign currencies were included in the accounts at historical rates.

The Company's own assets and liabilities expressed in foreign currency are translated at rates ruling at the statement of financial position date.

**Dividends**

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

## **NLC NAME NO 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **Income taxes**

The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses

##### **- Current income tax**

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date

##### **- Deferred tax**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, and short term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents are as defined above but are shown net of outstanding bank overdrafts.

#### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

### **CHANGES IN ACCOUNTING POLICIES**

#### **(i) Standards, amendments to published standards and interpretations effective on or after 1 January 2010**

In 2010 there are no standards, amendments to published standards and interpretations relevant to the Company's operations.

#### **(ii) Standards, amendments to published standards and interpretations early adopted by the Company**

In 2010, the Company did not early adopt any new, revised or amended standards.

## **NLC NAME NO 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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#### **(iii) Standards and interpretations effective in 2010 but not relevant to the Company's operations**

IFRS 3 (revised), 'Business combinations'  
IAS 27, 'Consolidated and separate financial statements'  
IFRIC 17, 'Distribution of non-cash assets to owners'  
IFRIC 18, 'Transfers of assets from customers'  
IFRIC 9 & IAS 39, 'Reassessment of embedded derivatives'  
IFRIC 16, 'Hedges of a net investment in a foreign operation'  
IAS 1 'Presentation of financial statements'  
IFRS 2 'Group cash-settled share-based payment transactions'  
IFRS 5 'Non-current assets held for sale and discontinued operations'  
IAS 36 (amendment), 'Impairment of assets'

#### **(iv) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, and the Company has not early adopted them

IFRS 9, 'Financial instruments'  
Revised IAS 24 (revised), 'Related party disclosures'  
'Classification of rights issues' (amendment to IAS 32)  
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'  
'Prepayments of a minimum funding requirement' (amendments to IFRIC 14)

### **3. Capital management**

The Company maintains an efficient capital structure from a combination of equity and borrowings, consistent with the Company's risk profile

The Company retains capital to meet three key objectives

- (i) To ensure financial stability,
- (ii) To enable the Company's strategy to be developed, and
- (iii) To give confidence to consumers and other stakeholders who have relationships with the Company

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company. In the event that sufficient capital is not available, plans would be developed either to raise additional capital through, for example, subordinated loans, or to reduce the quantum of risk accepted thereby reducing the capital requirement through, for example, reinsurance or a change in investment strategy. If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to shareholders.

The Company had capital available of £3,000 (2009 £32,000), being net assets available to the Company.



**NLC NAME NO 2 LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010****4. Underwriting participations**

The syndicates on which the Company participates by underwriting year of account are as follows

Syndicate Number	Class	Underwriter	1999 £000	1998 £000	1997 £000
205	Non-Marine	CG Jago	3,000	2,316	2,317
218	Motor	DR Heath	1,301	954	888
457	Marine	MC Watkins	-	2,316	2,317
588	Marine	N Metcalf	1,277	-	-
735	Marine	A Shone	-	-	193
800	Aviation	SD Clapham	2,000	-	-
807	Non-Marine	SD Mathers	650	-	-
839	Non-Marine	DJ Marshall	-	3,860	8,878
861	Composite	MRD Reith	4,000	-	-
957	Aviation	G Absalom	-	2,730	2,726
1009	Marine	DE Hope	3,000	4,257	4,246
1308	Marine	SE Spinney	2,250	1,544	-
Total Allocated Capacity			17,478	17,977	21,565

All of the syndicate participations were closed at 31 December 2009

**5. Net premium revenue**

	2010 £000	2009 £000
<b>Insurance contracts:</b>		
Premiums receivable	-	14
Premium revenue arising from insurance contracts issued	-	14
<b>Reinsurance contracts:</b>		
Premiums payable	-	5
Premium revenue ceded to reinsurers on insurance contracts issued	-	5
<b>Net premium revenue</b>	-	19
<b>Insurance contracts premiums receivable</b>		
<b>Class of business:</b>		
Accident and health	-	(22)
Reinsurance acceptances	-	36
	-	14

**NLC NAME NO 2 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**6. Investment income and net fair value gains**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Investment income		
- Interest income	-	2
Other syndicate investment income	-	30
	-	32

**7. Other income**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Other income		
Release of commutation charge	1,906	-
	1,906	-

**8. Insurance claims and loss adjustment expenses**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Gross insurance claims</b>		
Current year claims and loss adjustment expenses	-	621
Movement in cost of prior year claims and loss adjustment expenses	-	(902)
	-	(281)
<b>Reinsurers share of gross insurance claims</b>		
Current year claims and loss adjustment expenses	-	37
Movement in cost of prior year claims and loss adjustment expenses	-	97
	-	134
Net insurance claims	-	(147)
<b>Gross insurance claims</b>		
<b>Class of business:</b>		
Accident and health	-	(51)
Marine, aviation and transport	-	(1)
Third party liability	-	(18)
Reinsurance acceptances	-	(211)
	-	(281)

**NLC NAME NO 2 LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010****9. Other operating and administrative expenses**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Investment management charges	-	2
Acquisition expenses	-	(2)
Administrative expenses	<b>46</b>	<b>(128)</b>
	<b>46</b>	<b>(128)</b>

The auditor's remuneration was borne by Liverpool Victoria Friendly Society (2009 Highway Insurance Group Plc)

**10. Directors' emoluments**

The emoluments of the Directors are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of Liverpool Victoria General Insurance Group Limited (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria General Insurance Group Limited.

**11. Income tax expense****a) Current year tax expense**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Current year tax credit:</b>		
Group relief	-	103
Prior year adjustments	-	107
<b>Total current tax</b>	<b>-</b>	<b>210</b>
<b>Total income tax expense</b>	<b>-</b>	<b>210</b>

**b) Reconciliation of tax expense**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<b>1,952</b>	70
Profit multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	<b>(547)</b>	(20)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>(32)</b>	(83)
Group relief surrendered from other group companies for nil consideration	<b>579</b>	-
Adjustments to tax charge in respect of prior years	-	(107)
<b>Total income tax expense for the year</b>	<b>-</b>	<b>(210)</b>

**NLC NAME NO 2 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**12. Financial assets held at fair value through income**

	<b>2010 £000</b>	<b>2009 £000</b>
<b>Fair value through income</b>		
Debt and other fixed income securities	-	811
Other	-	837
	-	1,648

All financial assets held at fair value through income are deemed to be available within one year

Other financial investments represent syndicate's investments in participation pools

The table below shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy in accordance with IFRS 7

	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>2010 Total £000</b>
<b>Fair value through income</b>				
Debt and other fixed income securities	-	-	-	-
Other	-	-	-	-
	-	-	-	-

	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>2009 Total £000</b>
<b>Fair value through income</b>				
Debt and other fixed income securities	811	-	-	811
Other	-	-	837	837
	811	-	837	1,648

During the year there were no transfers of assets between the levels

Movement in level 3 financial instruments measured at fair value

	<b>At 1 January 2010</b>	<b>Total losses recorded in comprehensive income</b>	<b>Sales</b>	<b>At 31 December 2010</b>
<b>Fair value through income:</b>				
Debt and other fixed income securities	-	-	-	-
Other	837	-	(837)	-
	837	-	(837)	-

# **NLC NAME NO 2 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

### **12. Financial assets held at fair value through income (continued)**

	At 1 January 2009	Total losses recorded in comprehensive income	Sales	At 31 December 2009
Fair value through income Debt and other fixed income securities	-	-	-	-
Other	1,134	(385)	87	837
	1,134	(385)	87	837

The fair value of financial instruments included in the Level 1 category are based on published quoted bid market prices in an active market at the year end date. A market is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are not traded in an active market or their fair value is determined using valuation techniques. These valuation techniques maximise the use of data from observable current market transactions (where it is available) using pricing obtained via pricing services, even where the market is not active. It also includes financial assets with prices based on broker quotes.

Specific valuation techniques used to value financial instruments classified as level 3 include:

- Quoted market prices or dealer quotes for similar instruments (unlisted shares)
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining other financial instrument

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### **13. Reinsurance assets**

	2010 £000	2009 £000
Reinsurers' share of insurance liabilities	-	170
	-	170

All reinsurance assets are recoverable within one year.

Amounts due from reinsurers in respect of claims already paid by the Company on the contracts that are reinsured are included in insurance receivables.

**NLC NAME NO 2 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**14. Insurance receivables**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Receivables arising from insurance and reinsurance contracts		
- Due from intermediaries	-	118
- Due from reinsurers	-	122
	-	240

All insurance receivables are recoverable within one year

**14. Trade and other receivables**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Attributable share of syndicate other receivables	-	12
Amount due from fellow group undertakings	-	762
	-	774

All trade and other receivables are recoverable within one year

**16. Cash and cash equivalents**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Attributable share of syndicate cash balances	-	798
Interest-bearing deposits held as security by the Corporation of Lloyd's	257	250
	257	1,048

**16. Insurance contracts**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
General insurance claims liabilities	-	1,583
	-	1,583

All insurance contracts are current liabilities

**18. Insurance payables**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Due to intermediaries	-	43
Due to reinsurers	-	73
	-	116

All insurance payables are current liabilities

**18. Current tax**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
At 1 January	103	40
Amounts recorded in the income statement	-	210
Tax paid	(103)	(147)
At 31 December	-	103

**NLC NAME NO 2 LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010****19. Trade and other payables**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Attributable share of syndicate other payables	-	129
Amounts due to group undertakings	<b>254</b>	-
Other payables	-	1,903
Accruals and deferred income	-	14
	<b>254</b>	<b>2,046</b>

All trade and other payables are current liabilities

**21. Contingent liabilities**

- a) The Company has given an undertaking to the Society of Lloyd's, supported by New London Capital Limited (formerly known as New London Capital Plc), that if one of the other corporate member subsidiaries of New London Capital Limited fails to meet its obligations to Lloyd's, the Company will assign to Lloyd's on demand its rights to current and future profits held in its Premium Trust Funds or contribute profits received out of the Trust Funds to the Central Fund of Lloyd's, until the amount owed by the defaulting subsidiary has been paid in full
- b) A Reinsurance to Close ("RITC") is a particular type of reinsurance contract entered into by a Lloyd's syndicate. Under an RITC the underwriting members of a syndicate for one year of account agree with the underwriting members of the syndicate, or another syndicate, for a later year of account that the liabilities, known and unknown, of the reinsured year of account are borne by the later year of account. In consideration of this an RITC premium is paid. The RITC is technically a reinsurance and as such the payment of the RITC premium does not remove from the members of that year of account the ultimate responsibility for claims payable on the risks they have underwritten. If the reinsuring members under the RITC become insolvent, and the other components of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the payment of any outstanding claims. In the opinion of the Directors, the probabilities of the reinsurance security failing are remote and therefore payment of the RITC premium is conventionally treated as terminating a participation on a syndicate year of account.

**22. Share capital**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
1,500,000 (2009 1,500,000) ordinary shares of £1 each	<b>1,500</b>	<b>1,500</b>
<b>Allotted</b>		
1,500,000 (2009 1,500,000) ordinary shares of £1 each of which £0.01 has been paid up	<b>15</b>	<b>15</b>

**23. (Accumulated losses)/retained earnings**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January	<b>17</b>	<b>157</b>
Profit/(loss) for the year	<b>1,952</b>	<b>(140)</b>
Dividend paid	<b>(1,981)</b>	<b>-</b>
Balance at 31 December	<b>(12)</b>	<b>17</b>

**NLC NAME NO 2 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**24. Cash generated from operating activities**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Profit before tax</b>	<b>1,952</b>	<b>70</b>
Exchange adjustments	-	444
Interest received	-	(2)
<b>Changes in working capital</b>		
Decrease in reinsurance assets	<b>170</b>	<b>122</b>
Decrease in insurance and other receivables	<b>240</b>	<b>911</b>
Decrease in trade and other receivables	<b>12</b>	<b>11</b>
(Decrease)/increase in accruals and deferred income	<b>(14)</b>	<b>12</b>
(Decrease)/increase in balances due to group undertakings	<b>1,016</b>	<b>(321)</b>
Decrease in insurance contract liabilities	<b>(1,583)</b>	<b>(1,127)</b>
Decrease in insurance payables	<b>(116)</b>	<b>(192)</b>
Decrease in trade and other payables	<b>(2,032)</b>	<b>(184)</b>
<b>Cash used in operating activities</b>	<b>(355)</b>	<b>(256)</b>

**25. Related party transactions**

The Company did not enter into transactions with key management personnel. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and New London Capital Holdings Limited:

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Dividend payment	<b>1,981</b>	-
	<b>1,981</b>	-

Balances outstanding between the Company and LVFS:

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Receivable by the Company	-	762
Payable by the Company	<b>254</b>	-
	<b>254</b>	<b>762</b>



**NLC NAME NO 2 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**26 Ultimate parent company**

The ultimate parent company is Liverpool Victoria Friendly Society Limited, a UK incorporated Friendly Society registered under the Friendly Societies Act 1992

The immediate parent company is Liverpool Victoria General Insurance Group Limited, a limited liability company, incorporated in the UK

Both the ultimate and immediate parent companies are registered at the below address

The largest and smallest company whose accounts this company is consolidated into is Liverpool Victoria Friendly Society Limited. The consolidated accounts of Liverpool Victoria Friendly Society Limited are available to the public and may be obtained from:

The Company Secretary  
County Gates  
Bournemouth  
BH1 2NF

or at [www.lv.com/aboutus/report](http://www.lv.com/aboutus/report)