

**REPORT AND ACCOUNTS**  
**New London Capital Holdings Limited**  
**31<sup>st</sup> DECEMBER 2006**

**Registered No. 2859401**

**MONDAY**



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**COMPANIES HOUSE**

# Directory

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## Directors

C D Hill

I W J Patrick (Resigned 31 March 2006)

A Milton (Appointed 2 October 2006)

A J Gibson (Appointed 1 April 2007)

## Secretary

P Lampshire

## Auditors

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

## Registered Office

Highway House, 171 Kings Road,  
Brentwood, Essex  
CM14 4EJ

# Directors' Report

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The directors present their report and the audited financial statements for the year ended 31<sup>st</sup> December 2006

## Principal activity and review of business

The company's principal activity is that of an intermediate holding company and manager of underwriting capacity at Lloyd's on behalf of third parties. The company's subsidiary undertakings are all corporate members of the Society of Lloyd's.

## Results and dividends

The result for the year to 31 December 2006 after taxation amounted to £250,000 (2005 £nil). The directors do not recommend the payment of an equity dividend (2005 £nil).

## Directors and their interests

The current directors of the company are set out on page 1.

The interests of the directors who held office at 31<sup>st</sup> December 2006 and their immediate family in the share capital of the ultimate holding company are disclosed in the accounts of that company.

## Provision of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P Lampshire  
Secretary

8<sup>th</sup> August 2007

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Independent Auditors' Report to the members of New London Capital Holdings Limited

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We have audited the financial statements of New London Capital Holdings Limited for the year ended 31 December 2006 which comprise Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

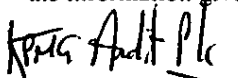
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



**KPMG Audit Plc**  
Chartered Accountants & Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB  
8<sup>th</sup> August 2007

# Profit and loss account

for the year ended 31st December 2006

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|  | Notes | 2006<br>£      | 2005<br>£ |
|--|-------|----------------|-----------|
| <b>Revenue</b>                           |       |                |           |
| Income from shares in group undertakings | 5     | 250,000        | -         |
| <b>Profit for the financial year</b>     |       | <u>250,000</u> | <u>-</u>  |

# Balance sheet

as at 31<sup>st</sup> December 2006

|  | Notes | 2006<br>£ | 2005<br>£ |
|--|-------|-----------|-----------|
| <b>Fixed assets</b>                                      |       |           |           |
| Investments in subsidiary undertakings                   | 4     | 575,000   | 575,000   |
| <b>Current assets</b>                                    |       |           |           |
| Debtors  | 5     | 268,539   | 18,539    |
| Creditors – amounts falling due within one year          | 6     | (56,645)  | (56,645)  |
| <b>Net current liabilities</b>                           |       | 211,894   | (38,106)  |
| <b>Total assets less current liabilities</b>             |       | 786,894   | 536,894   |
| Creditors - amounts falling due after more than one year | 7     | (500,000) | (500,000) |
| <b>Net assets</b>  |       | 286,894   | 36,894    |
| <b>Capital and reserves</b>                              |       |           |           |
| Share capital  | 8     | 2         | 2         |
| Profit and loss account                                  |       | 286,892   | 36,892    |
| <b>Total shareholder's funds - equity</b>                | 9     | 286,894   | 36,894    |

These financial statements were approved by the board of directors and signed on its behalf on 8<sup>th</sup> August 2007



A Milton  
Director

# Notes to the financial statements

31<sup>st</sup> December 2006

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## 1 Accounting policies

### a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules

### b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are accounted for on an equity basis and are stated at cost less amounts written off where the directors consider there has been a permanent diminution in value

### c) Cash flow statements

Under Financial Reporting Standard Number 1, Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

### d) Group accounts

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

### e) Taxation

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

## 2 Remuneration of Directors

The directors received no emoluments for their services to the Company (2005 £nil)

## 3 Staff numbers

The Company has no employees (2005 nil)



# Notes to the financial statements

31<sup>st</sup> December 2006

## 4 Investments in subsidiary undertakings

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| At cost and net book value                               |           |           |
| At 1 <sup>st</sup> January and 31 <sup>st</sup> December | 575,000   | 575,000   |

The company has the following active subsidiary undertakings, all of which operate in the United Kingdom, are incorporated in Great Britain and are registered in England and Wales

| <i>Subsidiary undertaking</i> | <i>Principal activity</i>   | <i>Proportion of ordinary<br/>shares held<br/>%</i> |
|-------------------------------|-----------------------------|---|
| NLC Name No 1 Limited         | Corporate Member of Lloyd's | 100   |
| NLC Name No 2 Limited         | Corporate Member of Lloyd's | 100   |
| NLC Name No 3 Limited         | Corporate Member of Lloyd's | 100   |
| NLC Name No 4 Limited         | Corporate Member of Lloyd's | 100   |
| NLC Name No 5 Limited         | Corporate Member of Lloyd's | 100   |
| NLC Name No 7 Limited         | Corporate Member of Lloyd's | 100   |

In accordance with agreement dated 31<sup>st</sup> October 1996, the underwriting profits realised by NLC Name No 7 Limited accrue to the benefit of Security Re Inc, a subsidiary of Orion Capital Corporation. The company earns a fee of 1.025% of underwriting capacity (net of Lloyd's Adviser fees) in respect of the capacity underwritten by this subsidiary. The aggregate underwriting capacity underwritten by NLC Name No 7 Limited on the 1997 and 1998 years of account was £27.9 million.

Group accounts are not prepared as the company is an indirect subsidiary undertaking of Highway Insurance Holdings Plc - see note 11.

## 5 Debtors

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Amounts due from parent undertaking      | 18,539    | 18,539    |
| Amounts due from subsidiary undertakings | 250,000   | -         |
| Total                                    | 268,539   | 18,539    |

## 6 Creditors - amounts falling due within one year

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Amounts due to ultimate parent undertaking | 56,645    | 56,645    |
| Total                                      | 56,645    | 56,645    |

# Notes to the financial statements

31<sup>st</sup> December 2006

## 7 Creditors - amounts falling due after more than one year

|                       | 2006<br>£ | 2005<br>£ |
|-----------------------|-----------|-----------|
| Loan from Security Re | 500,000   | 500,000   |

As part of the arrangements for funding NLC Name No 7 Limited, Security Re Inc, a subsidiary of Orion Capital Corporation, has made the above loan. The company has provided no security in respect of this loan and it is interest free to the company.

## 8 Called up share capital

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| <b>Authorised</b><br>1,000 Ordinary shares of £1 each                  | 1,000     | 1,000     |
| <b>Allotted, issued and fully paid</b><br>2 Ordinary shares of £1 each | 2         | 2         |

## 9 Reconciliation of movements in shareholder's funds

|                                   | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|-----------------------------------|--------------------|---------------------------------|------------|
| At 1 <sup>st</sup> January 2006   | 2                  | 36,892                          | 36,894     |
| Profit for the financial year     | -                  | 250,000                         | 250,000    |
| At 31 <sup>st</sup> December 2006 | 2                  | 286,892                         | 286,894    |

## 10 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8(3) from disclosure of related party transactions with other entities included in the consolidated financial statements of Highway Insurance Holdings Plc.

## 11 Ultimate and immediate parent undertakings

The ultimate parent undertaking and controlling party of the company is Highway Insurance Holdings Plc, a company registered in England and Wales (Registered no 2998217). The immediate parent undertaking of the company is New London Capital PLC, a company registered in England and Wales (Registered no 2862672). Copies of the accounts of Highway Insurance Holdings Plc and New London Capital PLC can be obtained from their registered office at Highway House, 171 Kings Road, Brentwood, Essex CM14 4EJ.