

REPORT AND ACCOUNTS
New London Capital plc
31 DECEMBER 2008

Registered No. 2862672

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COMPANIES HOUSE

Directory

Directors

C D Hill (Resigned 31 January 2009)
A Milton (Resigned 19 November 2008)
A J Gibson (Resigned 24 October 2008)
J O'Roarke (Appointed 19 November 2008)
S Castle (Appointed 19 November 2008)

Secretary

P Cassidy

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Registered Office

County Gates
Bournemouth
BH1 2NF

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activity and review of business

New London Capital plc is a limited liability company whose primary purpose is to provide a means for investors to participate in underwriting at Lloyd's with limited liability and to invest in a managed portfolio of fixed interest securities. The company is an investment company as defined in section 266 of the Companies Act 1985.

The business of its direct subsidiary, New London Capital Holdings Limited, is that of a holding company for the six underwriting subsidiaries which are all corporate members of Lloyd's and a manager of capacity for third parties.

Results and dividends

The profit for the year to 31 December 2008 after taxation amounted to £2,889,000 (2007: £2,514,000). A dividend of £3,000,000 has been paid (2007: £2,500,000).

Directors and their interests

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

The company is a wholly owned subsidiary of Highway Insurance Group Plc. The ultimate parent company is Liverpool Victoria Friendly Society Limited, an incorporated Friendly Society registered under the Friendly Societies Act 1992.

The directors at 31 December 2008 had no interest in the share capital of the company at the beginning or the end of the year.

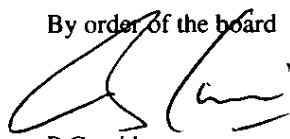
Provision of information to auditors

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

As a consequence of the acquisition of the Company by the Liverpool Victoria (LV) group, the directors propose to appoint PricewaterhouseCoopers LLP, LV's auditor, as the Company's auditor in place of KPMG Audit PLC.

By order of the board



P Cassidy
Secretary

29 July 2009

Statement of directors' responsibilities in respect of the directors' report and 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 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 judgments 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 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 PLC

We have audited the financial statements of New London Capital PLC for the year ended 31 December 2008 which comprise the 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 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 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 the 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 2008 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

KPMG Audit Plc
Chartered Accountants & Registered Auditor
8 Salisbury Square
London
EC4Y 8BB
29 July 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Revenue			
Income from shares in group undertakings		1,241	590
Other interest receivable and similar income	5	2,317	2,760
Expenses		(12)	(12)
Profit on ordinary activities before taxation	2	3,546	3,338
Taxation on profit on ordinary activities	6	(657)	(824)
Profit for the financial year		2,889	2,514

All activities derive from continuing operations. There are no recognised gains or losses or movements in shareholder's funds other than profit for the financial year and the final dividend. Accordingly, no statement of recognised gains or losses is given.

The movement in shareholder's funds is shown in note 13.

The notes set out on pages 7 to 10 form an integral part of these financial statements.

Balance sheet

as at 31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments in group undertakings	8	-	-
Current assets			
Debtors	9	57,569	57,837
Cash at bank and in hand		<u>2</u>	<u>2</u>
		57,571	57,839
Creditors - amounts falling due within one year	10	<u>(667)</u>	<u>(824)</u>
Net current assets		<u>56,904</u>	<u>57,015</u>
Net assets		<u>56,094</u>	<u>57,015</u>
Capital and reserves			
Called up share capital	11	3,000	3,000
Share premium		53,943	53,943
Capital reserve		(3,209)	(3,209)
Profit and loss account	12	3,170	3,281
Total shareholder's funds - equity	13	<u>56,904</u>	<u>57,015</u>

These financial statements were approved by the board of directors and signed on its behalf on 29 July 2009.



S Castle
Director

Notes to the financial statements

31st December 2008

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.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

b) 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.

c) Investments

Investments in subsidiary undertakings are carried at cost less accumulated impairment losses.

d) Investment income

Investment income is credited to the revenue account on the date on which it is receivable. Interest on short term loans, deposits and fixed interest securities is dealt with on an accruals basis.

Capital gains and losses of the company, realised and unrealised, are not distributable under the Articles of Association, and are accordingly transferred to non-distributable reserves.

e) Taxation

Current tax, including UK corporation tax, is provided on taxable profits at the rate applicable at the balance sheet date.

Deferred taxation 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, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

f) 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.

Notes to the financial statements

31st December 2008

2 Profit on ordinary activities before taxation

	2008 £000	2007 £000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
for audit work	10	10

New London Capital PLC has borne the audit costs for its subsidiary undertakings.

3 Remuneration of Directors'

The directors received no emoluments for their services to the Company (2007: £nil)

4 Staff numbers

The Company has no employees (2007: nil)

5 Other interest receivable and similar income

	2008 £000	2007 £000
Intra group income - interest	2,317	2,760

6 Taxation on profit on ordinary activities

a) UK corporation tax:	2008 £000	2007 £000
UK corporation tax at 28.5% (2007: 30%)		
Current tax on income for the period	657	824
Adjustments in respect of prior periods	-	(1)
Total current tax charge	657	823
Deferred tax charge	-	1
Tax on profit on ordinary activities	657	824
b) Factors affecting tax charge for the current period:	2008 £000	2007 £000
Profit on ordinary activities before tax	3,546	3,337
Current tax @ 28.5% (2007: 30%)	1,011	1,001
Effects of:		
Adjustments in respect of prior periods	-	(1)
Income not taxed	(354)	(177)
Total current tax charge	657	823

The main UK Corporation tax rate reduced from 30% to 28%, effective from 1 April 2008. The weighted average applicable tax rate for the year ended 31 December 2008 is 28.5%.

Notes to the financial statements

31st December 2008

7 Dividends

	2008 £000	2007 £000
Dividends paid	3,000	2,500

8 Investments in group undertakings

Investments in subsidiary undertakings

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

Subsidiary	Principal activity	Proportion of ordinary shares held by:	
		The Company	subsidiaries of the company
New London Capital Holdings Limited	Holding Company	100%	
NLC Name No.1 Limited	Corporate Member		100%
NLC Name No.2 Limited	Corporate Member		100%
NLC Name No.3 Limited	Corporate Member		100%
NLC Name No.4 Limited	Corporate Member		100%
NLC Name No.5 Limited	Corporate Member		100%
NLC Name No.7 Limited	Corporate Member		100%

On 18th March 1999 the New London Capital group disposed of its shareholding in NLC Name No. 6 Limited for a nominal consideration.

9 Debtors

	2008 £000	2007 £000
Amounts due from group undertakings	57,568	57,836
Deferred tax	1	1
	57,569	57,837

All deferred tax relates to accelerated capital allowances.

10 Creditors – amounts falling due within one year

	2008 £000	2007 £000
Corporation tax	656	824
Other	11	-
	667	824

Notes to the financial statements

31st December 2008

11 Called up share capital

	2008 £000	2007 £000
Authorised:		
85,700,000 Ordinary shares of 5 pence each	4,285	4,285
Allotted, issued and fully paid:		
60,000,000 Ordinary shares of 5 pence each	3,000	3,000

12 Profit and loss account

	2008 £000	2007 £000
Balance at 1 January	3,281	3,267
Profit for the year	2,889	2,514
Dividends	(3,000)	(2,500)
Balance at 31 December	3,170	3,281

13 Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
Shareholder's funds at 1 January	57,015	57,001
Profit for the year	2,889	2,514
Dividends	(3,000)	(2,500)
Shareholder's funds at 31 December	56,904	57,015

14 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 Liverpool Victoria Friendly Society Limited.

15 Ultimate parent society

The ultimate parent company is Liverpool Victoria Friendly Society Limited, an incorporated Friendly Society registered under the Friendly Societies Act 1992. The immediate parent company is Highway Insurance Group Plc.

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.