

# Report & Financial Statements

For the year ended 31 December 2007

## **Greenwich Lloyd's Underwriting Limited**

Company Registration Number 3228631

THURSDAY



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17/07/2008  
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## **GREENWICH LLOYD'S UNDERWRITING LIMITED**

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**COMPANY INFORMATION**

**DIRECTORS**

C J Hodgson  
G P Nash

**COMPANY SECRETARY**

G P Nash

**COMPANY REGISTRATION NUMBER**

3228631

**REGISTERED ADDRESS**

Pingle House  
Priors Hardwick  
Southam  
Warwickshire CV47 7SL

**AUDITOR**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1D

**BANKERS**

National Westminster Bank PLC  
1 Princes Street  
London EC2V 8PA

**DIRECTORS' REPORT**

The directors submit their report together with audited financial statements for the year ended 31 December 2007

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company continued to wind down its remaining members' agency business. The company is not acting for any Names in respect of the 2003 or subsequent years of account and it will be deregistered as a Lloyd's members' agent as soon as is practical.

Both the level of business and the year end position were in line with expectations.

An enhanced business review has been undertaken from a group perspective and presented in the parent company accounts (note 13).

**RESULTS AND DIVIDENDS**

The result for the year is as shown in the profit and loss account on page 6. The board proposes no dividend (2006 £nil).

**DIRECTORS**

The directors who served during the year were

C J Hodgson  
G P Nash

**DIRECTORS' INTERESTS**

None of the directors had any interest in the share capital of the company.

Mr C J Hodgson and Mr G P Nash are also directors of the ultimate parent undertaking, Greenwich Insurance Holdings Plc. Their interests in the share capital of that company are shown in its financial statements.

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**DIRECTORS' REPORT (continued)**

**FINANCIAL INSTRUMENTS**

**Treasury operations and financial instruments**

The company operates a centralised treasury function which is responsible for managing the liquidity and associated risks with the company's activities

**Liquidity risk**

The company manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, to meet the operating need of their business

**Credit risk**

Investments of cash surpluses are made through banks. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary

**DISCLOSURE OF INFORMATION TO AUDITORS**

Under the Companies Act 1985 section 243A, we confirm that

(a) so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) we have taken all the steps that we ought to have taken as directors in order to make us aware of any relevant information and to establish that the Company's auditors are aware of that information

**AUDITORS**

On 21 January 1998, the company passed an elective resolution in accordance with section 379A(1)(b)(c) and (e) of the Companies Act 1985, dispensing with the need to lay financial statements and reports before a general meeting and reappoint auditors annually

Approved by the board of the directors and signed on behalf of the board by



Graham P Nash  
Director

29 May 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENWICH LLOYD'S UNDERWRITING LIMITED**

We have audited the financial statements of Greenwich Lloyd's Underwriting Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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 transactions with the company is not disclosed.

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

### **Basis of 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 judgements 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.

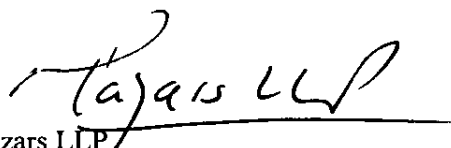
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GREENWICH LLOYD'S UNDERWRITING LIMITED (continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss 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

A handwritten signature in black ink, appearing to read 'Mazars LLP', is written over a horizontal line.

Mazars LLP  
Chartered Accountants  
and Registered Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

29 May 2008

**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2007**

	Notes	2007 £	2006 £
TURNOVER	2		189
Administrative expenses		(8,084)	(7,972)
OPERATING LOSS		(8,084)	(7,783)
Interest receivable	3	2,689	2,770
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(5,395)	(5,013)
Taxation	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	(5,395)	(5,013)

All turnover and results are derived from discontinued operations. The company had no recognised gains or losses in the year ended 31 December 2007 other than through the Profit and Loss Account.

There is no difference between the loss on ordinary activities before and after taxation and the historical cost equivalent.

The notes on pages 8 to 11 form part of these financial statements.



**BALANCE SHEET as at 31 December 2007**

	Notes	2007 £	2006 £
<b>CURRENT ASSETS</b>			
Debtors	7	183	4,069
Cash at bank and in hand	8	84,575	85,185
		<u>84,758</u>	<u>89,254</u>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	9	(43,976)	(43,077)
<b>NET CURRENT ASSETS</b>			
		40,782	46,177
<b>CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR</b>			
	10	(307,618)	(307,618)
<b>NET LIABILITIES</b>			
		<u>(266,836)</u>	<u>(261,441)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	837,382	837,382
Profit and loss account	12	(1,104,218)	(1,098,823)
Shareholders' funds	12	<u>(266,836)</u>	<u>(261,441)</u>

These financial statements were approved and authorised for issue by the Board on 29/5/2008 and signed on its behalf by



G Nash  
Director

The notes on pages 8 to 11 form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For the year ended 31 December 2007**

#### **1. PRINCIPAL ACCOUNTING POLICIES**

As at 31<sup>st</sup> December 2007 the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

##### **(a) Turnover**

Turnover comprises agency salaries, winding up fees, profit commission, advisory fees and other related income, exclusive of value added tax.

Agency salaries are recognised in the year to which the fees relate. Winding up fees are accounted for when receivable. Profit commission is due when the underwriting year of account to which it relates is closed, normally at the end of three calendar years, and is accounted for when receivable.

##### **(b) Taxation**

Deferred taxation is provided in respect of the tax effect of all timing differences, at the rates of tax expected to apply when the timing differences reverse.

##### **(c) Interest**

Interest is accounted for on a receivable basis.

##### **(d) Cash flow statement**

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 (Revised 1996) on the grounds that it is entitled to as a wholly owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement.

#### **2. SEGMENTAL INFORMATION**

The turnover, loss before taxation and net liabilities are attributable to the principal activity of the company. The company operates in the UK and the whole of its turnover is with the UK market.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007 (continued)**

**3. INTEREST RECEIVABLE**

	<b>2006</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank interest	2,689	2,770
	<u>          </u>	<u>          </u>

**4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
The loss on ordinary activities is stated after charging		
Auditors' remuneration for audit services	8,740	5,000
Auditor's remuneration for non-audit services	2,000	2,500
	<u>          </u>	<u>          </u>

**5. STAFF COSTS AND DIRECTORS' REMUNERATION**

No staff costs or directors' remuneration have been borne by the company (2006 £nil)

**6. TAXATION**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in period</b>		
Current tax		
UK corporation tax on losses for the period	-	-
Adjustment in respect of previous periods	-	-
	<u>          </u>	<u>          </u>
Current tax charge for period (see (b) below)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	<u>          </u>	<u>          </u>
Tax on ordinary activities	-	-
	<u>          </u>	<u>          </u>
<b>(b) Factors affecting tax charge for period</b>		
Loss on ordinary activities before tax	(5,395)	(5,013)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(1,619)	(1,504)
<i>Effects of</i>		
Expenses not deductible for tax purposes		41
Other timing differences	(3,355)	(1,819)
Tax losses carried forward	4,974	3,282
	<u>          </u>	<u>          </u>
Current tax charge for period (see (a) above)	-	-
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007 (continued)**

**6. TAXATION (continued)**

No deferred tax asset has been recognised in respect of the trading losses carried forward because of uncertainty as to the availability of future trading profits against which they might be relieved

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Other debtors	183	4,069

Provision of £1,281,826 (2006 £1,292,989) has been made against the total balance owed by group companies

**8. CASH AT BANK**

Cash at bank includes £24,309 (2006 £ 23,391) held in trust for Names

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Other taxation including social security costs	806	806
Accruals and deferred income	8,076	8,076
Sundry creditors	35,094	34,195
	<u>43,976</u>	<u>43,077</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	2007 £	2006 £
Amount due to parent undertaking	307,618	307,618

The above amount constitutes an interest free loan by Greenwich Holdings Limited. The loan is subordinated to all other creditors and is repayable only if and when all such creditors have been paid or satisfied in full, and in any event shall not be repaid without prior written consent of the Council of Lloyd's

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007 (continued)**

**11. SHARE CAPITAL**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Authorised share capital		
Ordinary shares of £1 each	1,250,000	1,250,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	<u>837,382</u>	<u>837,382</u>

**12. MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2007	837,382	(1,098,823)	(261,441)
Loss for the year	-	(5,395)	(5,395)
At 31 December 2007	<u>837,382</u>	<u>(1,104,218)</u>	<u>(266,836)</u>

**13. PARENT UNDERTAKING AND EXEMPTION FROM PRODUCING GROUP ACCOUNTS**

The immediate parent undertaking is Greenwich Holdings Limited. The ultimate parent is Greenwich Insurance Holdings plc. Copies of the consolidated Greenwich Insurance Holdings PLC statutory accounts may be obtained from the company secretary, Greenwich Lloyd's Underwriting Limited, Pingle House, Priors Hardwick, Southam, Warwickshire, CV47 7SL.

**14. RELATED PARTY TRANSACTIONS**

Under the provision of the Financial Reporting Standard No 8, the company is exempt from disclosing transactions with group related parties, as it is a wholly owned subsidiary.

**15. FLOATING CHARGE**

On 31 December 1998, Greenwich Lloyd's Underwriting Limited gave European International Reinsurance Company Limited a floating charge over all the assets of the company. However, the charge does not apply to any assets required by the company's capital and solvency requirements pursuant to the Underwriting Agents Byelaw (No 2 of 2003). The annual financial return to Lloyd's as at 31 December 2007 showed a shortfall of net assets of £359,218 (2006: £353,823).

The secured amounts currently exceed the company's assets and the former fellow subsidiaries are unable to pay the sums owed. EIR has agreed, however, not to enforce its security provided Greenwich Insurance Holdings PLC makes and continues to make all reasonable efforts to maximise the realisable value of the security given by it and its subsidiaries.